

CLERK OF THE COURT OF COMMON PLEAS/
COSTS, FINES AND RESTITUTION COLLECTION DEPARTMENT

BLAIR COUNTY

EXAMINATION REPORT

FOR THE PERIOD

SEPTEMBER 19, 2005 TO FEBRUARY 28, 2010



CLERK OF THE COURT OF COMMON PLEAS/
COSTS, FINES AND RESTITUTION COLLECTION DEPARTMENT

BLAIR COUNTY

EXAMINATION REPORT

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**Department of the Auditor General
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120-0018**

**JACK WAGNER
AUDITOR GENERAL**

Independent Auditor's Report

The Honorable Daniel P. Meuser
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of the Clerk of the Court of Common Pleas/Costs, Fines and Restitution Collection Department, Blair County, Pennsylvania (County Officers), for the period September 19, 2005 to February 28, 2010, pursuant to the requirements of Section 401(b) of *The Fiscal Code*, 72 P.S. § 401(b). This Statement is the responsibility of the county offices' management. Our responsibility is to express an opinion on this Statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. An examination includes examining, on a test basis, evidence supporting the Statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

We are mandated by Section 401(b) of *The Fiscal Code* to audit the accounts of each county officer to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported and promptly remitted. *Government Auditing Standards* issued by the Comptroller General of the United States include attestation engagements as a separate type of audit. An attestation engagement performed pursuant to *Government Auditing Standards* involves additional standards that exceed the standards provided by the American Institute of Certified Public Accountants. Accordingly, this attestation engagement complies with both *Government Auditing Standards* and Section 401(b) of *The Fiscal Code*.



Independent Auditor's Report (Continued)

In our opinion, the Statement referred to above presents, in all material respects, the operations of the County Officers as it pertains to receipts made on behalf of the Commonwealth for the period ended February 28, 2010, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Statement and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Statement is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County Officers' ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria such that there is more than a remote likelihood that a misstatement of the County Officers' Statement that is more than inconsequential will not be prevented or detected by the County Officers' internal control. We consider the deficiencies described in the findings below to be significant deficiencies in internal control over the reporting on the Statement:

- Misappropriation Of Funds Of \$4,728 - Costs, Fines And Restitution Collection Department.
- Inadequate Internal Controls Over The Bank Account - Costs, Fines And Restitution Collection Department.
- Receipts Were Not Always Deposited On The Same Day As Collected - Costs, Fines And Restitution Collection Department.

Independent Auditor's Report (Continued)

- Inadequate Internal Controls Over Manual Receipts - Costs, Fines And Restitution Collection Department.

- Inadequate Accountability Over Funds Held In Escrow - Clerk Of The Court Of Common Pleas/Costs, Fines And Restitution Collection Department.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statement will not be prevented or detected by the County Officer's internal control. Our consideration of the internal control over reporting on the Statement would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider all the significant deficiencies described above to be material weaknesses.

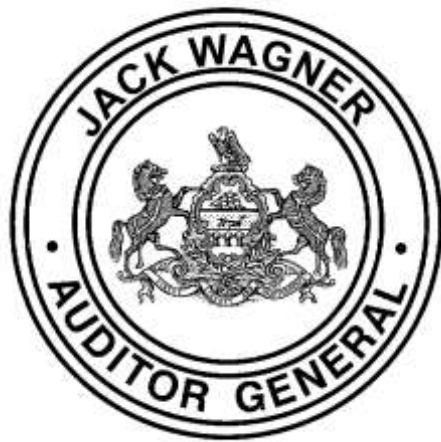
The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Officers and is not intended to be and should not be used by anyone other than these specified parties.



May 6, 2011

JACK WAGNER
Auditor General



CLERK OF THE COURT OF COMMON PLEAS/
 COSTS, FINES AND RESTITUTION COLLECTION DEPARTMENT
 BLAIR COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 SEPTEMBER 19, 2005 TO FEBRUARY 28, 2010

Receipts:

