

COMPLIANCE AUDIT

Clerk of the Court of Common Pleas and Probation Office/Prothonotary Juniata County, Pennsylvania For the Period January 1, 2017 to December 31, 2020

May 2022



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov**

**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

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

We have conducted a compliance audit of the Clerk of the Court of Common Pleas and Probation Office/Prothonotary, Juniata County, Pennsylvania (County Officers), for the period January 1, 2017 to December 31, 2020, pursuant to the requirements of Sections 401(b) and 401(d) of *The Fiscal Code*, 72 P.S. § 401(b) and § 401(d).

The objective of the audit was to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted and to provide a report to the Department of Revenue to allow the Department of Revenue to state and settle the County Officers' accounts. Our audit was limited to areas related to the objective identified above and was not conducted, nor was it required to be, in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

The County Officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted. The County Officers are also responsible for complying with those laws and regulations. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that our audit provides a reasonable basis for our conclusions.

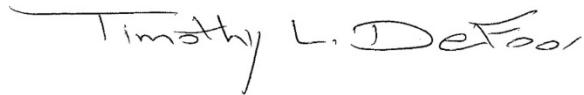
Based on our audit procedures, we conclude that, for the period January 1, 2017 to December 31, 2020, the County Officers, in all significant respects, complied with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted, except as noted in the finding listed below and discussed later in this report:

- Inadequate Outstanding Check Procedures - Clerk Of The Court Of Common Pleas - Recurring.

This report includes summaries of the County Officers' receipts and disbursements of funds collected on behalf of the Commonwealth (summaries). We obtained data representing the County Officers' receipts and disbursements from the Pennsylvania Department of Revenue, which obtains data from each of the Commonwealth's clerk of court of common pleas and prothonotary Offices and used the data to create the summaries in the format required by the Department of Revenue. We also obtain data relating to prothonotaries from the Administrative Office of Pennsylvania Courts. We also evaluated the accuracy of the data as part of our audit to conclude on the County Officers' compliance with certain state laws and regulations as described in the previous paragraph. Any adjustments that we considered necessary based on our audit work are disclosed in the *Audit Adjustments* line of the summaries; however, the scope of our audit does not include the issuance of an opinion on the accuracy of the amounts reported in the summaries.

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.

The contents of this report were discussed with the management of the County Officers and, where appropriate, their response has been included in the report. We appreciate the courtesy extended by the Clerk of the Court of Common Pleas and Probation office/Prothonotary, Juniata County, to us during the course of our audit. 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 that reads "Timothy L. DeFoor". The signature is written in a cursive style with a horizontal line above the first few letters.

Timothy L. DeFoor
Auditor General
March 24, 2022

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CLERK OF THE COURT OF COMMON PLEAS AND PROBATION OFFICE/
PROTHONOTARY
JUNIATA COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

The Department of Auditor General is mandated by Article IV, Section 401(b) and (d) of *The Fiscal Code* (Act of April 9, 1929, P.L.343, No. 176), 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.

Clerk of Court of Common Pleas 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, and fees:

- Writ Taxes of \$.50 or \$.25 imposed on taxable instruments filed with the Prothonotary.
- Divorce Complaint Surcharges of \$10 imposed on all divorce decrees.
- Judicial Computer System/Access To Justice Fees of \$35.50 imposed on all petitions for grant of letters, and first filings in petitions concerning adoptions, incompetents' estates, minors' estates, and inter vivos trusts. Effective October 30, 2017, Act 40 and Act 44 increased the fee to \$40.25.
- Protection From Abuse Surcharges of \$100 imposed against defendants when a protection order is granted as a result of a hearing. Protection From Abuse Contempt 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 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 statement of receipts and disbursements only reflects the portion collected on behalf of the AOPC.

CLERK OF THE COURT OF COMMON PLEAS AND PROBATION OFFICE/
 PROTHONOTARY
 JUNIATA COUNTY
 BACKGROUND
 FOR THE PERIOD
 JANUARY 1, 2017 TO DECEMBER 31, 2020

Total disbursements during the audit period are comprised as follows:

Clerk Of The Court Of Common Pleas and Probation Office

Clerk of the Court checks issued to:

Department of Revenue	\$ 699,231
Office of Comptroller Operations	57
Office of Attorney General	1,199
State Police	925
Office of Inspector General	<u>2,851</u>
 Total	 <u><u>\$ 704,263</u></u>

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

Prothonotary checks issued to:

Department of Revenue	\$ 36,776
Administrative Office of Pennsylvania Courts	<u>988</u>
 Total	 <u><u>\$ 37,764</u></u>

This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue. The balance also reflects a summary of receipts that were disbursed directly to the Administrative Office of Pennsylvania Courts.

Lori Ferry served as the Clerk of the Court of Common Pleas/Prothonotary for the period January 1, 2017 to December 31, 2020.

Michelle Beaver served as the Chief Probation Officer for the period January 1, 2017 to December 31, 2020.

CLERK OF THE COURT OF COMMON PLEAS AND PROBATION OFFICE/
PROTHONOTARY
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BACKGROUND
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The summaries 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 summaries 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.

