



CLERK OF THE COURT OF COMMON PLEAS/
PROBATION DEPARTMENT

POTTER COUNTY

EXAMINATION REPORT

FOR THE PERIOD

MAY 24, 2005 TO DECEMBER 31, 2008

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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 (Statement) of the Clerk of the Court of Common Pleas/Probation Department, Potter County, Pennsylvania (County Officers), for the period May 24, 2005 to December 31, 2008, pursuant to the requirements of Sections 401(b) and 401(d) of *The Fiscal Code*, 72 P.S. § 401(b) and § 401(d). This Statement is the responsibility of the county office's 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 December 31, 2008, 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:

- Receipts Were Not Always Deposited On The Same Day As Collected - Clerk Of The Court Of Common Pleas.
- Inadequate Internal Controls Over Manual Receipts - Probation Department.

Independent Auditor's Report (Continued)

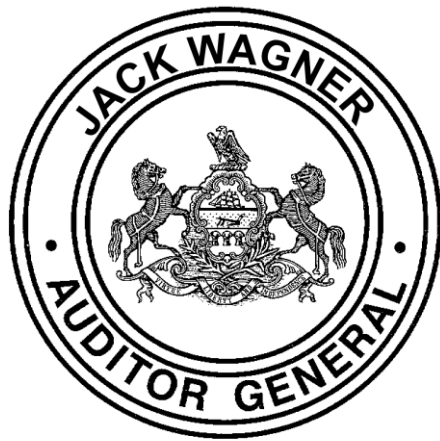
A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statement will not be prevented or detected by the County Officers' internal control. Our consideration of the internal control 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.

October 20, 2009

JACK WAGNER
Auditor General



CLERK OF THE COURT OF COMMON PLEAS/PROBATION DEPARTMENT
POTTER COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
MAY 24, 2005 TO DECEMBER 31, 2008

Receipts:

Department of Transportation		
Title 75 Fines	\$	56,282
Overweight Fines		1,575
Department of Revenue Court Costs		9,257
Crime Victims' Compensation Costs		33,065
Crime Commission Costs/Victim Witness Services Costs		20,303
Department of Public Welfare		
Domestic Violence Costs		2,588
Emergency Medical Services Fines		4,270
DUI - ARD/EMS Fees		4,064
CAT/MCARE Fund Surcharges		35,085
Judicial Computer System/Access to Justice Fees		16,778
Offender Supervision Fees		74,318
Criminal Laboratory Users' Fees		377
Probation and Parole Officers' Firearm Education Costs		2,397
Substance Abuse Education Costs		21,122
Office of Victims' Services Costs		1,031
Miscellaneous State Fines and Costs		<u>23,710</u>
 Total receipts (Note 2)	 \$	 306,222
 Disbursements to Commonwealth (Note 3)		 <u>(308,735)</u>
 Balance due Commonwealth (County) per settled reports (Note 4)		 (2,513)
 Examination adjustments (Note 5)		 <u>2,663</u>
 Adjusted balance due Commonwealth (County) for the period May 24, 2005 to December 31, 2008	 \$	 <u><u>150</u></u>

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

CLERK OF THE COURT OF COMMON PLEAS/
PROBATION DEPARTMENT
POTTER COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
MAY 24, 2005 TO DECEMBER 31, 2008

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.

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	\$ 302,355
Fish and Boat Commission	5,000
Office of Inspector General	991
Bureau of Victims' Services	213
State Police	<u>176</u>
Total	<u><u>\$ 308,735</u></u>

CLERK OF THE COURT OF COMMON PLEAS/
PROBATION DEPARTMENT
POTTER COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
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4. Balance Due Commonwealth (County) For The Period May 24, 2005 To December 31, 2008

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. It does not reflect adjustments disclosed by our examination. Refer to Note 5.

5. Examination Adjustments

There were \$2,513 in fines and costs due the Commonwealth that were not recognized as due by the Department of Revenue during the examination period. It was determined that these monies were due the Commonwealth.

The examination adjustment of \$150 represents a bail forfeiture due the Commonwealth on Case No. CR-100-2000, which was incorrectly remitted to Bedford County in October 2005.

The total amount of these adjustments is \$2,663.