Department of Transportation		
Title 75 Fines	\$	283,543
Department of Revenue Court Costs		126,074
Crime Victims' Compensation Costs		448,530
Crime Commission Costs/Victim Witness Services Costs		378,918
Domestic Violence Costs		43,903
Emergency Medical Services Fines		29,532
DUI - ARD/EMS Fees		26,617
CAT/MCARE Fund Surcharges		193,877
Judicial Computer System/Access to Justice Fees		89,251
Offender Supervision Fees		724,142
Constable Service Surcharges		7,274
Criminal Laboratory Users' Fees		5,223
Probation and Parole Officers' Firearm Education Costs		28,046
Substance Abuse Education Costs		145,963
Office of Victims' Services Costs		54,927
Miscellaneous State Fines and Costs		<u>567,758</u>
Total receipts (Note 2)		3,153,578
Disbursements to Commonwealth (Note 3)		<u>(3,153,961)</u>
Balance due Commonwealth (County) per settled reports (Note 4)		(383)
Examination adjustments (Exhibit 1)		<u>2,223</u>
Adjusted balance due Commonwealth (County) for the period September 19, 2005 to February 28, 2010	\$	<u><u>1,840</u></u>

Notes to the Statement of Receipts and Disbursements are an integral part of this report.

CLERK OF THE COURT OF COMMON PLEAS/
 COSTS, FINES AND RESTITUTION COLLECTION DEPARTMENT
 BLAIR COUNTY
 NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 SEPTEMBER 19, 2005 TO FEBRUARY 28, 2010

1. Criteria

The Statement of Receipts and Disbursements provides a summary of receipts and disbursements by category. The categories and the amounts of fines, costs, fees, and surcharges assessed are based on Pennsylvania laws and regulations.

The Statement was prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Revenue. Under this method, only the Commonwealth portion of cash receipts and disbursements are presented, revenues are recognized when received, and expenditures are recognized when paid.

2. Receipts

Receipts are comprised of fines, costs, fees, and surcharges collected on behalf of the Commonwealth. These fines, costs, fees, and surcharges represent collections made on summary and criminal cases filed with the Clerk of the Court of Common Pleas' Office.

3. Disbursements

Total disbursements are comprised as follows:

Costs, Fines and Restitution Collection Department checks issued to:

Department of Revenue	\$ 3,025,809
Attorney General	334
Commonwealth of Pennsylvania	2,601
Department of Transportation	647
Department of Public Welfare	212
Office of Inspector General	2,442
Department of Treasury	116,656
State Police Crime Lab	5,260
Total	\$ 3,153,961

CLERK OF THE COURT OF COMMON PLEAS/
COSTS, FINES AND RESTITUTION COLLECTION DEPARTMENT
BLAIR COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
SEPTEMBER 19, 2005 TO FEBRUARY 28, 2010

4. Balance Due Commonwealth (County) For The Period September 19, 2005 To February 28, 2010

This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue. The balance also reflects a summary of any receipts disbursed directly to other state agencies. It does not reflect adjustments disclosed by our examination. Refer to Exhibit 1.

5. County Officers Serving During Examination Period

Carol A. Newman served as the Clerk of the Court of Common Pleas for the period September 19, 2005 to February 28, 2010.

Sally J. Adams and Amber D. Phillips served as County-Administrators for the Costs, Fines and Restitution Collection Department for the period September 19, 2005 to February 28, 2010.

CLERK OF THE COURT OF COMMON PLEAS/
 COSTS, FINES AND RESTITUTION COLLECTION DEPARTMENT
 BLAIR COUNTY
 EXHIBIT 1
 FOR THE PERIOD
 SEPTEMBER 19, 2005 TO FEBRUARY 28, 2010

Exhibit 1 - Schedule Of Reporting Errors And Examination Adjustments

<u>Case Number</u>	<u>Violation</u>	<u>Date of Last Collection</u>	<u>Amount Due State</u>	<u>Explanation</u>
CP-07-CR-0002535-2003	3731	9/8/2008	\$ 1,220	*
CP-07-CR-0001288-2004	7122	8/17/2006	287	*
CP-07-CR-0002609-2005	3802	11/17/2008	716	*
			<u>\$ 2,223</u>	

* - Bail forfeiture due the Commonwealth was incorrectly remitted to Blair County.

COSTS, FINES AND RESTITUTION COLLECTION DEPARTMENT
BLAIR COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 19, 2005 TO FEBRUARY 28, 2010

Finding No. 1 - Misappropriation Of Funds Of \$4,728 - Costs, Fines And Restitution Collection Department

Our examination disclosed that an office employee was voiding cash receipts and reissuing the corresponding receipt for a lesser amount. Of the 185 voided receipts tested, 76 were not valid voids and were reissued for a lesser amount. This scheme enabled the perpetrator to misappropriate funds totaling \$4,728. The employee who allegedly misappropriated these funds was terminated on February 11, 2010.

