



CLERK OF QUARTER SESSIONS AND  
ADULT PROBATION OFFICE

PHILADELPHIA COUNTY

AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2001 TO DECEMBER 31, 2003



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## Independent Auditor's Report

The Honorable Gregory C. Fajt  
Secretary  
Department of Revenue  
Harrisburg, PA 17128

We have audited the accompanying statements of receipts and disbursements – cash basis of the Clerk of Quarter Sessions and Adult Probation Office, Philadelphia County, Pennsylvania (County Offices), for the period January 1, 2001 to December 31, 2003, pursuant to the requirements of Section 401(b) and 902 of *The Fiscal Code*. These financial statements are the responsibility of the county office's management. Our responsibility is to express an opinion on these statements based on our audit.

Except as discussed in the fifth paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the accompanying financial statements were prepared using accounting practices prescribed by the Pennsylvania Department of Revenue, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. These financial statements present only the Commonwealth portion of cash receipts and disbursements and are not intended to present fairly the financial position and results of operations of the County Offices, in conformity with accounting principles generally accepted in the United States.

Independent Auditor's Report (Continued)

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County Offices, as of December 31, 2003, the changes in their financial positions, or where applicable, their cash flows for the period then ended.

As discussed in Finding No. 2, there were inadequate internal accounting controls over cash receipts. Additionally, as discussed in Finding No. 5, a list of cases provided to the collection agency was not available for audit. These inadequate internal accounting controls limited the scope of our audit of the County Offices' financial statements, and we were unable to satisfy ourselves by other auditing procedures.

In our opinion, except for the effects, if any, of the matters in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the operations of the County Offices, as it pertains to receipts made on behalf of the Department of Revenue and other state agencies for the period January 1, 2001 to December 31, 2003, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2005, on our consideration of the County Offices' internal control over financial reporting and on our tests of their compliance with certain provisions of laws and regulations. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Pennsylvania Department of Revenue, the Administrative Office of Pennsylvania Courts, and the County Offices, and is not intended to be and should not be used by anyone other than these specified parties.

December 5, 2005

JACK WAGNER  
Auditor General

CLERK OF QUARTER SESSIONS AND  
ADULT PROBATION OFFICE  
PHILADELPHIA COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS  
FOR THE PERIOD  
JANUARY 1, 2001 TO DECEMBER 31, 2003

Receipts:

Department of Revenue Court Costs	\$ 533,509.38	
Crime Victims' Compensation Costs	1,392,407.80	
Crime Commission Costs/Victim Witness Services Costs	1,599,332.61	
Department of Public Welfare		
Domestic Violence Costs	300,217.61	
Miscellaneous State Fines and Costs	170.00	
DUI - ARD/EMS Fees	74,730.55	
CAT/MCARE Fund Surcharges	286,021.45	
Judicial Computer System/Access to Justice Fees	305,562.78	
Offender Supervision Fees	1,236,504.36	
Criminal Laboratory Users' Fees	11,271.54	
Probation and Parole Officers' Firearm Education Costs	164,029.98	
Substance Abuse Education Costs	2,296.25	
Office of Victims Services Costs	<u>125,077.88</u>	
 Total receipts (Note 2)		 \$ 6,031,132.19
 Disbursements to Department of Revenue (Note 3)		 <u>(6,031,132.19)</u>
 Balance due Department of Revenue (County) per settled reports (Note 4)		 -
 Audit adjustments		 <u>-</u>
 Adjusted balance due Department of Revenue (County) for the period January 1, 2001 to December 31, 2003		 <u><u>\$ -</u></u>

Notes to the financial statements are an integral part of this report.

ADULT PROBATION OFFICE  
 PHILADELPHIA COUNTY  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS  
 FOR THE PERIOD  
 JANUARY 1, 2001 TO DECEMBER 31, 2003

Receipts:

Department of Public Welfare Costs	\$ 4,445,754.27	
Pennsylvania Unemployment Compensation Fund Costs	<u>2,217,425.21</u>	
Total receipts (Note 2)		\$ 6,663,179.48
Disbursements to Commonwealth (Note 3)		<u>(6,663,179.48)</u>
Balance due Commonwealth (County)		-
Audit adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2001 to December 31, 2003		<u><u>\$ -</u></u>

Notes to the financial statements are an integral part of this report.



