

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY

MIFFLIN COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2004 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/Prothonotary, Mifflin County, Pennsylvania (County Officer), for the period January 1, 2004 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*.

Independent Auditor's Report (Continued)

As discussed in Finding Nos. 1, 2, and 3, various records and receipts were missing and not available for the examination. Without these records and receipts, we could not perform our standard examination procedures. As a result, the scope of our examination of the County Officer's Statements 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 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:

- Records Unavailable For Examination - Clerk Of The Court Of Common Pleas.
- Missing Receipts - Clerk Of The Court Of Common Pleas.

Independent Auditor's Report (Continued)

- Required Manual Receipt Procedures Were Not Always Followed - Clerk Of The Court Of Common Pleas/Prothonotary.
- Inadequate Internal Controls Over Computer System - Prothonotary.

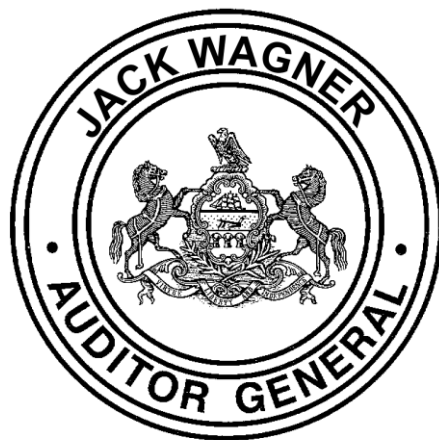
A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statements will not be prevented or detected by the County Officer's internal control. Our consideration of the internal control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

October 15, 2008

JACK WAGNER
Auditor General



CLERK OF THE COURT OF COMMON PLEAS
 MIFFLIN COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2004 TO DECEMBER 31, 2007

Receipts:

Department of Transportation	
Title 75 Fines	\$ 61,337
Department of Revenue Court Costs	22,282
Crime Victims' Compensation Costs	113,763
Crime Commission Costs/Victim Witness Services Costs	43,979
Domestic Violence Costs	6,449
Emergency Medical Services Fines	4,541
DUI - ARD/EMS Fees	6,758
CAT/MCARE Fund Surcharges	38,051
Judicial Computer System/Access to Justice Fees	18,785
Offender Supervision Fees	183,689
Constable Service Surcharges	438
Criminal Laboratory Users' Fees	4,178
Probation and Parole Officers' Firearm Education Costs	5,811
Substance Abuse Education Costs	51,438
Office of Victims' Services Costs	32,781
Miscellaneous State Fines and Costs	<u>33,121</u>

Total receipts (Note 2)	\$ 627,401
Disbursements to Commonwealth (Note 3)	<u>(627,601)</u>
Balance due Commonwealth (County) per settled reports (Note 4)	(200)
Examination adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) January 1, 2004 to December 31, 2007	<u><u>\$ (200)</u></u>

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

PROTHONOTARY
MIFFLIN COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

Receipts:

Writ Taxes	\$ 2,046
Divorce Complaint Surcharges	5,270
Judicial Computer System/Access To Justice Fees	27,660
Protection From Abuse Surcharges and Contempt Fines	2,355
Criminal Charge Information System Fees	<u>1,659</u>
Total Receipts (Note 2)	38,990
Commissions (Note 3)	<u>(61)</u>
Net Receipts	38,929
Disbursements to Commonwealth (Note 4)	<u>(38,932)</u>
Balance due Commonwealth (County) per settled reports (Note 5)	(3)
Examination adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) January 1, 2004 to December 31, 2007	<u><u>\$ (3)</u></u>

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

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY
MIFFLIN COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2004 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.

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/
PROTHONOTARY
MIFFLIN COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

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 \$1000.
- 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 \$5.00 for the period January 1, 2003 to December 31, 2004, \$6.00 for the period January 1, 2005 to December 31, 2005, and \$6.50 for the period January 1, 2006 to December 31, 2007. 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/
PROTHONOTARY
MIFFLIN COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
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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	\$ 625,839
Office of the Attorney General	250
Department of Transportation	54
Department of Public Welfare	28
Office of the Inspector General	588
State Police	667
Department of Treasury	<u>175</u>
Total	<u><u>\$ 627,601</u></u>

Prothonotary

Total disbursements are comprised as follows:

Prothonotary checks issued to:

Department of Revenue	\$ 37,273
Administrative Office of Pennsylvania Courts	<u>1,659</u>
Total	<u><u>\$ 38,932</u></u>

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY
MIFFLIN COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

5. Balance Due Commonwealth (County) For The Period January 1, 2004 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.

