



CLERK OF THE COURT OF COMMON PLEAS
AND ADULT PROBATION
DEPARTMENT/PROTHONOTARY

NORTHUMBERLAND COUNTY

EXAMINATION REPORT

FOR THE PERIOD

NOVEMBER 21, 2006 TO JULY 31, 2009

Released September 2013

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL





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EUGENE A. DePASQUALE
AUDITOR GENERAL

Independent Auditor's Report

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

We have examined the accompanying statements of receipts and disbursements (Statements) of the Clerk Of The Court Of Common Pleas And Adult Probation Department/Prothonotary, Northumberland County, Pennsylvania (County Officer), for the period November 21, 2006 to July 31, 2009, pursuant to the requirements of Sections 401(b) and 401(d) of *The Fiscal Code*, 72 P.S. § 401(b) and § 401(d). These Statements are the responsibility of the county office's management. Our responsibility is to express an opinion on these Statements based on our examination.

Except as discussed in the fourth paragraph, 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 Sections 401(b) and 401(d) 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 Sections 401(b) and 401(d) of *The Fiscal Code*.

Independent Auditor's Report (Continued)

As discussed in Finding No. 7, payments received by the Adult Probation Department were not always issued a receipt. Furthermore, as discussed in Finding No. 8, a population of manual receipts could not be determined. Without these records, we could not perform our standard examination procedures. As a result, the scope of our examination of the County Officer's Statement was limited, and we were unable to satisfy ourselves by other examination procedures.

In our opinion, except for the effects, if any, of the matters noted in the preceding paragraph, the Statement referred to above presents, in all material respects, the operations of the County Officer as it pertains to receipts made on behalf of the Commonwealth for the period November 21, 2006 to July 31, 2009, 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 Statements 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 Statements are 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 Statements 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 Officer's 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 Officer's Statements that is more than inconsequential will not be prevented or detected by the County Officer's internal control. We consider the deficiencies described in the findings below to be significant deficiencies in internal control over the reporting on the Statements:

Independent Auditor's Report (Continued)

- Misappropriation Of Funds - Prothonotary.
- Bank Deposit Slips Not Validated - Clerk Of The Courts/Prothonotary.
- Inadequate User Names And Passwords - Prothonotary.
- Inadequate Segregation Of Duties – Prothonotary.
- Improper Stale Check Procedures - Clerk Of The Courts.
- Inadequate Accountability Over Funds Held In Escrow - Clerk Of The Courts.
- Remittances Received By The Adult Probation Office Were Not Always Issued A Receipt - Adult Probation Department.
- Inadequate Internal Controls Over Manual Receipts - Adult Probation 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 Statements will not be prevented or detected by the County Officer's internal control. Our consideration of the internal control over reporting on the Statements 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 deficiencies described above to be material weaknesses.

Independent Auditor's Report (Continued)

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

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke at the end.

January 4, 2013

EUGENE A. DEPASQUALE
Auditor General

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CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT
NORTHUMBERLAND COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
NOVEMBER 21, 2006 TO JULY 31, 2009

Receipts:

Department of Transportation		
Title 75 Fines	\$ 62,682	
Department of Revenue Court Costs	37,255	
Crime Victims' Compensation Costs	120,754	
Crime Commission Costs/Victim Witness Services Costs	89,100	
Domestic Violence Costs	12,091	
Emergency Medical Services Fines	5,379	
DUI - ARD/EMS Fees	11,200	
CAT/MCARE Fund Surcharges	59,986	
Judicial Computer System/Access to Justice Fees	28,010	
Offender Supervision Fees	619,107	
Constable Service Surcharges	3,167	
Criminal Laboratory Users' Fees	6,266	
Probation and Parole Officers' Firearm Education Costs	9,988	
Substance Abuse Education Costs	95,936	
Office of Victims' Services Costs	2,430	
Miscellaneous State Fines and Costs	<u>165,226</u>	
 Total receipts (Note 2)		 \$ 1,328,577
 Disbursements to Commonwealth (Note 4)		 <u>(1,328,577)</u>
 Balance due Commonwealth (County) per settled reports (Note 5)		 -
 Examination adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (County) for the period November 21, 2006 to July 31, 2009		 <u><u>\$ -</u></u>

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

PROTHONOTARY
NORTHUMBERLAND COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
NOVEMBER 21, 2006 TO JULY 31, 2009

Receipts:

Writ Taxes	\$	2,602
Divorce Complaint Surcharges		6,380
Judicial Computer System/Access To Justice Fees		52,670
Protection From Abuse Surcharges and Contempt Fines		1,975
Criminal Charge Information System Fees		<u>2,028</u>
Total Receipts (Note 2)		65,655
Commissions (Note 3)		<u>(78)</u>
Net Receipts		65,577
Disbursements to Commonwealth (Note 4)		<u>(65,577)</u>
Balance due Commonwealth (County) per settled reports (Note 5)		-
Examination adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) for the period November 21, 2006 to July 31, 2009	\$	<u><u>-</u></u>

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

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT/PROTHONOTARY
NORTHUMBERLAND COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
NOVEMBER 21, 2006 TO JULY 31, 2009

1. Criteria

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

The Statements were 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

Clerk Of The Court Of Common Pleas

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.

Prothonotary

Receipts are comprised of taxes, surcharges, fees, and fines collected on behalf of the Department of Revenue and the Administrative Office of Pennsylvania Courts.

These include monies collected for the following taxes, surcharges, fees, and fines:

- Writ Taxes represent a \$.50 or \$.25 tax imposed on taxable instruments filed with the Prothonotary.
- Divorce Complaint Surcharges represent a \$10 surcharge imposed on all divorce decrees.
- Judicial Computer System/Access To Justice Fees represent a \$10 fee imposed for the filing of any legal paper to initiate a civil action or proceeding.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
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NORTHUMBERLAND COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
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2. Receipts (Continued)

Prothonotary (Continued)

- Protection From Abuse Surcharges represent a \$25 surcharge imposed against defendants when a protection order is granted as a result of a hearing. Effective May 9, 2006, the surcharge was increased to \$100. Protection From Abuse Contempt Fines represent fines of not less than \$100 nor more than \$1,000 imposed against a defendant who is found to be in violation of a protection from abuse order. Effective May 9, 2006, the fine was increased to a minimum of \$300 and maximum of \$1,000.
- Criminal Charge Information System Fees represent a fee imposed on all custody cases. Of the fee imposed, 80% is payable to the Administrative Office of Pennsylvania Courts (AOPC) and 20% is payable to the County in which the action took place. The fee was \$6.50 for the period January 1, 2006 to December 31, 2007 and \$7 for the period January 1, 2008 to December 31, 2010. The statement of receipts and disbursements only reflects the portion collected on behalf of the AOPC.

3. Commissions

Acting in the capacity of an agent for the Commonwealth, the Prothonotary is authorized to collect a commission of 3 percent on the Commonwealth portion of writ taxes. Accordingly, commissions owed the county are not included in the balance due the Commonwealth.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT/PROTHONOTARY
NORTHUMBERLAND COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
NOVEMBER 21, 2006 TO JULY 31, 2009

4. Disbursements

Clerk Of The Court Of Common Pleas

Total disbursements are comprised as follows:

Clerk of the Court checks issued to:

Department of Revenue	\$ 1,321,006
Office of Attorney General	4,123
Department of Transportation	1,612
State Police	1,232
Department of Public Welfare	345
Department of Labor and Industry	169
Commonwealth of Pennsylvania	90
	90
Total	\$ 1,328,577
	1,328,577

Prothonotary

Total disbursements are comprised as follows:

Prothonotary checks issued to:

Department of Revenue	\$ 63,549
Adminstrative Office of Pennsylvania Courts	2,028
	2,028
Total	\$ 65,577
	65,577

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT/PROTHONOTARY
NORTHUMBERLAND COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
NOVEMBER 21, 2006 TO JULY 31, 2009

5. Balance Due Commonwealth (County) For The Period November 21, 2006 To July 31, 2009

Clerk Of The Court Of Common Pleas

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.

Prothonotary

This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue. The balance also reflects a summary of receipts that were disbursed directly to the Administrative Office of Pennsylvania Courts.

6. County Officers Serving During Examination Period

M. Kathleen Strausser served as the Clerk of the Court of Common Pleas/Prothonotary for the period November 21, 2006 to July 31, 2009.

Michael Potteiger served as Chief Probation Officer for the period November 21, 2006 to April 13, 2006.

John D. Wondoloski served as Chief Probation Officer for the period April 13, 2006 to July 31, 2009.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT/PROTHONOTARY
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
NOVEMBER 21, 2006 TO JULY 31, 2009

Finding No. 1 - Misappropriation Of Funds - Prothonotary

Our examination revealed that a former Deputy Prothonotary was using the refunded receipts function on the computer system to misappropriate funds. Our testing revealed that there were 14 cash receipts in which a refunded receipt was issued for no apparent reason. By issuing a refunded receipt, it created an entry into the computer system as if the money was not collected. The cash collected from these refunded receipts totaled \$640. The former Deputy Prothonotary pled guilty to theft by deception on May 23, 2011.

