

CLERK OF THE COURT OF COMMON PLEAS/
CLERK OF ORPHANS' COURT

ADAMS COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2006 TO DECEMBER 31, 2007

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Independent Auditor's Report

Mr. C. Daniel Hassell
Acting 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/Clerk of Orphans' Court, Adams County, Pennsylvania (County Officer), for the period January 1, 2006 to December 31, 2007, 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 Statements 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*.

As discussed in Finding No. 2, manual receipts were missing and not available for the examination. Without these records, we could not perform our standard examination procedures. As a result, the scope of our examination of the Clerk of the Court of Common Pleas' Statement was limited, and we were unable to satisfy ourselves by other examination procedures.

Independent Auditor's Report (Continued)

In our opinion, except for the effects, if any, of the matters noted in the preceding paragraph, the Statements referred to above present, in all material respects, the operations of the County Officer as it pertains to receipts made on behalf of the Commonwealth for the period ended December 31, 2007, 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:

- Inadequate Internal Controls Over The Bank Account - Clerk Of The Court Of Common Pleas.
- Inadequate Internal Controls Over Manual Receipts - Clerk Of The Court Of Common Pleas.
- Inadequate Segregation Of Duties - Clerk Of The Court Of Common Pleas.

Independent Auditor's Report (Continued)

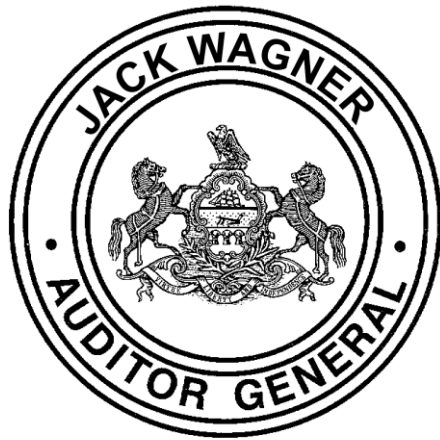
A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statements will not be prevented or detected by the County Officer's internal control. Our consideration of the internal control 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 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 Officer and is not intended to be and should not be used by anyone other than these specified parties.

November 18, 2009

JACK WAGNER
Auditor General



CLERK OF THE COURT OF COMMON PLEAS
ADAMS COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2007

Receipts:

Department of Transportation		
Title 75 Fines	\$	113,907
Department of Revenue Court Costs		28,714
Crime Victims' Compensation Costs		75,321
Crime Victims' Award Restitution		17,739
Domestic Violence Costs		6,091
Emergency Medical Services Fines		6,304
DUI - ARD/EMS Fees		9,219
CAT/MCARE Fund Surcharges		78,245
Judicial Computer System/Access to Justice Fees		21,320
Offender Supervision Fees		425,478
Constable Service Surcharges		959
Criminal Laboratory Users' Fees		22,144
Probation and Parole Officers' Firearm Education Costs		6,166
Substance Abuse Education Costs		87,330
Office of Victims' Services Costs		52,684
Miscellaneous State Fines and Costs		<u>76,726</u>
 Total receipts (Note 2)		 \$ 1,028,347
 Disbursements to Commonwealth (Note 3)		 <u>(1,028,347)</u>
 Balance due Commonwealth (County) per settled reports (Note 4)		 -
 Examination adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (County) January 1, 2006 to December 31, 2007		 <u><u>\$ -</u></u>

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

CLERK OF ORPHANS' COURTS
ADAMS COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2007

Receipts:

Marriage License Taxes	\$	802
Marriage License Application Surcharges		16,040
Marriage License Declaration Fees		16,040
Judicial Computer System/Access To Justice Fees		<u>980</u>
Total Receipts (Note 2)		33,862
Disbursements to Commonwealth (Note 3)		<u>(33,645)</u>
Balance due Commonwealth (County) per settled reports (Note 4)		217
Examination adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) January 1, 2006 to December 31, 2007		<u><u>\$ 217</u></u>

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

CLERK OF THE COURT OF COMMON PLEAS/
CLERK OF ORPHANS' COURT
ADAMS COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2007

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.

Clerk Of Orphans' Court

Receipts consist of monies collected on behalf of the Commonwealth. These include monies collected for the following taxes, surcharges, and fees:

- The Marriage License Tax is a \$.50 tax on all marriage licenses filed with the Clerk of Orphans' Court.
- The Marriage License Application Surcharge is a \$10 surcharge imposed on all marriage license applications.
- The Marriage License Declaration Fees is a \$13 fee imposed for the issuance of a marriage license or declaration and for returns thereof to the Department of Health, \$2.50 of which shall be for the use of the county where the license is issued, and \$.50 for the use of the Commonwealth (Marriage License Tax), plus \$10 (Marriage License/Declaration Fees). The statement of receipts and disbursements only reflects the portion collected on behalf of the Commonwealth.