CLERK OF THE COURT OF COMMON PLEAS/
PROBATION DEPARTMENT
POTTER COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
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6. Reconciliation Of Settled Reports

The following presents a reconciliation of monthly reports settled by the Department of Revenue for the period May 24, 2005 to December 31, 2008:

Date of Summary of Collections Report	Balance Due Settled Reports Commonwealth (County)	Adjustments	Adjusted Balance Due Commonwealth (County)
2005			
May	-	-	-
June	(265)	-	(265)
July	(648)	-	(648)
August	(1,079)	-	(1,079)
September	(153)	-	(153)
October	-	-	-
November	(262)	-	(262)
December	-	-	-
2006			
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	-	-	-
July	-	-	-
August	-	-	-
September	-	-	-
October	-	-	-
November	-	-	-
December	-	-	-

CLERK OF THE COURT OF COMMON PLEAS/
PROBATION DEPARTMENT
POTTER COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
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6. Reconciliation Of Settled Reports (Continued)

Date of Summary of Collections Report	Balance Due Settled Reports Commonwealth (County)	Adjustments	Adjusted Balance Due Commonwealth (County)
2007			
January	\$ -	\$ -	\$ -
February	(70)	-	(70)
March	(36)	-	(36)
April	-	-	-
May	-	-	-
June	-	-	-
July	-	-	-
August	-	-	-
September	-	-	-
October	-	-	-
November	-	-	-
December	-	-	-
2008			
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	-	-	-
July	-	-	-
August	-	-	-
September	-	-	-
October	-	-	-
November	-	-	-
December	-	-	-
Balance due Commonwealth (County) per settled reports			(2,513)
Examination adjustments (See Note 5)			2,663
Adjusted balance due Commonwealth (County) May 24, 2005 to December 31, 2008			\$ 150

CLERK OF THE COURT OF COMMON PLEAS/
PROBATION DEPARTMENT
POTTER COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
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7. County Officers Serving During Examination Period

Amy J. Moshier served as the Clerk of the Court of Common Pleas for the period May 24, 2005 to December 31, 2008.

John M. Moshier served as Chief Probation Officer of the Probation Department for the period May 24, 2005 to December 31, 2008.

CLERK OF THE COURT OF COMMON PLEAS
POTTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MAY 24, 2005 TO DECEMBER 31, 2008

Finding No 1 - Receipts Were Not Always Deposited On The Same Day As Collected - Clerk Of
The Court Of Common Pleas

Our examination disclosed that receipts were not always deposited on the same day as collected. Of 40 receipts tested, 20 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 six days.

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

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.

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

The Clerk of the Court of Common Pleas responded as Follows:

Since the last audit, this problem has been corrected. We attempt to make our deposits on a daily basis. The only reason this would not always occur would be short staffing due to illness, etc, leading to timing issues.

Auditor's Conclusion

Our examination took into consideration timing issues with regard to the date of a receipt and the subsequent deposit. Although we recognize the concerns regarding staffing issues, this procedure needs to be followed to ensure the adequate safeguarding of funds.

PROBATION DEPARTMENT
POTTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 2 - Inadequate Internal Controls Over Manual Receipts - Probation 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 30 receipts tested, we noted the following:

- In five instances, manual receipts could not be located and were not available for examination.
- In seven instances, computer receipts were 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 12 days.
- In 28 instances, the manual receipt number was not entered into the computer system when the corresponding computer receipt was generated.

Good internal accounting controls ensure that:

- Manual receipts are accounted for and maintained.
- Computer receipts are generated timely after the issuance of the corresponding manual receipts.
- 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.

PROBATION DEPARTMENT
POTTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 2 - Inadequate Internal Controls Over Manual Receipts - Probation 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

The Chief Probation Officer responded as follows:

I agree with the auditors. I will investigate further to implement.

CLERK OF THE COURT OF COMMON PLEAS
POTTER COUNTY
COMMENT
FOR THE PERIOD
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Comment - Compliance With Prior Audit Recommendation

During our prior examination, we recommended that the Clerk of the Court of Common Pleas improve internal controls over the bond account.

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

CLERK OF THE COURT OF COMMON PLEAS/
PROBATION DEPARTMENT
POTTER COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
MAY 24, 2005 TO December 31, 2008

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 Department and Parole

The Honorable Amy J. Moshier Clerk of the Court of Common Pleas

Mr. John M. Moshier Chief Probation Officer, Probation Department

The Honorable Douglas C. Morley 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.