Good internal accounting controls ensure that:

- All cash and checks received are properly recorded in the computer system and deposited intact on the same day as collected
- Refunded receipts are only issued when there is a valid reason and that reason should be clearly documented in the case file.
- An employee other than the one who created the original receipt completes the refunded receipt in order to verify that the refund is valid.

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

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

Recommendation

We recommend that the Prothonotary establish and implement adequate internal controls over receipts as noted above.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT/PROTHONOTARY
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
NOVEMBER 21, 2006 TO JULY 31, 2009

Finding No. 1 - Misappropriation Of Funds - Prothonotary (Continued)

Management's Response

The County Officer responded as follows:

In 2008 a new computer system was installed. Training for the officeholder was in a different room than the deputy and data clerks. The officeholder was unaware that deputy knew how to refund receipts. No one was ever allowed to refund a receipt. The deputy and clerks were only to be shown how to void a receipt. The deputy was first suspended in December 2008. An investigation by the PA State Police followed. The State Police's investigation was inconclusive and the deputy's attorney asked for the deputy to be reinstated. The deputy was reinstated in March 2009. In July 2009, I discovered evidence that was conclusive to the deputy's theft. My solicitor was notified, the District Attorney's office was notified, the controller's office and the PA State Police were again notified. The Board of Commissioners hired an independent auditor. The deputy plead guilty to Theft by Deception on May 23, 2011. Restitution has been recovered in full.

A refunded receipt report is generated each month and checked and initialed by the officeholder. No evidence of any refunds has been discovered since 2009.

Auditor's Conclusion

During our next examination we will determine if the county officer complied with our recommendation.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT/PROTHONOTARY
NORTHUMBERLAND COUNTY
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NOVEMBER 21, 2006 TO JULY 31, 2009

Finding No. 2 - Bank Deposit Slips Not Validated - Clerk Of The Courts/Prothonotary

Our examination of the Clerk of the Courts' accounting records disclosed that the office copy of the bank deposit slip was not validated by the bank in all 65 deposits tested. In addition, our examination of the Prothonotary's accounting records disclosed that the office copy of the bank deposit slip was not validated by the bank in all 37 deposits tested for that office. The office received a validated receipt from the bank but this only confirmed the total amount deposited and not the actual make up of the deposit (i.e. cash and check mix).

Good internal accounting controls require that the amount of each check and the total amount of cash deposited are identified on the deposit slip. The office copy of each deposit should be brought to the bank to be validated. If the bank cannot validate the deposit slip, the office should obtain a deposit ticket from the bank that validates total cash and the total deposit. After the office receives the validation from the bank, it should be reconciled to the receipts by someone other than the person preparing or making the deposit.

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

The office was not aware of the internal control weaknesses caused by not obtaining a validated deposit slip or deposit ticket from the bank.

Recommendations

We recommend that the office obtain a validation from the bank as to the mix of cash and checks deposited. We further recommend that the validation is reconciled to receipts by someone other than the person preparing or making the deposit.

Management's Response

The County Officer responded as follows:

Once this issue was brought to our attention, we now obtain a validated deposit slip for all deposits made in each bank account.

Auditor's Conclusion

During our next examination we will determine if the county officer complied with our recommendations.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT/PROTHONOTARY
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
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NOVEMBER 21, 2006 TO JULY 31, 2009

Finding No. 3 - Inadequate User Names And Passwords - Prothonotary

Our examination disclosed that user names and passwords were identical for each user log in the computer system in the Prothonotary's office. The passwords were not changed from the inception of the computer system on March 1, 2009 to the end of the audit period.

Good internal accounting control procedures ensure that user names and passwords should be unique and of sufficient strength that individual users logging into the system can be identified. Passwords should also be changed periodically as an added safeguard.

The prothonotary's office did not develop adequate sign in procedures. Without adequate sign in procedures, the possibility that one employee may sign into the computer system using another user's name and password to change data increases significantly.

This condition existed because identical user names and passwords were originally established during training for user log in on the computer system and were not changed after the completion of the training.

Recommendation

We recommend that Prothonotary establish and implement adequate controls regarding user names and passwords.

Management's Response

The County Officer responded as follows:

Officeholder was never aware that the employees were told to use identical user names and passwords. Thus the deputy knew how to get into their receipts and docketing.

