

CLERK OF THE COURT OF COMMON PLEAS/BUREAU OF FINES AND
COSTS/PROBATION AND PAROLE OFFICE

DAUPHIN COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2004 TO DECEMBER 31, 2007

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Independent Auditor's Report

The Honorable Stephen H. Stetler
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of the Clerk of the Court of Common Pleas/Bureau of Fines and Costs/Probation and Parole Office, Dauphin County, Pennsylvania (County Officers), for the period January 1, 2004 to December 31, 2007, pursuant to the requirements of Section 401(b) of *The Fiscal Code*, 72 P.S. § 401(b). 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.

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 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)

As discussed in Findings Nos. 1 and 2, various records and receipts were missing and not available for the examination. Furthermore, as discussed in Finding No. 3, a population of manual receipts could not be determined. Without these records and receipts, we could not perform our standard examination procedures. As a result, the scope of our examination of the County Officers' 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 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 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 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 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:

- Records Unavailable For Examination - Bureau Of Fines And Costs.
- Missing Receipts - Probation And Parole Office.

Independent Auditor's Report (Continued)

- Inadequate Internal Controls Over Manual Receipts - Probation And Parole Office.
- Inadequate Internal Controls Over Manual Receipts - Bureau Of Fines And Costs.

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.

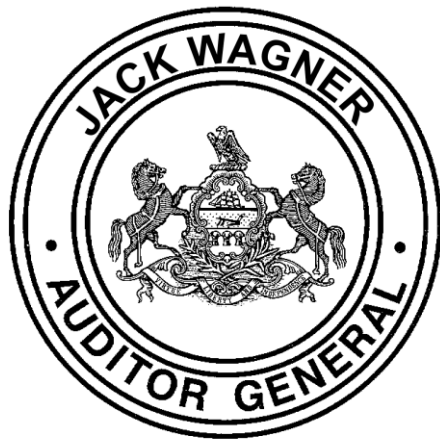
The results of our tests also did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We are concerned in light of the Director of the Probation and Parole Office's failure to correct a previously reported finding regarding internal controls over manual receipts. Additionally, during our current examination, we noted weaknesses in the internal controls over receipts and records that need corrective action. These significant deficiencies increase the risk for funds to be lost or misappropriated. The County Officers should strive to implement the recommendations and corrective actions noted in this examination report.

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.

June 22, 2009

JACK WAGNER
Auditor General



CLERK OF THE COURT OF COMMON PLEAS/BUREAU OF FINES AND
COSTS/PROBATION AND PAROLE OFFICE
DAUPHIN COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

Receipts:

Department of Transportation		
Title 75 Fines	\$	453,322
Department of Revenue		
Court Costs		214,279
Costs		6,578
Crime Victims' Compensation Costs		598,468
Crime Commission Costs/Victim Witness Services Costs		407,919
Domestic Violence Costs		78,682
Emergency Medical Services Fines		56,204
DUI - ARD/EMS Fees		41,299
CAT/MCARE Fund Surcharges		294,542
Judicial Computer System/Access to Justice Fees		120,756
Offender Supervision Fees		1,931,474
Constable Service Surcharges		256
Criminal Laboratory Users' Fees		88,314
Probation and Parole Officers' Firearm Education Costs		53,854
Substance Abuse Education Costs		166,667
Office of Victims' Services Costs		50,687
Miscellaneous State Fines and Costs		<u>2,989,400</u>
 Total receipts (Note 2)	 \$	 7,552,701
 Disbursements to Commonwealth (Note 3)		 <u>(7,556,287)</u>
 Balance due Commonwealth (County) per settled reports (Note 4)		 (3,586)
 Examination adjustments (Exhibit 1)		 <u>4,636</u>
 Adjusted balance due Commonwealth (County) January 1, 2004 to December 31, 2007	 \$	 <u><u>1,050</u></u>

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

CLERK OF THE COURT OF COMMON PLEAS/BUREAU OF FINES AND
 COSTS/PROBATION AND PAROLE OFFICE
 DAUPHIN COUNTY
 NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2004 TO DECEMBER 31, 2007

1. Criteria

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

The Statement was 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

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

Total disbursements are comprised as follows:

Clerk of the Court checks issued to:

Department of Revenue	\$ 7,436,838
Department of Community and Economic Development	40
Commonwealth of Pennsylvania	12,456
Department of General Services	568
Department of Transportation	68,935
State Police	1,691
Department of Treasury	9,357
Commission on Crime and Delinquency	1
Office of the Attorney General	2,085
Department of Corrections	76
Department of Environmental Protection	13,219
Department of Public Welfare	4,897
Game Commission	667
Higher Education Assistance Agency	5,445
Department of Labor and Industry	12
Total	<u><u>\$ 7,556,287</u></u>

CLERK OF THE COURT OF COMMON PLEAS/BUREAU OF FINES AND
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DAUPHIN COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

4. Balance Due Commonwealth For The Period January 1, 2004 To
December 31, 2007

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 Exhibit 1.

