

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

MCKEAN COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2004 TO DECEMBER 31, 2007

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Independent Auditor's Report

Mr. Stephen H. Stetler
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 and Adult Probation Department, McKean County, Pennsylvania (County Officers), 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.

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)

In our opinion, the Statements referred to above present, 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, 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 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' Statements that is more than inconsequential will not be prevented or detected by the County Officers' internal control. We consider the deficiency described in the finding below to be a significant deficiency in internal control over reporting on the Statements:

- Required Manual Receipt Procedures Were Not Always Followed – Adult Probation Department.

Independent Auditor's Report (Continued)

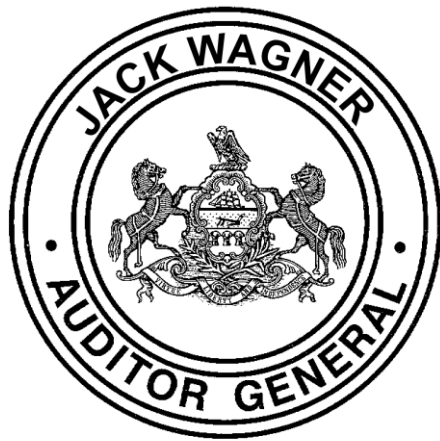
A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statements will not be prevented or detected by the County Officers' internal control. Our consideration of the internal control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

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.

November 18, 2008

JACK WAGNER
Auditor General



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

Receipts:

Department of Transportation		
Title 75 Fines	\$	123,159
Overweight Fines		35,426
Department of Revenue Court Costs		32,078
Crime Victims' Compensation Costs		76,699
Crime Commission Costs/Victim Witness Services Costs		51,675
Department of Public Welfare		
Domestic Violence Costs		8,672
Costs		4,607
Office of Attorney General Costs		320
State Police Costs		89
Department of Revenue Costs		3,684
Emergency Medical Services Fines		12,405
DUI - ARD/EMS Fees		6,672
CAT/MCARE Fund Surcharges		61,032
Judicial Computer System/Access to Justice Fees		18,026
Offender Supervision Fees		204,172
Constable Service Surcharges		74
Criminal Laboratory Users' Fees		19,416
Probation and Parole Officers' Firearm Education Costs		6,793
Substance Abuse Education Costs		56,311
Office of Victims' Services Costs		7,394
Miscellaneous State Fines and Costs		<u>43,356</u>
 Total receipts (Note 2)	 \$	 772,060
 Disbursements to Commonwealth (Note 4)		 <u>(771,412)</u>
 Balance due Commonwealth (County) per settled reports (Note 5)		 648
 Examination adjustment (Note 7)		 <u>965</u>
 Adjusted balance due Commonwealth (County) January 1, 2004 to December 31, 2007		 <u><u>\$ 1,613</u></u>

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

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

Receipts:

Writ Taxes	\$ 1,615
Divorce Complaint Surcharges	5,740
Judicial Computer System/Access To Justice Fees	41,125
Criminal Charge Information System Fees	<u>5,963</u>
Total Receipts (Note 2)	54,443
Commissions (Note 3)	<u>(48)</u>
Net Receipts	54,395
Disbursements to Commonwealth (Note 4)	<u>(54,395)</u>
Balance due Commonwealth (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) January 1, 2004 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 THE COURT OF COMMON PLEAS/PROTHONOTARY
AND ADULT PROBATION DEPARTMENT
MCKEAN 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/Adult Probation Department

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
AND ADULT PROBATION DEPARTMENT
MCKEAN COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

2. Receipts (Continued)

Prothonotary (Continued)

- 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.

4. Disbursements

Clerk Of The Court Of Common Pleas/Adult Probation Department

Total disbursements are comprised as follows:

Adult Probation Department checks issued to:

Department of Revenue	\$ 766,396
Office of Attorney General	320
State Police	89
Department of Public Welfare	<u>4,607</u>
Total	<u><u>\$ 771,412</u></u>

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

4. Disbursements (Continued)

Prothonotary

Total disbursements are comprised as follows:

Prothonotary checks issued to:

Department of Revenue	\$ 48,432
Administrative Office of Pennsylvania Courts	<u>5,963</u>
Total	<u><u>\$ 54,395</u></u>

5. Balance Due Commonwealth (County) For The Period January 1, 2004 To December 31, 2007

Clerk Of The Court Of Common Pleas/Adult Probation Department

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 7.

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.

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

6. Reconciliation Of Settled Reports – Clerk Of The Court Of Common Pleas/Adult Probation Department

The following presents a reconciliation of monthly reports settled by the Department of Revenue for the period January 1, 2004 to December 31, 2007:

Date of Summary of Collections Report	Balance Due Settled Reports Commonwealth (County)	Adjustments	Adjusted Balance Due Commonwealth (County)
2004			
January	\$ -	\$ -	\$ -
February	-	-	-
March	(70)	-	(70)
April	-	-	-
May	-	-	-
June	(4)	-	(4)
July	(2)	-	(2)
August	2	-	2
September	(4)	-	(4)
October	(204)	-	(204)
November	(41)	-	(41)
December	33	-	33
2005			
January	336	-	336
February	9	-	9
March	-	-	-
April	-	-	-
May	-	-	-
June	88	-	88
July	-	-	-
August	325	-	325
September	-	-	-
October	(215)	-	(215)
November	295	-	295
December	100	-	100

