



CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/COLLECTIONS DEPARTMENT

BRADFORD COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2007 TO DECEMBER 31, 2010

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**Department of the Auditor General
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120-0018**

**JACK WAGNER
AUDITOR GENERAL**

Independent Auditor's Report

The Honorable Daniel P. Meuser
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/Collections Department, Bradford County, Pennsylvania (County Officers), for the period January 1, 2007 to December 31, 2010, 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 offices' 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 officers 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, 2010, 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 deficiencies described in the findings below to be significant deficiencies in internal control over the reporting on the Statements:

- Inadequate Outstanding Check Procedures - Collections Department.
- Receipts Were Not Always Deposited On The Same Day As Collected - Prothonotary.

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 all the significant deficiencies described above to be material weaknesses.

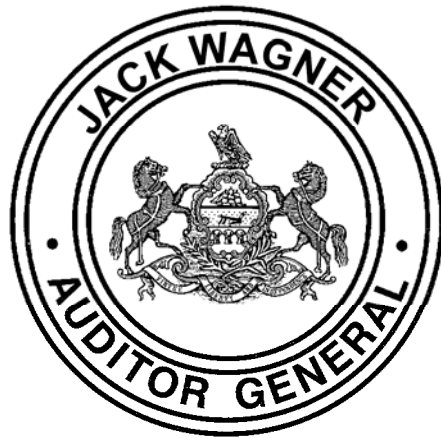
The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We are concerned in light of the Collections Department's failure to correct a previously reported finding regarding inadequate outstanding check procedures. Additionally, during our current examination, we noted weaknesses in the internal controls over receipt procedures by the Prothonotary. These significant deficiencies increase the risk for funds to be lost or misappropriated. The County Officers should strive to implement the recommendations and corrective action 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.

January 9, 2012

JACK WAGNER
Auditor General



CLERK OF THE COURT OF COMMON PLEAS/COLLECTIONS DEPARTMENT
BRADFORD COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2010

Receipts:

Department of Transportation		
Title 75 Fines	\$	130,078
Overweight Fines		12,378
Department of Revenue Costs		29,500
Crime Victims' Compensation Costs		99,368
Crime Commission Costs/Victim Witness Services Costs		67,406
Domestic Violence Costs		6,709
Emergency Medical Services Fines		6,453
DUI - ARD/EMS Fees		11,885
CAT/MCARE Fund Surcharges		69,382
Judicial Computer System/Access to Justice Fees		29,017
Offender Supervision Fees		295,488
Constable Service Surcharges		41
Criminal Laboratory Users' Fees		16,532
Probation and Parole Officers' Firearm Education Costs		5,958
Substance Abuse Education Costs		74,255
Office of Victims' Services Costs		15,581
Miscellaneous State Fines and Costs		<u>108,635</u>
 Total receipts (Note 2)		 978,666
 Disbursements to Commonwealth (Note 4)		 <u>(978,608)</u>
 Balance due Commonwealth (County) per settled reports (Note 5)		 58
 Examination adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (County) for the period January 1, 2007 to December 31, 2010	 \$	 <u><u>58</u></u>

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

PROTHONOTARY
BRADFORD COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2010

Receipts:

Writ Taxes	\$ 4,222
Divorce Complaint Surcharges	9,100
Judicial Computer System/Access To Justice Fees	92,892
Protection From Abuse Surcharges and Contempt Fines	475
Criminal Charge Information System Fees	<u>4,360</u>
Total Receipts (Note 2)	111,049
Commissions (Note 3)	<u>(127)</u>
Net Receipts	110,922
Disbursements to Commonwealth (Note 4)	<u>(110,923)</u>
Balance due Commonwealth (County) per settled reports (Note 5)	(1)
Examination adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2007 to December 31, 2010	<u><u>\$ (1)</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/COLLECTIONS DEPARTMENT
BRADFORD COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2010

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/Collections 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. These fees were temporarily increased to \$23.50 for the period December 8, 2009 to December 31, 2014.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/COLLECTIONS DEPARTMENT
BRADFORD COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2010

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 \$1,000.
- 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 \$6.50 for the period January 1, 2007 to December 31, 2007 and \$7.00 for the period January 1, 2008 to December 31, 2010. 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/COLLECTIONS DEPARTMENT
 BRADFORD COUNTY
 NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2007 TO DECEMBER 31, 2010

4. Disbursements

Clerk Of The Court Of Common Pleas/Collections Department

Total disbursements are comprised as follows:

Collections Department checks issued to:

Department of Revenue	\$	967,722
Office of the Attorney General		720
Bureau of Forestry		100
Department of Corrections		605
Department of Transportation		910
Statewide Collection and Disbursement Unit		1,597
State Workers Insurance Fund		312
Liquor Control Board		438
State Police		6,204

Total	\$	978,608
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Prothonotary

Total disbursements are comprised as follows:

Prothonotary checks issued to:

Department of Revenue	\$	106,563
Adminstrative Office of Pennsylvania Courts		4,360

Total	\$	110,923
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CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/COLLECTIONS DEPARTMENT
BRADFORD COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2010

5. Balance Due Commonwealth (County) For The Period January 1, 2007 To December 31, 2010

Clerk Of The Court Of Common Pleas/Collections 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.