CLERK OF THE COURT OF COMMON PLEAS AND PROBATION OFFICE
 JUNIATA COUNTY
 SUMMARY OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2017 TO DECEMBER 31, 2020

Receipts:

Department of Transportation		
Title 75 Fines	\$	115,389
Department of Revenue Court Costs		24,032
Crime Victims' Compensation Costs		35,401
Crime Commission Costs/Victim Witness Services Costs		24,380
Domestic Violence Costs		6,472
Emergency Medical Services Fines		5,954
DUI - ARD/EMS Fees		7,686
CAT/MCARE Fund Surcharges		20,759
Judicial Computer System/Access to Justice Fees		40,151
Offender Supervision Fees		260,139
Constable Service Surcharges		20
Criminal Laboratory Users' Fees		4,708
Probation and Parole Officers' Firearm Education Costs		4,445
Substance Abuse Education Costs		34,910
Office of Victims' Services Costs		1,978
Miscellaneous State Fines and Costs		<u>117,839</u>
 Total receipts		 704,263
 Disbursements to Commonwealth		 <u>(704,263)</u>
 Balance due Commonwealth (County) per settled reports		 -
 Audit adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (County) for the period January 1, 2017 to December 31, 2020	 \$	 <u><u>-</u></u>

PROTHONOTARY
 JUNIATA COUNTY
 SUMMARY OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2017 TO DECEMBER 31, 2020

Receipts:

Writ Taxes	\$	597
Divorce Complaint Surcharges		2,130
Judicial Computer System/Access To Justice Fees		34,067
Criminal Charge Information System Fees		<u>988</u>
Total Receipts		37,782
Commissions		<u>(18)</u>
Net Receipts		37,764
Disbursements to Commonwealth		<u>(37,764)</u>
Balance due Commonwealth (County) per settled reports		-
Audit adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2017 to December 31, 2020	\$	<u><u>-</u></u>

CLERK OF THE COURT OF COMMON PLEAS
JUNIATA COUNTY
FINDING AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding - Inadequate Outstanding Check Procedures - Clerk Of The Court Of Common Pleas - Recurring

We cited the issue of inadequate internal controls over the bank account in the two prior audits, with the most recent being for the period January 1, 2012 to December 31, 2016. Our current audit found that the office did not correct this issue.

Our audit of the accounting records disclosed that the office is carrying 236 outstanding checks totaling \$10,164.46, dated from June 7, 2010 to June 17, 2020, that were still outstanding as of December 31, 2020.

This condition existed because the office failed to establish and implement an adequate system of internal controls over the bank account as recommended in our previous two audit reports. The office continued its longstanding practice of following Commonwealth unclaimed property guidelines and escheated checks no less than three years old on an annual basis.

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.

Without a good system of internal controls over the bank account, the possibility of funds being lost or misappropriated increases significantly. Also, the failure to follow-up on outstanding check procedures results in a weakening of internal controls over the cash account and inefficiency caused by the needless record-keeping of outstanding checks.

Recommendations

We strongly 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.

CLERK OF THE COURT OF COMMON PLEAS
JUNIATA COUNTY
FINDING AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding - Inadequate Outstanding Check Procedures - Clerk Of The Court Of Common Pleas - Recurring (Continued)

Management's Response

The County Officer responded as follows:

I will be contacting our Pennsylvania (PA) Prothonotary and Clerk of Court Association to see how other counties handle their outstanding checks, escheating and unclaimed property. I am now in the process of escheating 2018 outstanding check to Pennsylvania (PA) Unclaimed Property. Once this is complete, I will be having a meeting with our new County Treasurer and new Fiscal Manager to establish new procedures in dealing with unclaimed items and establish a system of internal controls over outstanding checks.

Auditor's Conclusion

We appreciate the officeholder's efforts to correct these issues. This is a recurring finding. During our next audit, we will determine if the office has complied with our recommendations.

CLERK OF THE COURT OF COMMON PLEAS AND PROBATION OFFICE/
PROTHONOTARY
JUNIATA COUNTY
SUMMARY OF PRIOR AUDIT RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Summary Of Prior Audit Recommendations

During our prior audit, we recommended that:

- The Probation Office establish and implement an adequate system of internal controls over manual receipts.
- The Clerk Of The Court Of Common Pleas/Prothonotary Offices establish and implement an adequate system of internal controls over the bank accounts. We further recommended that the offices establish and implement procedures 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 offices should reinstate the amount of outstanding checks to the checking account and subsequently hold these monies in escrow for unclaimed escheatable funds.

During our current audit, we noted that the Probation Office complied with our first bulleted recommendation. Also, the Prothonotary Office complied with our second bulleted recommendation. However, the Clerk Of The Court Of Common Pleas Office did not comply with our second bulleted recommendation. Please see the current year finding for additional information.

CLERK OF THE COURT OF COMMON PLEAS AND PROBATION OFFICE/
PROTHONOTARY
JUNIATA COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

This report was initially distributed to:

The Honorable Stacy Garrity
Treasurer
Pennsylvania Office of the State Treasurer

The Honorable C. Daniel Hassell
Secretary
Pennsylvania Department of Revenue

The Honorable H. Geoffrey Moulton, Jr.
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 Lori A. Ferry
Clerk of the Court of Common Pleas/Prothonotary

Ms. Michelle Beaver
Chief Probation Officer

The Honorable Alice J. Gray
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.