

ATTESTATION ENGAGEMENT

Clerk of the Court of Common Pleas and Department of Probation Services

Luzerne County, Pennsylvania
For the Period
January 1, 2014 to December 31, 2017

August 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 Department of Probation Services, Luzerne County, Pennsylvania (County Officer), for the period January 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 January 1, 2014 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:

- Inadequate Outstanding Check Procedures - Department of Probation Services.

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.

We appreciate the courtesy extended by the Clerk of the Court of Common Pleas and Department of Probation Services, Luzerne 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.

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

July 23, 2019

Eugene A. DePasquale
Auditor General

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CLERK OF THE COURT OF COMMON PLEAS
AND DEPARTMENT OF PROBATION SERVICES
LUZERNE COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2017

Receipts:

Department of Transportation		
Title 75 Fines	\$	307,616
Overweight Fines		6,674
Department of Revenue Court Costs		151,219
Crime Victims' Compensation Costs		484,080
Crime Commission Costs/Victim Witness Services Costs		339,986
Domestic Violence Costs		27,288
Emergency Medical Services Fines		28,236
DUI - ARD/EMS Fees		44,743
CAT/MCARE Fund Surcharges		164,750
Judicial Computer System/Access to Justice Fees		386,055
Offender Supervision Fees		1,631,490
Constable Service Surcharges		363
Criminal Laboratory Users' Fees		178,972
Probation and Parole Officers' Firearm Education Costs		28,123
Substance Abuse Education Costs		331,445
Office of Victims' Services Costs		50,918
Miscellaneous State Fines and Costs		<u>911,954</u>
 Total receipts (Note 2)		 5,073,912
 Disbursements to Commonwealth (Note 3)		 <u>(5,076,982)</u>
 Balance due Commonwealth (County) per settled reports (Note 4)		 (3,070)
 Examination adjustments (Note 5)		 <u>3,070</u>
 Adjusted balance due Commonwealth (County) for the period January 1, 2014 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 DEPARTMENT OF PROBATION SERVICES
LUZERNE COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 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 Clerk of the Court of Common Pleas' Office.

3. Disbursements

Total disbursements are comprised as follows:

Department of Probation Services checks issued to:

Department of Revenue	\$ 5,065,012
Department of Environmental Protection	886
Fish and Boat Commission	1,499
Game Commission	1,881
Office of Attorney General	84
State Police	452
Department of Public Welfare	1,750
Liquor Control Board	5,223
Department of Transportation	136
Department of Labor and Industry	<u>59</u>
 Total	 <u><u>\$ 5,076,982</u></u>

CLERK OF THE COURT OF COMMON PLEAS
AND DEPARTMENT OF PROBATION SERVICES
LUZERNE COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2017

4. Balance Due Commonwealth (County) For The Period January 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, 2013, we determined that there was a balance due to the Commonwealth of \$3,070. This balance due was paid to the Department of Revenue in January and February 2016.

6. County Officer Serving During Examination Period

Joan Hoggarth, served as the division head of the Clerk of the Court of Common Pleas for the period January 1, 2014 to December 31, 2017.

Michael A. Vecchio served as Director of Probation Services for the period January 1, 2014 to December 31, 2017.

Luzerne County adopted a Home Rule Charter effective January 3, 2012. The position of an officeholder for the Clerk of the Court of Common Pleas was eliminated with the adoption of a Home Rule Charter. An appointed County Manager oversees all functions of the formerly elected Luzerne County row offices. The Clerk of the Court of Common Pleas function is under the Luzerne County's Division of Judicial Services and Records. A division head was appointed to oversee the Clerk of the Court of Common Pleas function.

CLERK OF THE COURT OF COMMON PLEAS
AND DEPARTMENT OF PROBATION SERVICES
LUZERNE COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2017

Finding - Inadequate Outstanding Check Procedures - Department of Probation Services

Our examination of the office checking account disclosed that the office was carrying 263 outstanding checks totaling \$7,835.61, dated from April 4, 2008 to June 20, 2017, that were still outstanding as of December 31, 2017.

Good internal accounting controls require that the office follow-up on all outstanding checks. If a check is outstanding for a period over 180 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.

Recommendations

We 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 180 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 Director of Probation Services responded as follows:

The stale checks in question have been escheated to the State. A procedure is in effect to be sure that checks six to nine months of not being cashed are being handled either by escheated to the State or reissued to the victim. A monthly review of the outstanding checks will be conducted.

Auditor's Conclusion

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

CLERK OF THE COURT OF COMMON PLEAS
AND DEPARTMENT OF PROBATION SERVICES
LUZERNE COUNTY
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2017

Summary Of Prior Examination Recommendations

During our prior examination, we recommended:

- That the Department of Probation Services establish and implement an adequate system of internal controls over receipts.
- That the Department of Probation Services establish and implement an adequate system of internal controls over manual receipts.
- That the Department of Probation Services obtain a validation from the bank as to the mix of cash and checks deposited. We further recommended that the validation is reconciled to receipts by someone other than the person preparing or making the deposit.
- That the Clerk of Courts of Common Pleas ensure that all bail forfeitures due the Commonwealth are disbursed to the Commonwealth according to 42 Pa. C.S.A. Section 3571 (B).

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

CLERK OF THE COURT OF COMMON PLEAS
AND DEPARTMENT OF PROBATION SERVICES
LUZERNE COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 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

Ms. Joan Hoggarth
Director of Judicial Services and Records

Mr. Michael A. Vecchio
Director, Department of Probation Services

Mr. C. David Pedri, Esquire
Luzerne County Manager

The Honorable Michelle Bednar
Controller

The Honorable Thomas F. Burke
President Judge

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.