5. County Officers Serving During Examination Period

Lowell A. Witmer served as the Clerk of The Court of Common Pleas for the period January 1, 2004 to December 31, 2007.

Mariann T. Lawrence served as the Director of the Bureau of Fines and Costs for the period January 1, 2004 to December 31, 2007.

Terry L. Davis served as the Director of the Probation and Parole Office for the period January 1, 2004 to December 31, 2007.

CLERK OF THE COURT OF COMMON PLEAS/BUREAU OF FINES AND
 COSTS/PROBATION AND PAROLE OFFICE
 DAUPHIN COUNTY
 EXHIBIT 1
 FOR THE PERIOD
 JANUARY 1, 2004 TO DECEMBER 31, 2007

Exhibit 1 - Schedule Of Reporting Errors And Examination Adjustments

<u>Month</u>	<u>Year</u>	<u>Case Number</u>	<u>Examination Adjustments</u>	<u>Explanation</u>
April	2005	3359-04	\$ (50)	1
October	2005	3505-00	(250)	1
February	2007	3790-06	(500)	1
December	2007	1275-00	(250)	1
			3,586	2
			<u>2,100</u>	3
	Total		<u>\$ 4,636</u>	

1. Bail forfeiture that was remitted to the Commonwealth in error.
2. During our prior audit, January 1, 2000 to December 31, 2003, we determined that there was a balance due to the Commonwealth of \$3,586. This balance due was paid to the Department of Revenue in August 2005.
3. Amount represents interest earned on Commonwealth funds during the examination period that was not remitted to the Commonwealth.

BUREAU OF FINES AND COSTS
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

Finding No. 1 - Records Unavailable For Examination - Bureau Of Fines And Costs

During the course of our examination we noted that the Dauphin County Bureau of Fines and Costs changed to the new state computer system, Common Pleas Case Management System (CPCMS), on October 10, 2005. When the old computer 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.

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 October 9, 2005, could have been maintained, but this option was not exercised.

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

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.

Because these records were not maintained, receipt information on specific cases could not be traced through the accounting system, thus resulting in an inadequate audit trail.

Recommendation

We recommend that the Bureau of Fines and Costs 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.

PROBATION AND PAROLE OFFICE
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

Finding No. 2 - Missing Receipts - Probation And Parole Office

Our examination disclosed that the following receipts in the Probation and Parole Office could not be located, and therefore were not available for our examination:

- 1,000 receipts (Receipt Nos. 4,001 to 5,000).
- 200 receipts (Receipt Nos. 1 to 200) that were used at the Dauphin County Satellite Probation Office.

Office staff indicated that the receipts may have been misplaced because of the transition conversion between manual receipt vendors.

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 receipts could be misappropriated.

Recommendation

We recommend that the Probation and Parole 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.

PROBATION AND PAROLE OFFICE
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

Finding No. 3 - Inadequate Internal Controls Over Manual Receipts - Probation And Parole Office

Manual receipts are issued by the Probation and Parole officers at a satellite office in the upper Dauphin County region that processes all transactions using manual receipts. Per interview, a probation officer from the upper Dauphin County satellite office transports monies collected by each probation officer to the Probation and Parole Office.

Our examination disclosed that there were inadequate internal controls over manual receipts. We tested 15 manual receipts and noted the following:

- There were eight manual receipts that were not remitted to the Probation and Parole Office by the probation officer on the same day as collected, and consequently not deposited on a timely basis. The time lapse from the date of the probation officer manual receipt to the date received by the Probation and Parole Office ranged from 2 days to 22 days.
- There was one incident in which a \$360 payment was receipted in the satellite office, however, we could not determine if this payment was ever deposited in the Probation and Parole Office's bank account.
- The method of payment (i.e. cash, check, money order) and docket number was not indicated on three manual receipts.

We further noted that manual receipts issued from 2004 through 2006 were not pre-numbered and a manual receipt log was not maintained. Consequently, a population of manual receipts could not be determined.

