

# ATTESTATION ENGAGEMENT

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## First Judicial District of Pennsylvania Trial Division - Criminal Office of Judicial Records Philadelphia County, Pennsylvania For the Period May 1, 2014 to December 31, 2017

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March 2019



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

### Independent Auditor's Report

The Honorable C. Daniel Hassell  
Secretary  
Pennsylvania Department of Revenue  
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of the First Judicial District Of Pennsylvania, Trial Division - Criminal, Office Of Judicial Records, Philadelphia County, Pennsylvania (County Officer), for the period May 1, 2014 to December 31, 2017, pursuant to the requirements of Section 401(b) of *The Fiscal Code*, 72 P.S. § 401(b). The County Office's management is responsible for presenting this Statement in accordance with the criteria set forth in Note 1. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Statement is presented in accordance with the criteria described above, in all material respects. An examination involves performing procedures to obtain evidence about the statement of receipts and disbursements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the Statement, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, for the period May 1, 2014 to December 31, 2107, is presented in accordance with the criteria set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Statement; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the Statement. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. 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 internal control over reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.

Our consideration of internal control over reporting on the Statement was for the limited purpose of expressing an opinion on whether the Statement is presented in accordance with the criteria described above and was not designed to identify all deficiencies in internal control over reporting on the Statement that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies listed below to be material weaknesses:

- Inadequate Internal Controls Over The Bank Account - Recurring.
- Inadequate Internal Controls Over Manual Receipts.
- Bank Deposit Slips Were Not Validated.

Independent Auditor's Report (Continued)

As part of obtaining reasonable assurance about whether the Statement is free from material misstatement, we performed tests of the County Office's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we did note another matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the finding below:

- Inadequate Assessment Of Costs - Recurring.

Two examination findings contained in this report cite conditions that existed in the operation of the prior County Office's last five engagement periods and were not corrected during the current examination period. It is imperative that the County Officer implement the recommendations and corrective actions noted in this report.

The purpose of this report is to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported and promptly remitted. This report is not suitable for any other purposes.

We appreciate the courtesy extended by the First Judicial District Of Pennsylvania, Trial Division - Criminal, Office Of Judicial Records, Philadelphia County, to us during the course of our examination. If you have any questions, please feel free to contact Michael B. Kashishian, CPA, CGAP, CFE, Director, Bureau of County Audits, at 717-787-1363.



Eugene A. DePasquale  
Auditor General

February 11, 2019

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FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
TRIAL DIVISION - CRIMINAL  
OFFICE OF JUDICIAL RECORDS  
PHILADELPHIA COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
MAY 1, 2014 TO DECEMBER 31, 2017

Receipts:

Department of Transportation		
Title 75 Fines	\$	114,780
Department of Revenue Court Costs		572,613
Crime Victims' Compensation Costs		2,304,103
Crime Commission Costs/Victim Witness Services Costs		1,589,222
Domestic Violence Costs		183,095
Emergency Medical Services Fines		21,552
DUI - ARD/EMS Fees		83,993
CAT/MCARE Fund Surcharges		116,197
Judicial Computer System/Access to Justice Fees		1,320,913
Offender Supervision Fees		2,823,468
Criminal Laboratory Users' Fees		14,095
Probation and Parole Officers' Firearm Education Costs		112,786
Substance Abuse Education Costs		147,232
Office of Victims' Services Costs		109,944
Miscellaneous State Fines and Costs		<u>6,440,728</u>
 Total receipts (Note 2)		 15,954,721
 Disbursements to Commonwealth (Note 3)		 <u>(15,952,163)</u>
 Balance due Commonwealth (County) per settled reports (Note 4)		  2,558
 Examination adjustments (Note 5)		 <u>(2,558)</u>
 Adjusted balance due Commonwealth (County) for the period May 1, 2014 to December 31, 2017	 <u>\$</u>	 <u><u>-</u></u>

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

FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
TRIAL DIVISION - CRIMINAL  
OFFICE OF JUDICIAL RECORDS  
PHILADELPHIA COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
MAY 1, 2014 TO DECEMBER 31, 2017

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 First Judicial District of Pennsylvania, Trial Division - Criminal, Office of Judicial Records.

3. Disbursements

Total disbursements are comprised as follows:

Clerk of the Court checks issued to:

Department of Revenue	\$ 15,728,626
Office of Attorney General	1,534
Department of Public Welfare	90,031
Commission on Crime and Delinquency	22,198
Department of Labor and Industry	80,315
Department of Human Services	20,945
Department of Insurance	<u>8,514</u>
Total	<u><u>\$ 15,952,163</u></u>

FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
TRIAL DIVISION - CRIMINAL  
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NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
MAY 1, 2014 TO DECEMBER 31, 2017

4. Balance Due Commonwealth (County) For The Period May 1, 2014 To December 31, 2017

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.

5. Examination Adjustment

During our prior audit, January 1, 2010 to December 31, 2012, we determined that there was a balance due to the County of \$2,558. This credit was taken in April 2017.

6. County Officer Serving During Examination Period

Eric Feder served as the Director, Office of Judicial Records for the period May 1, 2014 to December 31, 2017.



FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
TRIAL DIVISION - CRIMINAL  
OFFICE OF JUDICIAL RECORDS  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
MAY 1, 2014 TO DECEMBER 31, 2017

**Finding No. 1 - Inadequate Internal Controls Over The Bank Account - Recurring**

We cited the issue of inadequate internal controls over the bank account in the last five examination reports, with the most recent being for the period January 1, 2013 to April 30, 2014. Our current examination found that the prior officeholder did not correct this issue.

Our examination of the accounting records for the office disclosed that the monthly bank reconciliations were not prepared properly. Because the office did not properly prepare the reconciliations, numerous outstanding checks totaling \$14,144.16 dated from December 7, 2006 to December 28, 2012 that we found during two prior examinations were still outstanding as of December 31, 2017.

In addition, numerous debit/credit accounting adjustments totaling \$112,015.17 dated from October 25, 2006 to April 25, 2011 that we found during the two prior examinations were still outstanding as of December 31, 2017. These adjustments were incorrectly made in order to balance the bank account instead of completing an accurate reconciliation.

These conditions existed because the prior officeholder failed to establish and implement an adequate system of internal controls over the bank account as recommended in the five prior examination reports.

A good system of internal controls ensures that:

- Bank statements are reconciled to the book balance on a monthly basis, and all deposits, outstanding checks and adjustments are reflected accurately on the bank reconciliation and any discrepancies are immediately investigated and resolved.

Without a good system of internal controls over the bank account, the possibility of funds being lost or misappropriated increases significantly.

**Recommendation**

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

FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
TRIAL DIVISION - CRIMINAL  
OFFICE OF JUDICIAL RECORDS  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
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MAY 1, 2014 TO DECEMBER 31, 2017

**Finding No. 1 - Inadequate Internal Controls Over The Bank Account - Recurring  
(Continued)**

Management's Response

The County Officer responded as follows:

As noted in the finding, these adjustments were created between October 2006 and April 2011. These activities were used to complete bank reconciliations by Clerk of Quarter Sessions' staff. The adjustments took the place of actual CPCMS deposits and checks [that were] not correctly identified and cleared at the time. As part of the FJD Day Backward Process we have reviewed and manually reconciled this activity and are now in the final stages of documenting and correcting the situation. Once completed these assessments will be cleared and will no longer be an issue.

Auditor's Conclusion

This is a recurring finding. It is imperative that the office take all corrective actions necessary to comply with our recommendation. During our next examination, we will determine if the office complied with our recommendation.

FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
TRIAL DIVISION - CRIMINAL  
OFFICE OF JUDICIAL RECORDS  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
MAY 1, 2014 TO DECEMBER 31, 2017

**Finding No. 2 - Inadequate Internal Controls Over Manual Receipts**

Our examination disclosed the following deficiencies in the internal controls over manual receipts:

- A manual receipt log was not maintained in the office.
- There were 20 manual receipts which could not be located and were not available for examination.

Good internal accounting controls ensure that:

- 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.
- Manual receipts are accounted for and maintained.

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.

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

**Recommendation**

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

FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
TRIAL DIVISION - CRIMINAL  
OFFICE OF JUDICIAL RECORDS  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
MAY 1, 2014 TO DECEMBER 31, 2017

**Finding No. 2 - Inadequate Internal Controls Over Manual Receipts (Continued)**

Management's Response

The County Officer responded as follows:

At the time of the audit one (1) of the seventy (70) batches of manual receipts generated were not available for inspection. Follow up revealed that batch 51-0003941 printed on 3/22/17 according to CPCMS in fact did not print due to error. Further it was the first batch printed for Family Court when we began receipting their filings in CPCMS. As result of this finding, staff was notified of the importance of both maintaining manual financial records as well as a notification procedure in the event of a printer error.

Auditor's Conclusion

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

FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
TRIAL DIVISION - CRIMINAL  
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PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
MAY 1, 2014 TO DECEMBER 31, 2017

**Finding No. 3 - Bank Deposit Slips Were Not Validated**

Our examination of the office's accounting records disclosed that the office copy of the bank deposit slip was not validated by the bank in 21 of the 68 deposits tested. The office's deposit slip was not validated by the bank, therefore, not confirming the actual make-up of the deposit (i.e. cash and money order mix).

Good internal accounting controls ensure that the amount of each check and the total amount of cash deposited are identified on the deposit slip. The office copy of each deposit should be brought to the bank to be validated. If the bank cannot validate the deposit slip, the office should obtain a deposit ticket from the bank that validates total cash and the total deposit. After the office receives the validation from the bank, it should be reconciled to the receipts by someone other than the person preparing or making the deposit.

Without a good system of internal control over funds received by the office, the possibility of funds being lost or misappropriated increases significantly.

The office was not aware of the internal control weaknesses caused by not obtaining a validated deposit slip or deposit ticket from the bank.

**Recommendations**

We recommend that the office obtain a validation from the bank as to the mix of cash and checks deposited. We further recommend that the validation is reconciled to receipts by someone other than the person preparing or making the deposit.

FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
TRIAL DIVISION - CRIMINAL  
OFFICE OF JUDICIAL RECORDS  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
MAY 1, 2014 TO DECEMBER 31, 2017

**Finding No. 3 - Bank Deposit Slips Were Not Validated (Continued)**

Management's Response

The County Officer responded as follows:

The Office of Judicial Records, Criminal maintained a contract with an armored car carrier to transport the funds to the bank. Staff would prepare deposit slips that would be included with the cash, checks, and money orders placed in a sealed bag. A copy of the completed deposit slip was kept for our records per protocol. Since there was no direct contact with the bank we never received a validated copy. Instead if necessary we could access through online banking verification of the individual deposits. A one to one correlation existed because the bag number was written on the deposit slip and could be matched to the bank copy available online.

Since the audit period the Office of Judicial Records, Criminal has changed deposit methods which also addresses this finding. Checks and money orders are now scanned and electronically deposited. Cash is deposited in an electronic cash vault safe that is linked to the bank account. Credit is given daily for cash accepted by the safe and is supported by detailed reports. Armored car personnel are the only ones who have access to the receptors and therefore the cash held in the safe. Manual deposits are only prepared in the event there is an issue with a particular bill not being accepted by the safe or check/ money order that we are not able to scan. In both cases, manual deposits are created and the procedure above is followed.

Auditor's Conclusion

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

FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
TRIAL DIVISION - CRIMINAL  
OFFICE OF JUDICIAL RECORDS  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
MAY 1, 2014 TO DECEMBER 31, 2017

**Finding No. 4 - Inadequate Assessment of Costs - Recurring**

We cited the issue of inadequate assessment costs in the prior five examinations reports, with the most recent being for the period of January 1, 2013 to April 30, 2014. Our current examination found that the prior officeholder did not correct this issue.

Our current examination disclosed that the office did not assess certain costs as mandated by law. Of 20 cases tested for proper assessment of Amber Alert Costs, we found 15 cases in which the Amber Alert System Cost was not assessed.

These conditions occurred because the prior officeholder failed to properly assess costs as recommended in the five prior examination reports.

The following state statute address the assessment of costs that were not properly assessed:

- Title 35 P.S. § 7025.4 provides for the collection of the Amber Alert System Cost. Unless the court finds that undue hardship would result in addition to any other cost imposed by law, a cost of \$25 shall automatically be assessed on each person convicted, adjudicated delinquent or granted accelerated rehabilitative disposition (ARD) of the offenses under 18 Pa.C.S. § 2901-2910.

The improper assessment of these costs resulted in the defendant not being assessed the proper amount of costs associated with the violation; and/or a loss of revenue to the Commonwealth and County.

**Recommendation**

We again strongly recommend that the office review the laws noted above to ensure that costs are assessed as mandated by law.

FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
TRIAL DIVISION - CRIMINAL  
OFFICE OF JUDICIAL RECORDS  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
MAY 1, 2014 TO DECEMBER 31, 2017

**Finding No. 4 - Inadequate Assessment of Costs - Recurring (Continued)**

Management's Response

The County Officer responded as follows:

In Philadelphia if a case has a conviction on a felony charge as well as on an Amber Alert charge, the Judge will sentence and place assessments on the felony charge and not on the Amber Alert charge. Since the Amber Alert Fee is only available on Amber Alert charges it is sometimes overlooked, due to the fact that the fee is unavailable on the felony charge. We are creating a training protocol on how to properly impose the Amber Alert fee on the appropriate charges as well as having a report run showing cases with a conviction on an Amber Alert charge as a quality control method to ascertain any cases that are missing the fee in 2018 and forward. We have also spoken to the Administrative Office of Pennsylvania Courts regarding making the fee available on non- Amber Alert charges for future assessment.

Auditor's Conclusion

This is a recurring finding. It is imperative the office take all corrective actions necessary to comply with our recommendation. During our next examination, we will determine if the office complied with our recommendation.



FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
TRIAL DIVISION - CRIMINAL  
OFFICE OF JUDICIAL RECORDS  
PHILADELPHIA COUNTY  
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS  
FOR THE PERIOD  
MAY 1, 2014 TO DECEMBER 31, 2017

Summary Of Prior Examination Recommendations

During our prior examination, we recommended that the office:

- Establish and implement an adequate system of internal controls over the bank account.
- Review the laws noted to ensure that fines, costs, fees, and surcharges are assessed as mandated by law.

The office did not comply with our bulleted recommendations. Please see the current year findings for additional information.

FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
TRIAL DIVISION - CRIMINAL  
OFFICE OF JUDICIAL RECORDS  
PHILADELPHIA COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
MAY 1, 2014 TO DECEMBER 31, 2017

This report was initially distributed to:

**The Honorable C. Daniel Hassell**  
Secretary  
Pennsylvania Department of Revenue

**The Honorable Thomas B. Darr**  
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 Eric Feder**  
Director  
Office of Judicial Records

**The Honorable Rebecca Rhynart**  
City Controller

**The Honorable Darrell L. Clarke**  
President of City Council

**The Honorable Idee Fox**  
President Judge

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