Since July 2009, when the misappropriation of funds was discovered, the employees were instructed to never give out their passwords and to change them in the computer system regularly.

Auditor's Conclusion

During our next examination we will determine if the county officer complied with our recommendation.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT/PROTHONOTARY
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
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Finding No. 4 - Inadequate Segregation Of Duties - Prothonotary

Our examination disclosed that one employee in the Prothonotary's Office was responsible for performing the following functions:

- Collecting cash, entering collection information into the computer system, and issuing receipts.
- Preparing deposit slips.
- Making refunded receipt transaction adjustments.
- Making voided transaction adjustments.
- Summarizing accounting records.

A good system of internal control requires adequate segregation of duties.

In order to achieve adequate segregation of duties, one employee should not have custody of cash and at the same time maintain the accounting records for the cash, prepare deposit slips, make refunded receipt adjustments and make voided transaction adjustments. These duties should be segregated and rotated daily. As an alternative control, someone independent from maintaining the accounting records and handling cash should review the employee's work daily. The reviewer should sign and date the records and documents reviewed.

Without adequate segregation of duties, the possibility of funds being lost or misappropriated increases significantly.

This condition existed because duties involving the handling of cash and maintaining accounting records were not rotated daily.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
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Finding No. 4 - Inadequate Segregation Of Duties - Prothonotary (Continued)

Recommendation

We recommend that the Prothonotary provide for greater segregation of duties within the office. This can be done by rotating job functions that include the handling of cash, preparing deposit slips make refunded receipt adjustments, and make voided transaction adjustments. As an alternative and/or additional control, someone independent from the handling of cash and the accounting records should review the employee's work at the end of each day. The reviewer should sign and date the records and documents reviewed.

Management's Response

The County Officer responded as follows:

After the misappropriation of funds was discovered in July 2009, I met with the trainer and the application and system engineer for the computer system. At the time we went over all the procedures for balancing and we changed the entire procedure for voiding a receipt, no refunds, end of the day balancing, etc. Since July 2009, each day's balancing is rotated and every employee must sign off on all voided receipts and make sure there aren't any refunded receipts each month. The officeholder also balances each month and does all of the reports.

Auditor's Conclusion

During our next examination we will determine if the county officer complied with our recommendation.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT/PROTHONOTARY
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
NOVEMBER 21, 2006 TO JULY 31, 2009

Finding No. 5 - Improper Stale Check Procedures - Clerk Of The Courts

Our examination of the Clerk of The Court's checking account disclosed that the office was carrying 55 outstanding checks totaling \$2,465 dated from August 1, 2008 to January 6, 2009 that were still outstanding as of July 31, 2009.

The office did not take appropriate follow-up action on long standing checks.

Good internal accounting controls require that the office follow-up on all stale checks. If a check is outstanding for a period of 90 days, efforts should be made to locate the payee. If efforts to locate the payee are unsuccessful, the amount of the check should be removed from the outstanding checklist, added back to the checkbook balance, and subsequently held in escrow for unclaimed escheatable funds.

The failure to follow these procedures results in weakening of internal controls over the cash account and inefficiency caused by the needless record-keeping of stale checks.

This condition existed because the office failed to establish adequate internal controls over its outstanding check procedures.

Recommendation

We recommend that the office establish and implement a procedure whereby outstanding checks are reviewed monthly to determine if there are any outstanding checks. If checks remain outstanding and attempts to contact payees after 90 days are unsuccessful, the office should reinstate the amount of stale checks to the checking account and subsequently hold these monies in escrow for unclaimed escheatable funds.

Management's Response

The County officer responded as follows:

The 55 outstanding checks were stale dated and either escheated or reissued prior to February 2, 2010.

Auditor's Conclusion

During our next examination we will determine if the county officer complied with our recommendation.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT/PROTHONOTARY
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
NOVEMBER 21, 2006 TO JULY 31, 2009

Finding No. 6 - Inadequate Accountability Over Funds Held In Escrow - Clerk Of The Courts

Our examination disclosed that there was inadequate accountability over funds held in escrow in the Clerk of the Courts office. At July 31, 2009, funds on hand exceeded recorded obligations in the checking account by \$2,750.

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.

Without a good system of internal controls over funds held in escrow, 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 funds held in escrow

Recommendations

We recommend that the office attempt to identify the existing cash overage. 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

The County Officer responded as follows:

The employee was instructed on how to do this operation. Monthly reconciliations were performed. Escheats were then routinely done.