CLERK OF QUARTER SESSIONS AND  
ADULT PROBATION OFFICE  
PHILADELPHIA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD  
JANUARY 1, 2001 TO DECEMBER 31, 2003

1. Summary Of Significant Accounting Policies

Basis Of Presentation

The financial statements were prepared in accordance with the requirements of the Pennsylvania Department of Revenue. These financial statements are not intended to present either financial results of operations or financial position in conformity with generally accepted accounting principles.

Basis Of Accounting

The financial statements were prepared on the cash basis of accounting. Under this method, revenues were recognized when received and expenditures were recognized when paid.

Audit Requirement

The financial presentation has been prepared in accordance with Title 72 P.S. Section 401 (b) of *The Fiscal Code*, which requires the Department of the Auditor General to determine whether all money collected on behalf of the Commonwealth has been remitted properly and to provide the Department of Revenue with a report to enable them to settle an account covering any delinquency. A statement of assets and liabilities was not a required part of the financial presentation because of the limited reporting scope by the Clerk of Quarter Sessions and the Adult Probation Office. Therefore, a statement of assets and liabilities was not audited and is not a part of this report.

2. Receipts

Receipts are comprised of fines, costs, fees, and surcharges collected on behalf of the Department of Revenue and other state agencies. These fines, costs, fees, and surcharges represent collections made on summary and criminal cases filed with the Clerk of Quarter Sessions and the Adult Probation Office.

CLERK OF QUARTER SESSIONS AND  
ADULT PROBATION OFFICE  
PHILADELPHIA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD  
JANUARY 1, 2001 TO DECEMBER 31, 2003

3. Disbursements

Clerk Of Quarter Sessions And Adult Probation Office

Total disbursements are comprised as follows:

Clerk of Quarter Sessions checks issued to:

Department of Revenue	\$ 6,031,132.19
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Adult Probation Office

Total disbursements are comprised as follows:

Adult Probation Office checks issued to:

Department of Public Welfare	\$ 4,445,754.27
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Department of Labor and Industry	<u>2,217,425.21</u>
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Total	<u>\$ 6,663,179.48</u>
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4. Balance Due Department Of Revenue (County) For The Period  
January 1, 2001 To December 31, 2003

This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue.

5. County Officers Serving During Audit Period

Vivian T. Miller served as the Clerk of Quarter Sessions for the period January 1, 2001 to December 31, 2003.

Charles Gregonis served as the Deputy Chief Probation Officer, Adult Probation Office, for the period January 1, 2001 to December 31, 2003.

Report On Compliance And On  
Internal Control Over Financial Reporting

The Honorable Gregory C. Fajt  
Secretary  
Department of Revenue  
Harrisburg, PA 17128

We have audited the statements of receipts and disbursements – cash basis of the Clerk of Quarter Sessions and Adult Probation Office, Philadelphia County, Pennsylvania (County Offices), for the period January 1, 2001 to December 31, 2003, and have issued our report thereon dated December 5, 2005. In our report, our opinion was qualified because as discussed in Finding No. 2, there were inadequate internal accounting controls over cash receipts. Additionally, as discussed in Finding No. 5, a list of cases provided to the collection agency was not available for audit. We were unable to satisfy ourselves by other auditing procedures.

Except as discussed in the preceding paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County Offices' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Report On Compliance And On  
Internal Control Over Financial Reporting (Continued)

However, our tests disclosed the following immaterial instance of noncompliance:

- Inadequate Assessment of Fines, Costs, And Fees – Clerk Of Quarter Sessions.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County Offices' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County Offices' ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions described in the findings are as follows:

- Inadequate Internal Controls Over Receipts.
- Inadequate Internal Controls Over Bank Account – Clerk Of Quarter Sessions.
- Inadequate Collection Agency Procedures - Adult Probation Office.
- Improper Filing And Untimely Posting Of Fines And Costs – Clerk Of Quarter Sessions.