CLERK OF THE COURT OF COMMON PLEAS/
 CLERK OF ORPHANS' COURT
 ADAMS COUNTY
 NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2006 TO DECEMBER 31, 2007

2. Receipts (Continued)

Clerk Of Orphans' Court (Continued)

- Judicial Computer System/Access To Justice Fees represent a \$10 fee imposed on all petitions for grant of letters, and first filings in petitions concerning adoptions, incompetents' estates, minors' estates, and inter vivos trusts.

3. Disbursements

Clerk Of The Court Of Common Pleas

Total disbursements are comprised as follows:

Clerk of the Court checks issued to:

Department of Revenue	\$ 1,018,701
Department of Environmental Protection	1,934
Department of Public Welfare	119
Department of Treasury	<u>7,593</u>
Total	<u><u>\$ 1,028,347</u></u>

Clerk Of Orphans' Court

Total disbursements are comprised as follows:

Clerk of Orphans' Court checks issued to:

Department of Revenue	<u><u>\$ 33,645</u></u>
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CLERK OF THE COURT OF COMMON PLEAS/
CLERK OF ORPHANS' COURT
ADAMS COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2007

4. Balance Due Commonwealth (County) For The Period January 1, 2006 To December 31, 2007

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.

Clerk Of Orphans' Court

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

CLERK OF THE COURT OF COMMON PLEAS/
 CLERK OF ORPHANS' COURT
 ADAMS COUNTY
 NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2006 TO DECEMBER 31, 2007

5. Reconciliation Of Settled Reports – Clerk Of Orphans' Court

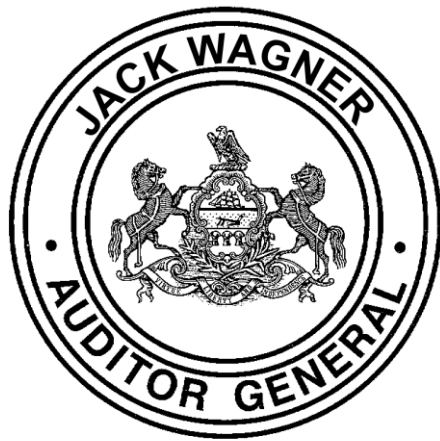
The following presents a reconciliation of monthly reports settled by the Department of Revenue for the period January 1, 2006 to December 31, 2007:

Date of Summary of Collections Report	Balance Due Settled Reports Commonwealth (County)	Adjustments	Adjusted Balance Due Commonwealth (County)
2006			
January	\$ -	\$ -	\$ -
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	-	-	-
July	-	-	-
August	(1)	-	(1)
September	123	-	123
October	-	-	-
November	(2)	-	(2)
December	-	-	-
2007			
January	-	-	-
February	-	-	-
March	105	-	105
April	-	-	-
May	(1)	-	(1)
June	(1)	-	(1)
July	(1)	-	(1)
August	-	-	-
September	(2)	-	(2)
October	(1)	-	(1)
November	(1)	-	(1)
December	(1)	-	(1)
Balance due Commonwealth (County) per settled reports			217
Examination adjustments			-
Adjusted balance due Commonwealth (County) for the period January 1, 2006 to December 31, 2007			<u>\$ 217</u>

CLERK OF THE COURT OF COMMON PLEAS/
CLERK OF ORPHANS' COURT
ADAMS COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2007

6. County Officer Serving During Examination Period

Kelly A. Lawver served as the Clerk of the Court of Common Pleas/Clerk of Orphans' Court for the period January 1, 2006 to December 31, 2007.



CLERK OF THE COURT OF COMMON PLEAS
ADAMS COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2007

Finding No. 1 - Inadequate Internal Controls Over The Bank Account - Clerk Of The Court Of
Common Pleas

Our examination of the accounting records for the office disclosed the following deficiencies in the internal controls over the bank account:

- Bank reconciliations were not prepared properly.
- There was no accountability over undisbursed funds.

These conditions existed because the office failed to establish adequate internal controls over its bank account.