Good internal accounting controls ensure that all voided receipts are properly marked void and voided for valid reasons. In addition, voided transaction reports should be reviewed and scrutinized on a routine basis.

Without a good system of internal controls over voided transactions, the possibility of funds being lost or misappropriated increases significantly.

These conditions existed because the office failed to establish adequate internal controls over its voided receipts.

This matter was referred to the District Attorney's office.

Recommendations

We recommend that Blair County Officials determine what action(s) should be taken to recover these funds. Furthermore, we recommend that the office establish and implement adequate internal controls over voided receipts as noted above.

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

We strongly recommend that the office comply with our recommendations.

COSTS, FINES AND RESTITUTION COLLECTION DEPARTMENT
BLAIR COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 19, 2005 TO FEBRUARY 28, 2010

Finding No. 2 - Inadequate Internal Controls Over The Bank Account - Costs, Fines And
Restitution Collection Department

Our examination of the bank account disclosed that the bank account was not reconciled properly. The running check book balance was inaccurate.

This condition existed after the transition to the new Common Pleas Case Management System (CPCMS) computer system. It appears the inaccuracies stem from legacy money from the old system.

A good system of internal controls ensures that bank statements are reconciled to the book balance on a monthly basis and any discrepancies are immediately investigated and resolved.

Without a good system of internal controls over the bank account, the possibility of funds being lost or misappropriated increases significantly.

Recommendation

We recommend that the office establish and implement an adequate system of internal controls over the bank account as noted above.

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

We strongly recommend that the office comply with our recommendation.

COSTS, FINES AND RESTITUTION COLLECTION DEPARTMENT
BLAIR COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 19, 2005 TO FEBRUARY 28, 2010

Finding No. 3 - Receipts Were Not Always Deposited On The Same Day As Collected – Costs,
Fines And Restitution Collection Department

Our examination disclosed that receipts were not always deposited on the same day as collected. Of 60 receipts tested, 7 were not deposited on the same day as collected. The time lapse from the date of receipt to the subsequent date of deposit ranged from two days to four days.

Good internal accounting controls ensure that all monies collected are deposited intact on the same day as collected.

Without a good system of internal controls over funds received by the office, the possibility of funds being lost or misappropriated increases significantly.

This condition existed because the office failed to establish and implement an adequate system of internal controls over receipts.

Recommendation

We recommend that the office deposit all receipts at the end of each day as required by good internal accounting controls.

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

We strongly recommend that the office comply with our recommendation.

COSTS, FINES AND RESTITUTION COLLECTION DEPARTMENT
BLAIR COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 19, 2005 TO FEBRUARY 28, 2010

Finding No. 4 - Inadequate Internal Controls Over Manual Receipts - Costs, Fines And
Restitution Collection Department

Manual receipts are available to be issued in the event of a temporary power loss to the office's computer system. When the computer system is operating again, the manual receipt is replaced by an official computer-generated receipt and included in the daily receipts.

Our examination disclosed that required manual receipt procedures were not always followed. Of 49 receipts tested, we noted the following:

- There were 16 instances in which the manual receipt number was not entered into the computer system when the corresponding computer receipt was generated.
- There were four instances in which the computer receipt was not generated timely after the issuance of the corresponding manual receipt. The time lapse from the date of the manual receipt to the corresponding computer receipt ranged from 2 days to 18 days.

Additionally, there were 11 manual receipts that were missing and not available for examination.

Good internal accounting controls ensure that:

- Manual receipt numbers are entered in the manual receipt number field on the computer when the corresponding computer receipts are generated.
- Computer receipts are generated timely after the issuance of the corresponding manual receipts.

Without a good system of internal controls over funds received by the office, the possibility of funds being lost or misappropriated increases significantly.

Adherence to good internal accounting controls would have ensured adequate internal controls over receipts.

These conditions existed because the office failed to establish and implement an adequate system of internal controls over manual receipts.

COSTS, FINES AND RESTITUTION COLLECTION DEPARTMENT
BLAIR COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 19, 2005 TO FEBRUARY 28, 2010

Finding No. 4 - Inadequate Internal Controls Over Manual Receipts - Costs, Fines And
Restitution Collection Department (Continued)

Recommendation

We recommend that the office establish and implement an adequate system of internal controls over manual receipts as noted above.