Report On Compliance And On  
Internal Control Over Financial Reporting (Continued)

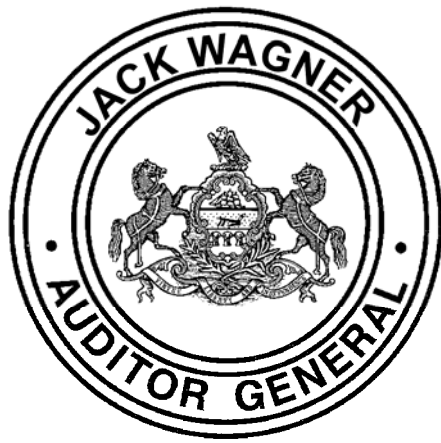
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider all the reportable conditions described above to be material weaknesses.

We are concerned in light of the County Offices' failure to correct previously reported audit findings. The County Offices should strive to implement the recommendations and corrective actions noted in this audit report. We noted several significant weaknesses in the internal controls over receipts, the bank account, the filing of cases, posting of fines and costs, collection agency procedures, and the assessment of fines, costs, and fees that need corrective action. These significant deficiencies increase the potential for funds to be lost, stolen, or misappropriated.

This report is intended solely for the information and use of the Pennsylvania Department of Revenue, the Administrative Office of Pennsylvania Courts, and the County Offices and is not intended to be and should not be used by anyone other than these specified parties.

December 5, 2005

JACK WAGNER  
Auditor General



CLERK OF QUARTER SESSIONS  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2001 TO DECEMBER 31, 2003

Finding No. 1 – Inadequate Assessment of Fines, Costs, And Fees – Clerk Of Quarter Sessions

Our audit of the Philadelphia County Clerk of Quarter Sessions' Office disclosed that the Commonwealth's share of certain fines and costs were not always assessed properly. Of 90 cases tested, we noted that:

- There were six cases in which Substance Abuse Education Fund Costs were not assessed.
- There were five cases in which DNA Detection Costs were not assessed.
- There were three motor vehicle cases in which the Emergency Medical Services Fine (EMS) was not assessed and the Domestic Violence Costs (DVC) were incorrectly assessed.
- There were 10 Accelerated Rehabilitative Disposition cases in which Department of Revenue court costs were not assessed.

The improper assessing of these fines and costs resulted in the defendant not being assessed the proper amount of fines and costs associated with the violation; which caused a loss of revenue to the Commonwealth and/or County.

These incorrect assessments occurred because the office failed to comply with applicable laws and regulations.

The following state statutes address the assessment of fines, costs, and fees that were not properly assessed:

- Substance Abuse Education Costs, effective for cases filed on/after February 7, 2003, amended Title 18 by adding Section 7508. This section imposed a new \$100.00 cost on driving under the influence (DUI) offenses and on all drug related offenses covered in the Controlled Substance, Drug, Device and Cosmetic Act. Also, effective February 1, 2004, DUI offenses in which the offender's blood alcohol level is greater than .16% require an additional \$200.00 cost.

CLERK OF QUARTER SESSIONS  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2001 TO DECEMBER 31, 2003

Finding No. 1 – Inadequate Assessment of Fines, Costs, And Fees – Clerk Of Quarter Sessions  
(Continued)

- Title 35 P.S. § 7651.312, DNA Detection of Sexual and Violent Offenders Act, authorizes the automatic assessment of a \$250.00 cost against any person convicted, adjudicated delinquent or granted ARD for a felony sex offense or other specified offense. Effective January 29, 2005, all felonies, regardless of offense, and misdemeanors for § 2910 (Relating to luring a child into a motor vehicle), and § 3126 (relating to indecent assault) authorizes the automatic assessment of the \$250.00 cost.
- Title 35 P.S. § 6934 authorizes a \$10.00 Emergency Medical Service Fine on motor vehicle violations.
- Title 71 P.S. § 611.13 (b) authorizes a \$10.00 Domestic Violence Cost to be assessed against any person who pleads guilty or nolo contendere or who is convicted of a crime as defined in 71 P.S. § 611.13 (e).
- Title 42 Pa. C.S.A. § 1725.1 provides for the collection of Department of Revenue court costs in varying amounts depending on whether the violation is a summary, misdemeanor, or felony including ARD dispositions.