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 Officer Serving During Examination Period

Patricia K. Burke served as the Clerk of the Court of Common Pleas/Prothonotary for the period January 1, 2004 to December 31, 2007.

CLERK OF THE COURT OF COMMON PLEAS
MIFFLIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

Finding No. 1 - Records Unavailable For Examination - Clerk Of The Court Of Common Pleas

During the course of our examination, we noted that the Mifflin Clerk of the Court changed to the new state computer system, Common Pleas Case Management System (CPCMS), on January 18, 2005. When the old system was removed, access to all information processed with this system was deleted. As a result, for specific cases, we were unable to access payment information on all payments made prior to the initiation of the CPCMS.

Other than for the period January 1, 2005 through January 17, 2005 as stated in Finding No. 2, it should be noted that the testing of the receipts indicated that the total amount receipted equaled the total amount deposited.

All information processed under the old system, from January 1, 2004 to January 17, 2005, could have been maintained and accessed on a read-only basis for a fee, but this option was not exercised.

Good internal accounting controls ensure that all records, including information entered into the computer system, should be accessible until examined by the Department of the Auditor General.

Without a good system of internal controls over the computer system the potential increases significantly for lost or misappropriated funds. Furthermore, receipt information on specific cases could not be traced through the accounting system, thus resulting in an inadequate audit trail.

The Clerk of the Court was unaware that it is necessary to maintain information in the old computer system until examined by the Department of the Auditor General.

Recommendation

We recommend that the Clerk of the Court maintain all records until after they have been subject to examination by the Department of the Auditor General.

Management's Response

No formal response was offered at this time.

CLERK OF THE COURT OF COMMON PLEAS
MIFFLIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

Finding No. 2 - Missing Receipts - Clerk Of The Court Of Common Pleas

Our examination of the accounting records disclosed that receipts for the period January 1, 2005 through January 17, 2005 could not be located, and therefore were not available for our examination. In addition, out of 12 voided receipts tested, 6 voided receipts could not be located.

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 receipts are properly maintained and accounted for.

Without a good system of internal controls over receipts, the potential is increased that collections associated with missing case files and documents could be misappropriated.

Recommendation

We recommend that the office establish and implement procedures to ensure that all receipts are properly maintained and accounted for.

Management's Response

No formal response was offered at this time.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY
MIFFLIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 3 - Required Manual Receipt Procedures Were Not Always Followed - Clerk Of The Court Of Common Pleas/Prothonotary

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 14 receipts tested, we noted the following:

- There were eight instances in which the manual receipt was not issued in numerical sequence.
- There were three manual receipts that were not properly completed.
- There were six instances in which a computer-generated receipt was not prepared after the manual receipt was issued for bail, landlord/tenant, or other miscellaneous civil items because the "in house" computer system used to record these items was not capable of producing receipts.
- There was one instance 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 was six days.
- A manual receipts log was not maintained.

In addition, we observed that there were 177 manual receipts that could not be located and were not available for examination.

Good internal accounting controls ensure that:

- Manual receipts are issued in numerical sequence.
- All required information is recorded on the manual receipt, including date issued, date filed, citation number, signature of the person receiving the payment, remitter name, docket number, payment source, and payment method.
- The computer system is updated in order to record receipts for all transactions processed.

CLERK OF THE COURT OF COMMON PLEAS/
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Finding No. 3 - Required Manual Receipt Procedures Were Not Always Followed - Clerk Of The
Court Of Common Pleas/Prothonotary (Continued)

- Computer receipts are generated timely after the issuance of the corresponding manual receipts.
- A manual receipt log is completed and maintained for all computer downtime receipts. Information pertaining to each downtime manual receipt should be recorded on the log and the log should include the initials of the employee receiving the payment and the date the payment was entered into the system.
- 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.

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

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

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.

PROTHONOTARY
MIFFLIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 4 - Inadequate Internal Controls Over Computer System - Prothonotary

Mifflin County Prothonotary (County) uses software purchased from and supported by an outsider service organization (Vendor) to account for transactions. The Vendor has remote access to the County's computer system and data.

During discussions with Vendor personnel, we learned that the Vendor has the ability to make changes to the County's data using a procedure called a Data File Utility (DFU). Use of this utility would not be recorded through the normal accounting processes and, therefore, would not generate a normal examination trail.

