

ATTESTATION ENGAGEMENT

Clerk of the Court of Common
Pleas/Prothonotary/
Clerk of Orphans' Court/Probation
Department
Potter County, Pennsylvania
For the Period
January 1, 2014 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 statements of receipts and disbursements (Statements) of the Clerk of the Court of Common Pleas/Prothonotary/Clerk of Orphans' Court/Probation Department, Potter County, Pennsylvania (County Officer), for the period January 1, 2014 to December 31, 2017, pursuant to the requirements of Sections 401(b) and 401(d) of *The Fiscal Code*, 72 P.S. § 401(b) and § 401(d). The County Office's management is responsible for presenting these Statements in accordance with the criteria set forth in Note 1. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Statements are presented in accordance with the criteria described above, in all material respects. An examination involves performing procedures to obtain evidence about the statements 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 Statements, 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 Sections 401(b) and 401(d) 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 Sections 401(b) and 401(d) of *The Fiscal Code*.

Independent Auditor's Report (Continued)

In our opinion, the Statements referred to above, for the period January 1, 2014 to December 31, 2017, are 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 Statements; 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 Statements. 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 Statements are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on internal control over reporting on the Statements or on compliance and other matters; accordingly, we express no such opinions.

Our consideration of internal control over reporting on the Statements was for the limited purpose of expressing an opinion on whether the Statements are presented in accordance with the criteria described above and was not designed to identify all deficiencies in internal control over reporting on the Statements 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 Statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency listed below to be a material weakness:

- Receipts Were Not Always Deposited On The Same Day As Collected - Probation - Recurring.

As part of obtaining reasonable assurance about whether the Statements are 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 examination finding contained in this report cites conditions that existed in the operation of the County Offices during the previous engagement period and were not corrected during the current examination period. The County Offices should strive to 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 Clerk of the Court of Common Pleas/Prothonotary/Clerk of Orphans' Court/Probation Department, Potter 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.



Eugene A. DePasquale
Auditor General

October 28, 2019

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

Receipts:

Department of Transportation		
Title 75 Fines	\$	63,192
Department of Revenue Court Costs		16,653
Crime Victims' Compensation Costs		31,587
Crime Commission Costs/Victim Witness Services Costs		21,512
Domestic Violence Costs		4,930
Emergency Medical Services Fines		4,271
DUI - ARD/EMS Fees		3,866
CAT/MCARE Fund Surcharges		15,072
Judicial Computer System/Access to Justice Fees		29,599
Offender Supervision Fees		90,306
Criminal Laboratory Users' Fees		17,969
Probation and Parole Officers' Firearm Education Costs		3,440
Substance Abuse Education Costs		24,347
Office of Victims' Services Costs		5,570
Miscellaneous State Fines and Costs		<u>97,863</u>
 Total receipts (Note 2)		 430,177
 Disbursements to Commonwealth (Note 4)		 <u>(430,177)</u>
 Balance due Commonwealth (County) per settled reports (Note 5)		 -
 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 Statements of Receipts and Disbursements are an integral part of this report.

PROTHONOTARY
POTTER COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2017

Receipts:

Writ Taxes	\$ 12,257
Divorce Complaint Surcharges	229,285
Judicial Computer System/Access To Justice Fees	805,237
Protection From Abuse Surcharges and Contempt Fines	1,117
Criminal Charge Information System Fees	<u>964</u>
Total Receipts (Note 2)	1,048,860
Commissions (Note 3)	<u>(368)</u>
Net Receipts	1,048,492
Disbursements to Commonwealth (Note 4)	<u>(1,048,492)</u>
Balance due Commonwealth (County) per settled reports (Note 5)	-
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 Statements of Receipts and Disbursements are an integral part of this report.

CLERK OF ORPHANS' COURT
POTTER COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2017

Receipts:

Marriage License Taxes	\$	212
Marriage License Application Surcharges		4,230
Marriage License Declaration Fees		4,230
Judicial Computer System/Access To Justice Fees		<u>6,074</u>
Total Receipts (Note 2)		14,746
Disbursements to Commonwealth (Note 4)		<u>(14,746)</u>
Balance due Commonwealth (County) per settled reports (Note 5)		-
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 Statements of Receipts and Disbursements are an integral part of this report.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/PROBATION DEPARTMENT
POTTER COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2017

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/Probation 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 \$23.50 fee imposed for the filing of any legal paper to initiate a civil action or proceeding. Effective July 10, 2014, Act 126 increased the fee to \$33.50. Effective August 8, 2014, Act 113 increased the fee to \$35.50. Effective October 30, 2017, Acts 40 and 44 increased the fee to \$40.25.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/PROBATION DEPARTMENT
POTTER COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2017

2. Receipts (Continued)

Prothonotary (Continued)

- Protection From Abuse Surcharges represent a \$100 surcharge imposed against defendants when a protection order is granted as a result of a hearing. Protection From Abuse Contempt Fines represent fines of not less than \$300 nor more than \$1,000 imposed against a defendant who is found to be in violation of a protection from abuse order.
- 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 \$7.50 for the period January 1, 2014 to December 31, 2014. The fee increased to \$8.00 for the period January 1, 2015 to December 31, 2017. The statement of receipts and disbursements only reflects the portion collected on behalf of the AOPC.