Recommendation

We recommend that the Clerk of Quarter Sessions' management review the applicable laws cited above and implement the necessary procedures to ensure that fines, costs, and fees are assessed as required by law.

Auditee Response

The Clerk of Quarter Sessions responded as follows:

In response to new laws and issues reviewed during our most recent audit, the Clerk of Quarter Sessions is taking the necessary measures to address those areas and remain in complete compliance.



CLERK OF QUARTER SESSIONS AND  
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FINDINGS AND RECOMMENDATIONS  
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Finding No. 2 – Inadequate Internal Controls Over Receipts

The Philadelphia Clerk of Quarter Sessions (Clerk) consists of the Fines and Costs Office, the Bail/Refund Unit, Juvenile Division, and the Administrative/Executive Offices. The Clerk receives money from two locations, the Fines and Costs Office and the Adult Probation Office (APO). The APO collects fines, costs, and Crime Victims' Restitution from defendants and forwards this money to the Clerk to be deposited and distributed. Our testing of cash receipts revealed certain weaknesses in the internal controls over cash receipts as follows:

- Monies collected at the prisons were not timely receipted. Prisons collect fines, costs and restitution from inmates and forward this money, along with supporting documentation, to the Adult Probation Office (APO). The APO keeps restitution monies, and then issues a check, along with supporting documentation, to the Clerk's office for the remaining fines and costs. Because each check may represent payments collected from thousands of defendants, personnel in the Clerk's office stated that at certain times they were 12 to 18 months behind in recording payments to a defendant's case. Consequently, monies are not distributed until these payments are recorded.
- Checks issued by the APO to the Clerk for collections made at the prisons were not always deposited timely. Of 37 checks tested, 22 were not deposited timely. The time lapse from the date the APO issued the check to the date that the Clerk deposited the check ranged from 17 to 246 days.
- The cashier's settlement sheet in the Clerk's office did not include the receipt numbers used for that day's collections. Of eight days tested, eight did not include receipt numbers.
- Official receipts were not accounted for. Receipts were issued in various locations within the Clerk's office. Each office used its own batch of receipts resulting in multiple batches of receipts being issued at the same time. The remitter takes the unofficial receipt along with the remittance to the Clerk's office for recording and processing. Receipts are not official until validated in the Fines and Costs' office where the money is collected. The Fines and Costs' office maintains a copy of all validated receipts in order to make up the day's deposit, however, there were no reconciliations performed to account for all issued and unissued receipts. Starting in September 2003, the receipt procedure was changed where each cashier was assigned a number (i.e. Cashier 11) and each receipt for the day was numbered starting with number 1 (i.e. Receipt 11-01). However, we noted that there was no report generated that identified receipts issued on a given day.

CLERK OF QUARTER SESSIONS AND  
ADULT PROBATION OFFICE  
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FINDINGS AND RECOMMENDATIONS  
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Finding No. 2 – Inadequate Internal Controls Over Receipts (Continued)

- The total amount deposited did not always equal the total collected per the validated receipts and/or the cashier's settlement sheet. Of eight days tested, we noted two days where the total amount deposited did not equal the total collected per the cashier's settlement sheet. Additionally, we noted two days where the amount deposited did not equal the total on the cashier's settlement sheet and the validated receipts.
- Deposit slips prepared for the same day did not have the same bank validation date. The Clerk's office prepared several deposit slips per day; a deposit slip for the total amount of cash collected and other deposit slips for the total amount of checks and money orders collected. Of 25 days tested, we noted 8 instances in which deposit slips dated for the same day had two different bank validation dates. The time lapse between the date of cash deposit and the date of check deposits ranged from one to four days.
- Fines and costs collected at the APO are not timely receipted at the Clerk's office. Of 40 receipts tested at the APO and remitted to the Clerk's office, 37 were not receipted timely. The time lapse from the date receipted by the APO to the date receipted at the Clerk's office was 5 to 46 days.
- We tested 103 checks issued by the APO to the Clerk's office for Crime Victims' Restitution and noted that all 103 checks were deposited late. The time lapse from the date the APO issued the check to the date that the Clerk deposited the check ranged from 3 to 56 days.
- We tested 25 receipts that were collected at the Fines and Costs Office and noted that 23 receipts were deposited late. The time lapse from receipt to deposit ranged from 2 to 12 days.