We also noted the following weaknesses:

- The contract agreement between the County and the Vendor relieves the Vendor of any liability concerning loss of data or system functionality that may be caused by the Vendor's actions. The contract states, in part, "The client also agrees to limit [Vendor's] liability to the correction of the application software. [Vendor] shall not be liable for direct, indirect, incidental, or consequential damages arising from the use or the inability to use the software or service herein described. Neither shall [Vendor] be responsible for the loss of data, the costs of data recovery, or the loss of profit or revenue."
- The Vendor has unmonitored access to the County's data. The County was not monitoring the Vendor's system accesses, nor were they receiving reports to show what data may have been altered and/or accessed.
- County users are not required to periodically change their passwords after initial password selection.
- The contract between the County and the Vendor is outdated. The last contract was dated December 10, 1992.

Effective security policy and practice requires the County's approval and monitoring of any computer data changes made by the Vendor, particularly because of the Vendor's access to critical applications. Furthermore, to ensure confidentiality, passwords should be changed periodically and not exchanged between employees.

PROTHONOTARY
MIFFLIN COUNTY
FINDINGS AND RECOMMENDATIONS
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Finding No. 4 - Inadequate Internal Controls Over Computer System - Prothonotary (Continued)

According to the Computer Emergency Response Team (CERT) of Carnegie Mellon University, inadequate contractor security policies and practices can result in undetected intrusions or security violations, lack of data integrity, and loss of privacy.

Further, CERT documents also caution that a system might experience loss of confidentiality and integrity due to the contractor using an unsecure method of remote access. This may result in intruders gaining unauthorized access to, modifying, or destroying the County's information systems and assets; deliberately introducing security vulnerabilities or viruses; and launching attacks on other systems from the County's network and perhaps making the County liable for damages.

These conditions existed because the County failed to establish adequate internal controls over its computer system.

Recommendations

We recommend:

- That the County establish procedures to periodically generate monitoring reports that include the date, time, reason for change(s), change(s) made, and who made the change(s). The County should routinely review these reports to determine that access was appropriate and that data was not improperly altered.
- That the County take prudent steps to properly secure their production servers from unauthorized access using the remote access software installed on their system. We recommend consideration of security practices published by respected authorities in the field, such as the CERT Security Module entitled:

Outsourcing Managed Security Services
(<http://www.cert.org/archive/pdf/omss.pdf>)

- That the County negotiate an updated contract and software maintenance agreement with the Vendor. During this process the County's legal counsel should consider how to protect the County's interests in the event that errors or fraud occur as a result of Vendor employees accessing the County's data. Further, in accordance with the CERT document cited above, the following computer security issues should be considered for inclusion in the contract:

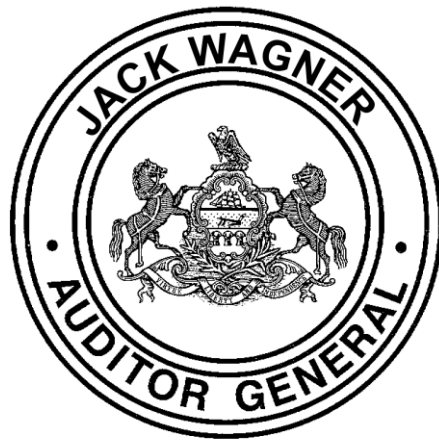
PROTHONOTARY
MIFFLIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

Finding No. 4 - Inadequate Internal Controls Over Computer System - Prothonotary (Continued)

- Assurances that vulnerabilities to known forms of attack have been addressed in the contractor software (i.e., all security patches have been updated and applied), assertions that contractor software is installed and configured to operate securely, and warranties that no malicious code (i.e., Trojan Horses) or viruses exist in contractor software.
- The remote access method, the user authentication process, and a requirement that the contractor communicate securely with the County's site when operating remotely.
- The ability to restrict systems administrator-level access to authorized users, as well as the ability to log appropriate activities for purposes of detecting intrusions and attempted intrusions.
- A recently completed security evaluation of the contractor encompassing the technology being selected.
- A non-disclosure agreement if the contractor may encounter proprietary information on the County's systems.
- That the County always maintain an updated contract so as to provide appropriate legal recourse in the event of disputes with the Vendor.
- That the County office users be required to periodically change their passwords.

Management's Response

No formal response was offered at this time.



CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY
MIFFLIN COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2004 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

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The Honorable Patricia K. Burke

Clerk of The Court of Common Pleas/
Prothonotary

The Honorable Mark A. Sunderland

Chairman of the Board of Commissioners

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