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 Officers Serving During Examination Period

Sally Vaughn served as the Clerk of the Court of Common Pleas/Prothonotary for the period January 1, 2007 to December 31, 2010.

Joan Sanderson served as Fiscal Director of the Collections Department for the period January 1, 2007 to December 31, 2010.

COLLECTIONS DEPARTMENT
BRADFORD COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2010

Finding No. 1 - Inadequate Outstanding Check Procedures - Collections Department

Our examination of the office checking account disclosed that there were 262 outstanding checks totaling \$5,962, dated from January 2, 2009 to June 7, 2010, that were still outstanding as of December 31, 2010.

Good internal accounting controls require that the office follow-up on all outstanding checks. If a check is outstanding for a period over 90 days, efforts should be made to locate the payee. If efforts to locate the payee are unsuccessful, the amount of the check should be removed from the outstanding checklist, added back to the checkbook balance, and subsequently held in escrow for unclaimed escheatable funds.

The failure to follow these procedures results in a weakening of internal controls over the cash account and inefficiency caused by the needless record-keeping of outstanding checks.

This condition existed because the office failed to establish adequate internal controls over its outstanding check procedures.

This condition was cited in the prior examination for the period ending December 31, 2006.

Recommendation

We again recommend that the office establish and implement a procedure whereby outstanding checks are reviewed monthly to determine if there are any long outstanding checks. If checks remain outstanding and attempts to contact payees after 90 days are unsuccessful, the office should reinstate the amount of outstanding checks to the checking account and subsequently hold these monies in escrow for unclaimed escheatable funds.

Management's Response

The Fiscal Director of the Collections Department responded as follows:

All outstanding checks are cleared through December 31, 2009. There will be a review in January 2012 for outstanding checks through June 30, 2011. There will be an ongoing review of outstanding checks every six months from this point forward.

COLLECTIONS DEPARTMENT
BRADFORD COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2010

Finding No. 1 - Inadequate Outstanding Check Procedures - Collections Department (Continued)

Auditor's Conclusion

This is a recurring finding. We strongly recommend that the office comply with our recommendation. During our next examination we will determine if the office complied with our recommendation.

PROTHONOTARY
BRADFORD COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2010

Finding No. 2 - Receipts Were Not Always Deposited On The Same Day As Collected -
Prothonotary

Our examination disclosed that receipts were not always deposited on the same day as collected. Of 60 receipts tested, 23 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 2 days to 13 days.

A good system of internal controls ensures that all monies collected are deposited intact at the bank 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.

This condition existed because the office failed to establish adequate internal controls over its receipts.

Recommendation

We recommend that the district court deposit all receipts at the end of each day as required by good internal accounting controls.

Management's Response

The Prothonotary responded as follows:

Because we have consistently adhered to a "time stamp rule" with our workflow, backlogs have been created with new cases as well. Checks were held until new case was docketed to allow a case number to be associated with receipt for a good audit trail. The new civil management system will require a change of workflow requiring case shells to be added to system upfront so checks can be deposited within 24 hours. In the meantime, an additional bucket has been added for new cases, allowing us to still honor time stamp without mixing new cases with all other filings.

Auditor's Conclusion

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

CLERK OF THE COURT OF COMMON PLEAS/
COLLECTIONS DEPARTMENT
BRADFORD COUNTY
COMMENT
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2010

Comment - Compliance With Prior Examination Recommendations

During our prior examination, we recommended:

- That the office review the laws to ensure that Judicial Computer System/Access To Justice Fees are assessed as mandated by law.

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

During our prior examination, we also recommended:

- That the ending adjusted bank balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved.

Our current examination found that the office substantially complied with our prior examination recommendation.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/COLLECTIONS DEPARTMENT
BRADFORD COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2010

This report was initially distributed to:

The Honorable Daniel P. Meuser
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 Sally Vaughn	Clerk of the Court of Common Pleas/ Prothonotary
The Honorable Robert M. McCord	Pennsylvania State Treasurer
The Honorable Jeffrey Smith	President Judge
The Honorable Doug McLinko	Chairperson of the Board of Commissioners
Ms. Joan Sanderson	Fiscal Director of Collections Department
Mr. Jeff Warner	County Auditor

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