These conditions existed because an adequate system of internal controls over receipts was not established and implemented.

It is extremely important that a good system of internal controls over receipts be established and maintained. Without a good system of internal controls over receipts, the potential for funds to be lost, stolen, or misappropriated is greatly increased.

CLERK OF QUARTER SESSIONS AND  
ADULT PROBATION OFFICE  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
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Finding No. 2 – Inadequate Internal Controls Over Receipts (Continued)

A good system of internal controls ensures that:

- All collections are recorded and distributed timely.
- Receipts are deposited on the same day as collected.
- The receipts numbers used for a day's collection are indicated on the cashier's settlement sheet.
- All receipt numbers are accounted for.
- The total amount collected per the receipts and the cashier's settlement sheet equals the total amount deposited and recorded.
- Cash and check collections are deposited on the same day as collected.

The conditions cited above, except for the first two bullets on page 13, were cited in our prior audit report for the period ending December 31, 2000.

Recommendations

We again recommend that an adequate system of internal controls over receipts be established and implemented. This system should include, but not be limited to, the internal controls listed above.

We further recommend that a centralized receipting system be established and implemented to ensure that receipts are generated in numerical sequence and that money collected is immediately entered into the system.

Auditee Response

The Clerk of Quarter Sessions responded as follows:

- A severe backlog does exist in the processing of fines and costs payments from the prisons. We have been trying to catch up, but due to a lack of personnel and resources, it's been a slow process.

CLERK OF QUARTER SESSIONS AND  
ADULT PROBATION OFFICE  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
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Finding No. 2 – Inadequate Internal Controls Over Receipts (Continued)

Auditee Response

- Any checks from the APO, prisons, or through the mail, are deposited by the clerk of quarter sessions office when received. The date the check was written is not always the date that the check is received by our office.
- Receipt numbers are not listed on the settlement sheet because copies of the actual receipts are kept on file. The list of missing receipts are on file in the costs and fines unit.
- With the installation of the Win-Teller System, all official receipts are now properly accounted for.
- With the installation of the Win-Teller System, these discrepancies are now accounted for and corrected via error reports.
- The date on the deposit slip is the date that the monies were received by our office. The bank deposit date is the date that Brinks delivered deposits to the bank and were processed by the bank.

The Court Administrative Officer of the Adult Probation Office responded as follows:

I have reviewed the Clerk of Quarter Session's response to Finding No. 2 of your audit as well as our records and documentation dealing with the delivery of payments to the Clerk. A review of the specific checks you tested revealed that they all were generated by the Adult Probation Department and made payable to the Clerk. Unfortunately, our records can neither confirm nor deny the Clerk's assertion about the difference between the date of the check and the date of receipt or delivery.

Since it remains both the practice and policy of this Department to prepare and deliver all checks in a timely manner, and as a result of your finding, effective January 2006, we have initiated the practice of obtaining a written receipt for all monies delivered to the Clerk. It is therefore hoped that this issue will not need to be raised in future audits.

CLERK OF QUARTER SESSIONS AND  
ADULT PROBATION OFFICE  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
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Finding No. 2 – Inadequate Internal Controls Over Receipts (Continued)

Auditor's Conclusion

Although we were unable to determine why receipts were not always deposited timely, good internal accounting controls ensure that receipts are deposited on the same day as collected. Furthermore, good internal accounting controls ensure that collections are posted to defendants' case files timely.

On January 5, 2006, we met the accountant for the Clerk of Quarter Sessions to attempt to locate the unaccounted receipts. She provided us with only 19 receipts to review. We were told that the rest of the receipts should be in the file cabinets located in the costs and fines unit. Due to the fact that the receipts were issued out of sequence, and there are 1,574 receipts still missing, we were unable to determine further accountability. In addition, there was no list of missing receipts provided to us.

CLERK OF QUARTER SESSIONS  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2001 TO DECEMBER 31, 2003

Finding No. 3 – Inadequate Internal Controls Over Bank Account – Clerk Of Quarter Sessions

Our review of the Clerk of Quarter Sessions' (Clerk) bank account revealed certain weaknesses in the internal accounting controls. These weaknesses included the following:

- Monthly bank reconciliations were not properly prepared.
- A checkbook balance was not maintained.
- There was no accountability over undisbursed funds.