Auditor's Conclusion

During our next examination we will determine if the county officer complied with our recommendation.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT/PROTHONOTARY
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
NOVEMBER 21, 2006 TO JULY 31, 2009

Finding No. 7 - Remittances Received By The Adult Probation Office Were Not Always Issued
A Receipt - Adult Probation Department

Our examination disclosed that the Adult Probation Department did not always issue receipts for remittances received.

For the period January 1, 2009 to July 31, 2009, we traced two Treasurer office's payment journals for the Adult Probation Department back to the Adult Probation Department's receipts journal. Of 184 payments listed on the Treasurer's payment journal, we found that only 153 payments listed in the Adult Probation receipts journal had receipts issued. Therefore, we found that 31 payments were not issued a receipt.

Good internal accounting controls require that a receipt be issued for all payments collected.

Without a good system of internal control over receipting procedures for payments received by the office, the possibility of funds being lost or misappropriated increases significantly.

This condition existed because the Adult Probation Department failed to establish and implement an adequate system of internal controls over receipting procedures.

Recommendation

We recommend that receipts are issued for all payments collected by the Adult Probation Department.

Management's Response

The Chief Probation Officer responded as follows:

Pursuant to a joint resolution (June 21, 2011) between the Court, the Commissioners, and the Clerk of Court, all responsibility for criminal costs collections were transferred to the Adult Probation office – cost collections office. Collections are now made directly to the collections office, immediately entered into CPCMS system, and a receipt generated/issued. No monies are collected by Probation officers, and no manual receipt system is in use any longer by the Probation office except for that system inherent in the CPCMS system for manual receipting. All monies are deposited daily to the bank.

Auditor's Conclusion

During our next examination we will determine if the county officer complied with our recommendation.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT/PROTHONOTARY
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
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Finding No. 8 - Inadequate Internal Controls Over Manual Receipts - Adult Probation
Department

The Adult Probation Department used hand written receipts to document the initial receipt of the cash or check received for payments made to the office. The manual receipts and payments are then transferred to the Clerk of the Courts office where the manual receipt is replaced by an official computer-generated receipt and included in the daily receipts.

Our examination disclosed following deficiencies in the internal controls over manual receipts.

Of 54 receipts tested, we noted the following:

- There were 48 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 21 days.
- We found that all 54 receipts were not issued in numerical sequence. The office used pre-numbered receipt books that contain 300 receipts. We found that the 20 receipt books used by the office did not run in consecutive numerical sequence. Therefore, we could not determine a total population of receipts.
- A manual receipt log was not maintained.
- That the manual receipt number was not entered into the computer system when the corresponding computer receipt was generated for all 54 receipts tested.

Good internal accounting controls ensure that:

- Computer receipts are generated timely after the issuance of the corresponding manual receipts.
- Manual receipts are issued in numerical sequence and adequate accountability over receipts should be maintained.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
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Finding No. 8 - Inadequate Internal Controls Over Manual Receipts - Adult Probation
Department (Continued)

- A manual receipt log should be maintained to document information that is recorded on the manual receipt, including date issued, date filed, case number, signature of the person receiving the payment, remitter name, payment source, and payment method. This will provide an audit trail on the issuance of the manual receipt.
- Manual receipt numbers are entered in the manual receipt number field on the computer when the corresponding computer receipts are generated.

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.

Recommendation

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

Management's Response

The Chief Probation Officer responded as follows:

Pursuant to a joint resolution (June 21, 2011) between the Court, the Commissioners, and the Clerk of Court, all responsibility for criminal costs collections were transferred to the Adult Probation office – cost collections office. Collections are now made directly to the collections office, immediately entered into CPCMS system, and a receipt generated/issued. No monies are collected by Probation officers, and no manual receipt system is in use any longer by the Probation office except for that system inherent in the CPCMS system for manual receipting. All monies are deposited daily to the bank.

Auditor's Conclusion

During our next examination we will determine if the county officer complied with our recommendation.

CLERK OF THE COURT OF COMMON PLEAS AND ADULT PROBATION
DEPARTMENT/PROTHONOTARY
NORTHUMBERLAND COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
NOVEMBER 21, 2006 TO JULY 31, 2009

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 M. Kathleen Strausser	Clerk of the Court of Common Pleas/ Prothonotary
Mr. Michael D. Barvitskie	Chief Probation Officer
The Honorable Anthony Phillips	Controller
The Honorable Vinny Clausi	Chairperson of the Board of Commissioners

This report is a matter of public record and is available online at <http://www.auditorgen.state.pa.us>. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@auditorgen.state.pa.us.