Good internal accounting controls ensure that:

- All monies collected are remitted by the probation officer to the Probation and Parole Office and deposited in the bank at the end of every day. Additionally, there should be adequate documentation to trace all collections to deposits.
- Manual receipts are completed properly, which includes the date issued, date filed, docket number, payment source, and payment method.
- Serially pre-numbered receipts are issued in numerical sequence to support each transaction.

PROBATION AND PAROLE OFFICE
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

Finding No. 3 - Inadequate Internal Controls Over Manual Receipts - Probation And Parole Office (Continued)

- A manual receipt log is 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.
- All manual receipts are properly accounted for.

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.

The finding was cited in our last two audit periods, the most recent ending December 31, 2003.

Recommendation

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

Management's Response

The Director of the Probation and Parole office responded as follows:

As of this time we cannot have all payments collected on a given day at the upper Dauphin office deposited each day. We have changed the procedure whereby all payments are kept in a locked safe after they are taken and then are brought to the main office by a supervisor every Thursday. The deposit is then made the following day.

We have also instituted a new policy for all collections made at the upper Dauphin office. All receipts will now include date issued, docket number, payment source and payment method. All receipts issued at the upper Dauphin office are now pre-numbered.

PROBATION AND PAROLE OFFICE
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

Finding No. 3 - Inadequate Internal Controls Over Manual Receipts - Probation And Parole Office (Continued)

Management's Response (Continued)

A manual receipt log is now kept for all payments taken at the upper Dauphin office. This log records the officer taking the payments [and] receipt number in numerical order. This log is kept in the safe with the payments. When the payments are brought to the main office on Thursday the supervisor that picks up the payments signs off on the log that all payments have been picked up and are accounted for, additionally a copy of the log is brought to the main office.

From 2004 to 2006 there was an issue with receipts having a large number of missing numbers. This was a problem with the [vendor] that we contracted with to purchase the receipts. Unfortunately we did not discover the error until almost a year after we made the purchase. The [vendor] was willing to make new receipts for us but we would have been unable to take payments while we were waiting for the new receipts. We therefore decided to just continue using the receipts we had, even though there was a large gap in the numbering.

Auditor's Conclusion

It is imperative that all monies collected are deposited in the bank at the end of every day in order to adequately safeguard collections. During our next examination we will determine if the office complied with our recommendation.

BUREAU OF FINES AND COSTS
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

Finding No. 4 - Inadequate Internal Controls Over Manual Receipts - Bureau Of Fines And Costs

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. During the course of our examination we noted that the Dauphin County Bureau of Fines and Costs changed to the new state computer system on October 10, 2005.

Our examination disclosed that there were inadequate internal controls over manual receipts. Under the old computer system, we noted the following:

- There were 14 manual receipts which could not be located and were not available for review.
- There was no receipt log to record the issuance of manual receipts.

Under the new computer system, there were 8 out of 24 manual receipts tested, 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 14 days.

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

Good internal accounting controls ensure that:

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

BUREAU OF FINES AND COSTS
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

Finding No. 4 - Inadequate Internal Controls Over Manual Receipts - Bureau Of Fines And Costs
(Continued)

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 Bureau of Fines and Costs establish and implement an adequate system of internal controls over manual receipts as noted above.

Management's Response

The Director responded as follows:

Due to going live on CPCMS, most of the issues as far as manual receipt controls are resolved.

Auditor's Conclusion

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

BUREAU OF FINES AND COSTS/PROBATION AND PAROLE OFFICE
DAUPHIN 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 all official receipts be properly completed in the Bureau of Fines and Costs, which includes recording the method of payment.
- That all collections are receipted through the accounting system in the Bureau of Fines and Costs.

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

During our prior audit, we also recommended:

- That the Bureau of Fines and Costs deposit all receipts intact as they are received.

Our current examination found that the office substantially complied with our prior examination recommendation. Insignificant instances of noncompliance were verbally communicated to the office.

CLERK OF THE COURT OF COMMON PLEAS/BUREAU OF FINES AND
COSTS/PROBATION AND PAROLE OFFICE
DAUPHIN COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2007

This report was initially distributed to:

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The Honorable Lowell A. Witmer	Clerk of the Court of Common Pleas
The Honorable Marie E. Rebuck	Controller
The Honorable Jeff Haste	Chairman of the Board of Commissioners
Ms. Mariann T. Lawrence	Director, Bureau of Fines and Costs
Mr. Michael C. Potteiger	Director, Probation and Parole Office

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