A good system of internal controls ensures that:

- Bank statements are properly reconciled to a checkbook balance monthly.
- A checkbook balance is properly maintained.
- The ending cash balance is reconciled to identify liabilities at the end of each month and any differences are immediately investigated and resolved.

Since the bank account of the Clerk is essentially an escrow account on behalf of the Commonwealth, county, and other participating entities, all available cash on hand should equal unpaid obligations.

Failure to follow these procedures greatly increases the possibility that funds could be lost, stolen, or misappropriated.

These conditions existed because the Clerk failed to establish and implement an adequate system of internal controls over the bank account.

This finding was also cited in our prior audit report for the period ending December 31, 2000.

Recommendation

We again recommend that the Clerk's office establish and implement an adequate system of internal controls over the bank account. This system should include, but not be limited to, the internal controls listed above.

CLERK OF QUARTER SESSIONS  
PHILADELPHIA COUNTY  
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Finding No. 3 – Inadequate Internal Controls Over Bank Account – Clerk Of Quarter Sessions  
(Continued)

Auditee Response

The Clerk of Quarter Sessions responded as follows:

We do not have use of a computerized accounting system to perform reconciliations. With the implementation of the new state wide computer system in May 2006, this function will be utilized.

Auditor's Conclusion

The Clerk of Quarter Sessions should establish procedures to ensure that bank reconciliations are properly prepared, a checkbook balance is properly maintained, and undisbursed funds are accounted for with the implementation of the new state wide computer system.

ADULT PROBATION OFFICE  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
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JANUARY 1, 2001 TO DECEMBER 31, 2003

Finding No. 4 – Inadequate Collection Agency Procedures - Adult Probation Office

The Adult Probation Office (APO) was utilizing a collection agency (Agency). When cases are deemed uncollectible by the APO, the APO uses a collection agency to pursue payments on these cases. Our audit of the records relating to this collection agency disclosed the following weaknesses:

- Missing records – According to the APO personnel, they supplied the Agency with one list of cases on or about October 10, 2001. The APO and the Data Processing Units for both of these offices were unable to supply or recreate this list.
- The Agency was charging defendants more commission than the 22% agreed upon in the contract. When the Agency was notified by the APO that delinquent fines and costs were due on a specific case, the Agency would send a letter to the defendant for the total amount due including their 22% commission. When the Agency received payments from defendants they would compute their commission again thus assessing a commission on commission resulting in a total commission taken of 26.84%. This excessive commission should have been applied to the defendant's case balance. We were able to ascertain that at least 461 payments had excess commission totaling \$1,444.48. Since the Agency is no longer in business, we were not able to expand our testing. Therefore, the total of \$1,444.48 should not be considered the total amount of excessive commission taken by the Agency.
- Although the commission was not included in the bill sent by the Agency to the defendant, the Agency retained a 22% commission of the payment sent by the defendant. An inter-office memo within the APO stated that the Agency was unable to calculate their commission in their first mailing to defendants. We noted at least 13 payments made to the Agency for the total of fines and costs only, but the Agency deducted its commission leaving the defendants' case reflecting an outstanding balance in the amount of the commission taken.

A good system of internal control requires that all records be maintained until audited. Good internal controls also ensure that contractual obligations are adhered to by all parties concerned.

Without a good system of internal control over funds received by the office, the potential is increased that funds could be lost, stolen, or misappropriated.



ADULT PROBATION OFFICE  
PHILADELPHIA COUNTY  
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JANUARY 1, 2001 TO DECEMBER 31, 2003

Finding No. 4 – Inadequate Collection Agency Procedures - Adult Probation Office (Continued)

Recommendations

We recommend that the APO maintain all records as required. We also recommend that third party collection agencies are monitored closely so that contractual obligations are adhered to and defendants are not overcharged.

Auditee Response

The Court Administrative Officer of the Adult Probation Office responded as follows:

Upon receipt of the request for documentation, all the APO records pertaining to [Agency] were retrieved from storage and made available for inspection. While several lists of cases were part of the file, they appeared to be working copies and no proof existed that they actually represented the data sent to [Agency]. Attempts to contact [Agency] in order to obtain and/or confirm the information sent were unsuccessful. Both the APO staff and the auditor then attempted to contact the Data Processing staff in an attempt to recreate the data. This was deemed to be impossible due to computer upgrades and processing activities that occurred after the creation of the initial file.

