

ATTESTATION ENGAGEMENT

Clerk of the Court of Common Pleas and Adult Probation Department Schuylkill County, Pennsylvania For the Period January 1, 2016 to December 31, 2017

November 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 Clerk of the Court of Common Pleas and Adult Probation Department, Schuylkill County, Pennsylvania (County Officer), for the period January 1, 2016 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 January 1, 2016 to December 31, 2017, 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 a certain deficiency in internal control that we consider to be a material weakness.

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 deficiency listed below to be a material weakness:

- Bank Deposit Slips Were Not Validated By The Bank - Clerk of the Court of Common Pleas.

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*.

Independent Auditor's Report (Continued)

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.

If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.



Eugene A. DePasquale
Auditor General

October 8, 2019

CONTENTS

Page

Financial Section:

Statement Of Receipts And Disbursements.....1

Notes To The Statement Of Receipts And Disbursements.....2

Finding And Recommendations:

Finding - Bank Deposit Slips Were Not Validated By The Bank - Clerk of the Court of

Common Pleas.....4

Summary Of Prior Examination Recommendations.....6

Report Distribution7

CLERK OF THE COURT OF COMMON PLEAS
AND ADULT PROBATION DEPARTMENT
SCHUYLKILL COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2017

Receipts:

Department of Transportation		
Title 75 Fines	\$	80,578
Overweight Fines		421
Department of Revenue Court Costs		32,359
Crime Victims' Compensation Costs		122,820
Crime Commission Costs/Victim Witness Services Costs		89,901
Domestic Violence Costs		6,496
Emergency Medical Services Fines		8,416
DUI - ARD/EMS Fees		11,044
CAT/MCARE Fund Surcharges		37,334
Judicial Computer System/Access to Justice Fees		118,236
Offender Supervision Fees		529,950
Constable Service Surcharges		28
Criminal Laboratory Users' Fees		33,128
Probation and Parole Officers' Firearm Education Costs		6,562
Substance Abuse Education Costs		61,120
Office of Victims' Services Costs		17,503
Miscellaneous State Fines and Costs		<u>164,371</u>
 Total receipts (Note 2)		 1,320,267
 Disbursements to Commonwealth (Note 3)		 <u>(1,320,267)</u>
 Balance due Commonwealth (County) per settled reports (Note 4)		 -
 Examination adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (County) for the period January 1, 2016 to December 31, 2017		 <u><u>\$ -</u></u>

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

CLERK OF THE COURT OF COMMON PLEAS
AND ADULT PROBATION DEPARTMENT
SCHUYLKILL COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2016 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 Clerk of the Court of Common Pleas' Office and Adult Probation Department.

3. Disbursements

Total disbursements are comprised as follows:

Clerk of Court's Checks Issued To:

Department of Revenue	\$ 1,319,689
Commonwealth of PA	50
Office of Attorney General	150
State Police	112
Department of Human Services	219
Department of Public Welfare	45
Department of Veteran Affairs	<u>2</u>
Total	<u>\$ 1,320,267</u>

4. Balance Due Commonwealth County For The Period January 1, 2016 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.

CLERK OF THE COURT OF COMMON PLEAS
AND ADULT PROBATION DEPARTMENT
SCHUYLKILL COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2017

5. County Officers Serving During Examination Period

Maria Casey served as the Clerk of the Court of Common Pleas for the period January 1, 2016 to December 31, 2017.

Joseph Szeliga served as Chief Probation Officer for the period January 1, 2016 to December 31, 2017.

CLERK OF THE COURT OF COMMON PLEAS
AND ADULT PROBATION DEPARTMENT
SCHUYLKILL COUNTY
FINDING AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2017

**Finding - Bank Deposit Slips Were Not Validated By The Bank - Clerk of the Court of
Common Pleas**

Condition

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 all 26 deposits tested. The office received a validated receipt from the bank, but this only confirmed the total amount deposited and not the actual make up of the deposit (i.e. cash and check mix).

Criteria

Good internal accounting controls require 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.

Effect

The failure to implement this procedure increases the possibility of funds being lost or misappropriated.

Cause

A discussion with the officeholder revealed that this condition existed because the bank refused to validate deposit slips as to the mix of cash and checks as requested by the County's Controller. The Controller asked both the bank manager and the bank's head of Government Relations to stamp the deposits and they refused.

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.

CLERK OF THE COURT OF COMMON PLEAS
AND ADULT PROBATION DEPARTMENT
SCHUYLKILL COUNTY
FINDING AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2017

**Finding - Bank Deposit Slips Were Not Validated By The Bank - Clerk of the Court of
Common Pleas (Continued)**

Management's Response

The County Officer responded as follows:

Schuylkill County was previously aware of a similar finding by the Auditor General with the Prothonotary's Office regarding [the bank] not validating receipts by separating cash from checks. In response, the County Controller went to [the bank] Manager to address the situation. The Bank Manager would not change the procedure; therefore the County Controller went to the Government Relations Manager to change the procedure. Again, [the bank] would not change the procedure.

Since the bank was unable to address this, Schuylkill County took the appropriate steps to verify the cash to check mix. The Commissioners, the County Controller, and the Row Officers implemented a system where all deposits were validated daily through the Treasurer's Office, an independent third party. In the Treasurer's Office, a teller counts the money, stamps the deposit slip, initials the deposit slip, and it is logged into the log book kept in that office. An armed Sheriff then takes the money to the bank.

In order to further safeguard this procedure, Schuylkill County has now gone to remote deposit for all checks. The Auditor General approves this procedure.

Auditor's Conclusion

Regarding the statement that we approve of the remote deposit for all checks, we did not provide the office with approval of this procedure. Although the office implemented a system where all deposits are validated by the Treasurer's office, this procedure does not provide the Clerk of Court's office with an independent verification of the mix of cash and checks that are subsequently deposited in the bank after they are processed in the Treasurer's office. During our next examination, we will determine if the office complied with our recommendations.

CLERK OF THE COURT OF COMMON PLEAS
AND ADULT PROBATION DEPARTMENT
SCHUYLKILL COUNTY
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2017

Summary Of Prior Examination Recommendations

During our prior examination, we recommended that the Clerk of Courts office (and the Adult Probation Department for the second bullet):

- Establish and implement an adequate system of internal controls over receipts.
- Establish and implement adequate internal controls over manual receipts.
- Provide for greater segregation of duties.
- Establish and implement an adequate system on internal controls over the bank account.
- Remit all state agency restitution through the Department of Revenue.

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

CLERK OF THE COURT OF COMMON PLEAS
AND ADULT PROBATION DEPARTMENT
SCHUYLKILL COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2016 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 Maria Casey
Clerk of the Court of Common Pleas

Mr. Joseph Szeliga
Chief Probation Officer

The Honorable Christy Joy
Controller

The Honorable George F. Halcovage, Jr.
Chairperson of the Board of Commissioners

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.