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.
- The ending adjusted bank balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved. Since the bank account of the office 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 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

The County Officer responded as follows:

The accurate bank account beginning balance was not properly entered by AOPC at go-live due to including the outstanding checks that were sent to the Department of Treasury. This was resolved in 2009. Accurate and timely bank account reconciliations are occurring monthly.

CLERK OF THE COURT OF COMMON PLEAS
ADAMS COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2007

Finding No. 1 - Inadequate Internal Controls Over The Bank Account - Clerk Of The Court Of
Common Pleas (Continued)

Auditor's Conclusion

It is imperative that the ending adjusted bank balance is reconciled with liabilities on a monthly basis to decrease the potential for funds to be lost or misappropriated. We will determine if the office complied with our recommendation during the next examination.

CLERK OF THE COURT OF COMMON PLEAS
ADAMS COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2007

Finding No. 2 - Inadequate Internal Controls Over Manual Receipts - Clerk Of The Court Of
Common Pleas

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 19 receipts tested, we noted the following:

- The date issued, source, method of payment and remitter's name was not recorded on six manual receipts.
- There were five instances in which the manual receipt number was not entered into the computer system when the corresponding computer receipt was generated.
- There were five instances in which the manual receipt was not issued in numerical sequence.

In addition, we noted that there were 268 manual receipts which could not be located and were not available for examination.

Good internal accounting controls ensure that:

- All required information is recorded on the manual receipt, including date issued, date filed, signature of the person receiving the payment, remitter name, docket number, payment source, and payment method.
- Manual receipt numbers are entered in the manual receipt number field on the computer when the corresponding computer receipts are generated.
- Manual receipts are issued in numerical sequence.
- Manual receipts are accounted for and maintained.

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

CLERK OF THE COURT OF COMMON PLEAS
ADAMS COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2007

Finding No. 2 - Inadequate Internal Controls Over Manual Receipts - Clerk Of The Court Of
Common Pleas (Continued)

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.

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 County Officer responded as follows:

I acknowledge manual receipts with a prior Clerk's name were unable to be located. I was advised the manual receipts were not audited during the last audit period. At present, it is unknown if they are stored some place unknown to me or if they were destroyed. Since they were not audited during the last audit period, they may not have been available at that time.

There were also manual receipts attached to computer receipts. The box was provided to the auditor to locate manual receipts he was searching for. I acknowledge that during the audit period that there were manual receipts that the auditor was unable to locate or were used out of sequence.

Auditor's Conclusion

It is imperative that manual receipts be accounted for and maintained to prevent the increased potential for funds to be lost or misappropriated.

CLERK OF THE COURT OF COMMON PLEAS
ADAMS COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2007

Finding No. 3 - Inadequate Segregation Of Duties - Clerk Of The Court Of Common Pleas

Our examination disclosed that one employee in the office was responsible for performing the following functions:

- Collecting cash, entering collection information into the computer system, and issuing receipts.
- Posting disbursements to the disbursement journal.
- Reconciling the bank account.
- Preparing checks.
- Summarizing accounting records.
- Signing checks.

A good system of internal controls 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. 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.

This condition existed because office personnel were not cross-trained. Additionally, duties involving the handling of cash and maintaining accounting records were not rotated daily.

One person had responsibility of all aspects of the cash and accounting functions.

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

CLERK OF THE COURT OF COMMON PLEAS
ADAMS COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2007

Finding No. 3 - Inadequate Segregation Of Duties – Clerk Of The Court Of Common Pleas
(Continued)

Recommendation

We recommend that the office provide for greater segregation of duties within the office. This can be done by cross-training personnel and rotating job functions that include the handling of cash and maintaining the accounting records for the cash. 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:

I acknowledge lack of segregation of duties due to change in personnel, changes with two chief deputies and several months without a chief deputy. This has been resolved with the hiring of our current chief deputy and continues to improve with additional training.

I occasionally receipt payments at the counter due to staffing issues generally during lunch hour, however, I am not responsible for balancing drawers or taking deposits to the bank.

Cash drawers were shared by all staff, but now each staff has a separate, secured drawer with a separate staff person reconciling daily.

Auditor's Conclusion

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

CLERK OF THE COURT OF COMMON PLEAS/
CLERK OF ORPHANS' COURT
ADAMS COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2007

This report was initially distributed to:

Mr. C. Daniel Hassell
Acting 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 Kelly A. Lawver	Clerk of the Court of Common Pleas/Clerk of Orphans' Court
The Honorable John D. Kuhn	President Judge
The Honorable George A. Weikert	Chairperson of the Board of Commissioners

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