

ATTESTATION ENGAGEMENT

Clerk of the Court of Common Pleas Montgomery County, Pennsylvania For the Period January 1, 2014 to December 31, 2017

January 2020



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, Montgomery 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.

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. 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)

As discussed in Finding No. 1, we could not determine the actual number of manual receipts that were issued during our examination. As a result, we could not perform our standard examination procedures. As such, the scope of our examination of the County Officer's 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 matter discussed in the preceding paragraph, 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 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 Manual Receipts.
- Inadequate Internal Controls Over The Bank Account.

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*.

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, Montgomery County, to us during the course of our examination. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale", with a long horizontal flourish extending to the right.

Eugene A. DePasquale
Auditor General

December 17, 2019

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

Receipts:

Department of Transportation	
Title 75 Fines	\$ 443,166
Overweight Fines	144
Department of Revenue Court Costs	552,537
Crime Victims' Compensation Costs	1,205,178
Crime Commission Costs/Victim Witness Services Costs	1,148,521
Domestic Violence Costs	74,511
Emergency Medical Services Fines	79,979
DUI - ARD/EMS Fees	143,354
CAT/MCARE Fund Surcharges	390,918
Judicial Computer System/Access to Justice Fees	1,281,324
Offender Supervision Fees	3,476,376
Constable Service Surcharges	2,087
Criminal Laboratory Users' Fees	21,368
Probation and Parole Officers' Firearm Education Costs	92,611
Substance Abuse Education Costs	694,771
Office of Victims' Services Costs	61,345
Miscellaneous State Fines and Costs	<u>2,132,426</u>
 Total receipts (Note 2)	 11,800,616
 Disbursements to Commonwealth (Note 3)	 <u>(11,800,616)</u>
 Balance due Commonwealth (County) per settled reports (Note 4)	 -
 Examination adjustments	 <u>-</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
MONTGOMERY 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:

Clerk of the Court checks issued to:

Department of Revenue	\$ 11,652,537
Office of Attorney General	655
State Police	167
Victims Compensation Assistance Program	1,113
Department of Human Services	25
Insurance Fraud Prevention Authority	5,828
Department of Transportation	20,679
Department of Public Welfare	2,357
Department of Labor and industry	73,639
Liquor Control Board	33,776
Office of Inspector General	<u>9,840</u>
Total	<u><u>\$ 11,800,616</u></u>

CLERK OF THE COURT OF COMMON PLEAS
MONTGOMERY 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. County Officer Serving During Examination Period

Ann Thornburg Weiss served as the Clerk of the Court of Common Pleas for the period January 1, 2014 to December 31, 2017.

CLERK OF THE COURT OF COMMON PLEAS
MONTGOMERY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2017

Finding No. 1 - Inadequate Internal Controls Over Manual Receipts

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.

Manual receipts were generated by the Clerk of Courts Office. The Clerk's office also supplied the Juvenile Probation Office with 620 manual receipts and the associated logs during the examination period. The Juvenile Probation office distributed the 620 blank manual receipts among the juvenile probation officers in the event that they received payments from defendants. However, the office could not provide us with a record of which manual receipts were given to each probation officer. Because of these issues, we could not determine the actual number of receipts that were issued during our examination.

The Administrative Office of Pennsylvania Courts policies and procedures state that manual receipts are only to be issued in the event that the computer system is down due to loss of power or when communication lines are not operational. Manual receipts should be properly documented and accounted for at all times.

Good internal accounting controls ensure that:

- Manual receipts are only issued in the event of a temporary power loss to the office's computer system.
- Manual receipts and associated logs 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 only use the manual receipts in the event of the computer system is down as required by AOPC and good internal accounting controls.

Recommendations

We recommend that the office only use manual receipts during instances when the computer system is down as required by AOPC policies and procedures. We further recommend that manual receipts and associated logs be properly accounted for and maintained.

CLERK OF THE COURT OF COMMON PLEAS
MONTGOMERY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2017

Finding No. 1 - Inadequate Internal Controls Over Manual Receipts (Continued)

Management's Response

The County Officer responded as follows:

This finding relates to our juvenile probation office and the system for providing receipts when payments are made to probation officers in the field. We will cease the issuing of receipts by juvenile probation officers and develop a new process.

Auditor's Conclusion

We appreciate the officeholder's efforts to correct these issues. As stated above, manual receipts are only issued in the event of a temporary power loss to the office's computer system. Good internal accounting controls ensure that manual receipts and the associated log are accounted for and properly maintained. During our next examination, we will determine if the office complied with our recommendations.

CLERK OF THE COURT OF COMMON PLEAS
MONTGOMERY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2017

Finding No. 2 - Inadequate Internal Controls Over The Bank Account

Our examination of the accounting records for the office disclosed the following deficiencies in the internal controls over the bank account:

- Bank reconciliations were not properly prepared.
- There were eight deposits dated from February 27, 2017 to December 21, 2017 totaling \$34,090.03 that were not reconciled as of December 31, 2017. All eight deposits were deposited timely, however, they remained outstanding on the monthly reconciliation report as of December 31, 2017.
- There were 3,472 outstanding checks totaling \$274,150.37 dated from September 13, 2005 to December 20, 2016 that were still outstanding as of December 31, 2017.

A good system of internal controls ensures that:

- Bank statements are reconciled to the book balance on a monthly basis.
- All deposits and any adjusting entries are reflected accurately on the bank reconciliation and any discrepancies are immediately investigated and resolved.
- Adequate procedures are established to follow-up on all outstanding checks. If a check is outstanding for 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.

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

These conditions existed because the office failed to establish adequate internal controls over its bank account.

Recommendation

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

CLERK OF THE COURT OF COMMON PLEAS
MONTGOMERY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 2 - Inadequate Internal Controls Over The Bank Account (Continued)

Management's Response

The County Officer responded as follows:

All outstanding deposits were reconciled a few months ago and all stale checks are being escheated.

Auditor's Conclusion

We appreciate the officeholder's efforts to correct these issues. During our next examination, we will determine if the office complied with our recommendation.

CLERK OF THE COURT OF COMMON PLEAS
MONTGOMERY 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

The Honorable Ann Thornburg Weiss
Clerk of the Court of Common Pleas

The Honorable Karen Sanchez, Esq.
Controller

The Honorable Valerie A. Arkoosh
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.