Corrective action has already been taken as all subsequent lists have been identified and secured for future audits. Also the contract with [Agency] was not renewed; instead [Current Agency] is the current vendor for collections. They have demonstrated both the willingness and ability to assist in any future audit.

[Agency] is both no longer under contract with the APO and no longer in business making it difficult if not impossible to remedy this finding concerning past activity. Corrections to accounts for payments already received and processed require the joint efforts of both the APO and Clerk of Court. Since the Clerk processes all fine and cost payments, corrections need to be made to their accounting system.

The APO is looking at the current contract and vendor practice to ensure compliance with commission practices as stated in the current contract.

Any corrective action will require the joint participation of both the APO and the Clerk staff. This is not an issue with the current vendor for collections and therefore will not be an issue in future audits.

CLERK OF QUARTER SESSIONS  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2001 TO DECEMBER 31, 2003

Finding No. 5 – Improper Filing And Untimely Posting Of Fines And Costs – Clerk Of Quarter Sessions

Our audit of the Clerk of Quarter Sessions (Clerk) required that certain case files be examined. We noted that cases were not filed together in numerical sequence, nor were they filed together in the same location. We found files in boxes, in cubicles, on desks, on shelves, in passageways, and on floors in the Clerk's office in no particular order. Because of this improper filing, fines and costs were not posted into the computer system timely.

In our initial testing of 90 cases, we noted 6 cases in which fines and costs were not posted into the computer system timely. We tested 30 additional cases, chosen from the files outlined in the first paragraph, on December 3, 2004, and noted 25 cases that were not posted into the computer system. The time lapse from date of disposition to date of testing ranged from 106 to 273 days.

These conditions existed because the Clerk failed to establish adequate internal controls over the filing of cases and the posting of fines and costs.

Good internal accounting controls ensure that each court document is filed timely and properly. The failure to follow these procedures could result in case file documents being lost or misfiled. Additionally, collections associated with missing case files and documents could be misappropriated.

This finding was also cited in our prior audit report for the period ending December 31, 2000.

Recommendation

We again recommend that the Clerk establish and implement procedures to ensure that all cases are properly and timely filed and all fines and costs are posted timely into the computer system.

Auditee Response

The Clerk of Quarter Sessions responded as follows:

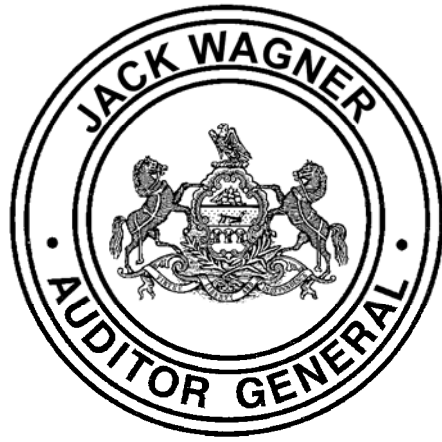
The cost and fines files are filed in boxes by microfilm number not numerically by case number. A back log exists of entering the files into the costs and fines system because of mitigating circumstances such as: receiving the files daily 1-20 boxes at a time from court administrations microfilm and coding units.

CLERK OF QUARTER SESSIONS  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2001 TO DECEMBER 31, 2003

Finding No. 5 – Improper Filing And Untimely Posting Of Fines And Costs – Clerk Of Quarter Sessions (Continued)

Auditor's Conclusion

Although we realize that backlogs can occur, as stated above, procedures are needed to be implemented to ensure proper filing and timely posting of fines and costs.



CLERK OF QUARTER SESSIONS AND  
ADULT PROBATION OFFICE  
PHILADELPHIA COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2001 TO DECEMBER 31, 2003

This report was initially distributed to:

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The Honorable Vivian T. Miller	Clerk of Quarter Sessions
The Honorable Jonathan Saidel	Controller
The Honorable Anna C. Verna	Chairwoman of the Board
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