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

6. Reconciliation Of Settled Reports - Clerk Of The Court Of Common Pleas/Adult Probation Department (Continued)

Date of Summary of Collections Report	Balance Due Settled Reports Commonwealth (County)	Adjustments	Adjusted Balance Due Commonwealth (County)
2006			
January	\$ -	\$ -	\$ -
February	(30)	-	(30)
March	30	-	30
April	-	-	-
May	-	-	-
June	-	-	-
July	-	-	-
August	-	-	-
September	-	-	-
October	-	-	-
November	-	-	-
December	-	-	-
2007			
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	-	-	-
July	-	-	-
August	-	-	-
September	-	-	-
October	-	-	-
November	-	-	-
December	-	-	-
Balance due Commonwealth (County) per settled reports			648
Examination adjustment (Note 7)			965
Adjusted balance due Commonwealth (County) January 1, 2004 to December 31, 2007			\$ 1,613

CLERK OF THE COURT OF COMMON PLEAS/PROTHONOTARY
AND ADULT PROBATION DEPARTMENT
MCKEAN COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
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7. Examination Adjustment - Clerk Of The Court Of Common Pleas/Adult Probation Department

The examination adjustment represents interest earned on Commonwealth funds during the examination period that was not remitted to the Department of Revenue.

8. County Officers Serving During Examination Period

Bonnie Moore Howard served as the Clerk of the Court of Common Pleas/Prothonotary for the period January 1, 2004 to December 31, 2007.

Gary H. Seefeldt served as Chief Adult Probation Officer for the period January 1, 2004 to December 31, 2007.

ADULT PROBATION DEPARTMENT
MCKEAN COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

Finding - Required Manual Receipt Procedures Were Not Always Followed – Adult Probation Department

During the course of our examination, we noted that the Adult Probation Department issued manual receipts for all collections. Manual receipts are recorded on a daily receipt log and at the end of the day, the amounts posted to the receipt log are reconciled to cash on hand and then deposited in the bank. When the office staff has time, the day's manual receipts are then entered into the computer system, where official computer receipts are prepared and a computer deposit listing is printed out which agrees with amounts posted to the daily manual receipt log. The deposit listing, daily manual receipt log, and the day's manual receipts are then filed together in the office.

Our examination disclosed that required manual receipt procedures were not always followed. Of 50 manual receipts tested, we noted the following exceptions:

- There were 36 instances where the computer receipts were not prepared on a timely basis. The time lapse from the date of the manual receipt to the corresponding computer receipt ranged from 2 to 72 days.
- There were 11 instances where the manual receipt number was not entered into the computer system.

Good internal accounting controls ensure that:

- 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.

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, stolen, or misappropriated.

ADULT PROBATION DEPARTMENT
MCKEAN COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

Finding - Required Manual Receipt Procedures Were Not Always Followed – Adult 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 Adult Probation Department responded as follows:

We have officers working out in the field all over the county taking payments and writing manual receipts during non-traditional hours. Payments are turned in when they return to the office. We also have a satellite office where officers see clients, take payments and write manual receipts, which are turned in when the officer returns to the main office. At the beginning of every month, it usually takes a couple of days to run the month-end procedures. Because of these facts, there is sometimes a few days lapse in the posting, especially if they take payments over the weekend or long holidays. They are turned in and processed as soon as humanly possible. When posting in the CPCMS system, you get many interruptions during the day and if you "Save" your receipt before entering the manual receipt number, you cannot go back and edit the computer receipt to enter the manual receipt number.

Auditor's Conclusion

Although we acknowledge the auditee's concerns regarding the processing of manual receipts timely and entering the manual receipt number into the computer system, it is imperative that these procedures are followed in order to adequately safeguard collections.

CLERK OF THE COURT OF COMMON PLEAS/PROTHONOTARY
AND ADULT PROBATION DEPARTMENT
MCKEAN COUNTY
COMMENT
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

Comment - Compliance With Prior Audit Recommendations

During our prior audit, we recommended:

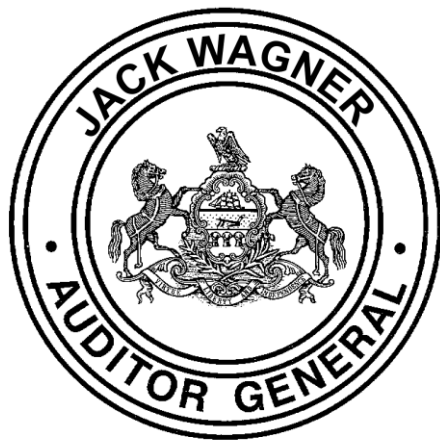
- That the Clerk of the Court of Common Pleas and Adult Probation Department prepare bank reconciliations upon receiving their bank statements and reconcile the ending cash balance monthly to liabilities and immediately investigate and resolve any differences.
- That the Prothonotary's office deposit receipts on the same day as collected.

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

During our prior audit, we also recommended:

- That the Clerk of the Court of Common Pleas/Prothonotary transmit the summary of collections reports and payment of the Commonwealth's portion of the fines and costs as required by the Department of Revenue.
- That the Clerk of the Court of Common Pleas and the Adult Probation Department review the laws noted above to ensure that costs and fees are assessed as mandated by law.

During our current examination, we noted that there was improvement, but they have not totally complied with our recommendations. We will continue to monitor these conditions during our next examination.



CLERK OF THE COURT OF COMMON PLEAS/PROTHONOTARY
AND ADULT PROBATION DEPARTMENT
MCKEAN COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

This report was initially distributed to:

Mr. Stephen H. Stetler
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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Director
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Pennsylvania Board of Probation and Parole
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Clerk of the Court of Common Pleas/Prothonotary
McKean County
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The Honorable Bonnie Moore Howard	Clerk of the Court of Common Pleas/Prothonotary
The Honorable Thomas Ball	Controller
The Honorable Joseph C. DeMott, Jr.	Chairman of the Board of Commissioners
Gary H. Seefeldt	Chief Adult Probation Officer

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.