Clerk Of Orphans' Court

Receipts consist of monies collected on behalf of the Commonwealth. These include monies collected for the following taxes, surcharges, and fees:

- The Marriage License Tax is a \$.50 tax on all marriage licenses filed with the Clerk of Orphans' Court.
- The Marriage License Application Surcharge is a \$10 surcharge imposed on all marriage license applications.
- The Marriage License Declaration Fees is a \$13 fee imposed for the issuance of a marriage license or declaration and for returns thereof to the Department of Health, \$2.50 of which shall be for the use of the county where the license is issued, and \$.50 for the use of the Commonwealth (Marriage License Tax), plus \$10 (Marriage License/Declaration Fees). The statement of receipts and disbursements only reflects the portion collected on behalf of the Commonwealth.

CLERK OF THE COURT OF COMMON PLEAS/
 PROTHONOTARY/CLERK OF ORPHANS' COURT/PROBATION DEPARTMENT
 POTTER COUNTY
 NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2014 TO DECEMBER 31, 2017

2. Receipts (Continued)

Clerk Of Orphans' Court (Continued)

- Judicial Computer System/Access To Justice Fees represent a \$23.50 fee imposed on all petitions for grant of letters, and first filings in petitions concerning adoptions, incompetents' estates, minors' estates, and inter vivos trusts. Effective July 10, 2014, Act 126 increased the fee to \$33.50. Effective August 8, 2014, Act 113 increased the fee to \$35.50. Effective October 30, 2017, Acts 40 and 44 increased the fee to \$40.25.

3. Commissions - Prothonotary

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.

4. Disbursements

Clerk Of The Court Of Common Pleas

Total disbursements are comprised as follows:

Clerk of the Court checks issued to:

Department of Revenue	\$	429,273
State Police		444
Department of Public Welfare		460
 Total	 \$	 <u><u>430,177</u></u>

CLERK OF THE COURT OF COMMON PLEAS/
 PROTHONOTARY/CLERK OF ORPHANS' COURT/PROBATION DEPARTMENT
 POTTER COUNTY
 NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2014 TO DECEMBER 31, 2017

4. Disbursements (Continued)

Prothonotary

Total disbursements are comprised as follows:

Prothonotary checks issued to:

Department of Revenue	\$ 1,047,528
Adminstrative Office of Pennsylvania Courts	<u>964</u>
 Total	 <u><u>\$ 1,048,492</u></u>

Clerk Of Orphans' Court

Total disbursements are comprised as follows:

Clerk of Orphans' Court checks issued to:

Department of Revenue	<u><u>\$ 14,746</u></u>
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5. Balance Due Commonwealth (County) For The Period January 1, 2014 To December 31, 2017

Clerk Of The Court Of Common Pleas/Probation 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 any receipts disbursed directly to the Administrative Office of Pennsylvania Courts.

Clerk Of Orphans' Court

This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/PROBATION DEPARTMENT
POTTER COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2017

6. County Officers Serving During Examination Period

Kathy S. Schroeder served as the Clerk of the Court of Common Pleas/Prothonotary/Clerk of Orphans' Court for the period January 1, 2014 to December 31, 2017.

Brian R. Abel served as the Chief Probation Officer for the period January 1, 2014 to December 31, 2017.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/PROBATION DEPARTMENT
POTTER COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2017

Finding - Inadequate Internal Controls Over Receipts - Probation - Recurring

We cited the issue of inadequate internal controls over receipts in the prior examination report, for the period January 1, 2012 to December 31, 2013. Our current examination found that the office did not correct this issue.

Our examination testing of 45 Probation receipts disclosed that 11 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 6 days.

It should be noted that the testing of the receipts indicated that the total amount receipted equaled the total amount deposited.

This condition existed because the office failed to establish and implement an adequate system of internal controls over receipts as recommended in the prior examination report.

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.

Recommendation

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

Management's Response

The County Officer responded as follows:

Deposits are now done on a daily basis by the clerical staff on a daily rotation. Any payments that are received after the daily deposit, which is usually done by 2:00 p.m. are secured in a lockbox for the next daily deposit.

Auditor's Conclusion

This is a recurring finding. We appreciate the corrective actions included in the office's response; however, 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.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/PROBATION DEPARTMENT
POTTER 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 Clerk of Courts, Prothonotary, Clerk of Orphans Court and the Probation Department establish and implement an adequate system of internal controls over computer downtime manual receipts.
- The Clerk of Courts review the laws to ensure that fines, costs, fees, and surcharges are assessed as mandated by law.
- The Prothonotary, Clerk of Orphans Court and the Probation Department establish and implement an adequate system of internal controls over receipts.

During our current examination, we noted that the office complied with our first two bulleted recommendations. However, the office did not comply with our third bulleted recommendation. Please see the current year finding for additional information.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY/CLERK OF ORPHANS' COURT/PROBATION DEPARTMENT
POTTER 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 Kathy S. Schroeder
Clerk of the Court of Common Pleas/
Prothonotary/Clerk of Orphans' Court

Brian R. Abel
Chief Probation Officer

The Honorable Stephen P. B. Minor
President Judge

The Honorable Douglas C. Morley
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.