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

We strongly recommend that the office comply with our recommendation.

CLERK OF THE COURT OF COMMON PLEAS/
COSTS, FINES AND RESTITUTION COLLECTION DEPARTMENT
BLAIR COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 19, 2005 TO FEBRUARY 28, 2010

Finding No. 5 - Inadequate Accountability Over Funds Held In Escrow - Clerk Of The Court Of
Common Pleas/Costs, Fines And Restitution Collection Department

Our examination disclosed that accountability over funds held in escrow was inadequate. We concluded that at February 28, 2010:

- In the Costs, Fines and Restitution Collection Department, we could not accurately determine if there was enough cash to meet obligations because the checking account balance was inaccurate. (See Finding No. 2.)
- In the Clerk of the Court of Common Pleas, obligations exceeded funds on hand by \$3,829.

Good internal accounting control procedures ensure that the ending adjusted bank balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved. Since the office bank account is essentially an escrow account on behalf of the Commonwealth, County, and other participating entities, all available funds on hand should equal unpaid obligations.

This condition existed because the office failed to establish and implement an adequate system of internal controls over funds held in escrow.

Without a good system of internal controls over funds held in escrow, the possibility of funds being lost or misappropriated increases significantly.

Recommendations

We recommend that the office attempt to identify the existing cash differences between the adjusted check book balance and the undisbursed funds. Any unidentified funds should be accounted for under normal escheat procedures. Furthermore, we recommend that the office should ensure that reconciled cash equals unpaid obligations monthly.

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

We strongly recommend that the office comply with our recommendations.

CLERK OF THE COURT OF COMMON PLEAS/
COSTS, FINES AND RESTITUTION COLLECTION DEPARTMENT
BLAIR COUNTY
COMMENT
FOR THE PERIOD
SEPTEMBER 19, 2005 TO FEBRUARY 28, 2010

Comment - Compliance With Prior Examination Recommendations

During our prior audit, we recommended:

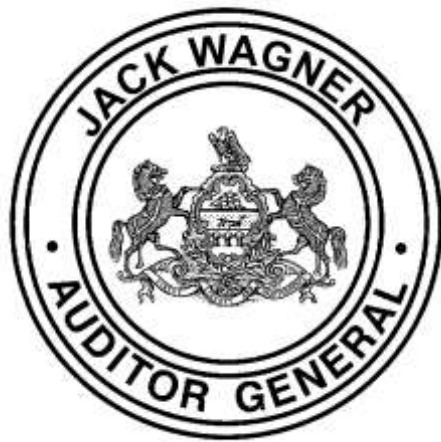
- That the office establish and implement procedures that ensure that costs and fines are assessed in a timely manner.
- That there should be follow-up procedures to ensure that when costs and fines are assessed, the prepaid deposits associated with the case are applied on a timely basis.

During our current examination, we noted that the office complied with our recommendations.

During our prior audit, we also recommended:

- That the office transmit the Commonwealth's portion of the fines and costs as required by Section 901 of *The Fiscal Code*.
- That the office ensure that all bail forfeitures due the Commonwealth are disbursed to the Commonwealth according to 42 Pa. C.S.A. Section 3571 (B).

Our current examination found that the office substantially complied with our prior examination recommendations. Insignificant instances of noncompliance were verbally communicated to the office.



CLERK OF THE COURT OF COMMON PLEAS/
COSTS, FINES AND RESTITUTION COLLECTION DEPARTMENT
BLAIR COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
SEPTEMBER 19, 2005 TO FEBRUARY 28, 2010

This report was initially distributed to:

The Honorable Daniel P. Meuser
Secretary
Pennsylvania Department of Revenue

The Honorable Zygmunt Pines
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania
Administrative Office of Pennsylvania Courts

Mr. Thomas J. Dougherty
Director
Division of Grants and Standards
Pennsylvania Board of Probation and Parole

The Honorable Carol A. Newman	Clerk of the Court of Common Pleas
The Honorable Richard J. Peo	Controller
Ms. Sally J. Adams	County-Administrator of the Costs, Fines and Restitution Collection Department
Ms. Amber D. Phillips	County-Administrator of the Costs, Fines and Restitution Collection Department
The Honorable Terry Tomassetti	Chairman of the Board of Commissioners

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. To view this report online or to contact the Department of the Auditor General, please access our web site at www.auditorgen.state.pa.us.