



DOMESTIC RELATIONS SECTION

LUZERNE COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2005 TO DECEMBER 31, 2007

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## Independent Auditor's Report

Mr. C. Daniel Hassell  
Acting Secretary  
Pennsylvania Department of Revenue  
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of the Director of the Domestic Relations Section, Luzerne County, Pennsylvania (County Officer), for the period January 1, 2005 to December 31, 2007, pursuant to the requirements of Sections 401(b) and 401(d) of *The Fiscal Code*, 72 P.S. § 401(b) and § 401(d). This Statement is the responsibility of the county office's management. 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. An examination includes examining, on a test basis, evidence supporting the Statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides 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*.

In our opinion, the Statement referred to above presents, in all material respects, the operations of the County Officer as it pertains to receipts made on behalf of the Commonwealth for the period ended December 31, 2007, in conformity with the criteria set forth in Note 1.

### Independent Auditor's Report (Continued)

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Statement and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. 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 the internal control over reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County Officer's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria such that there is more than a remote likelihood that a misstatement of the County Officer's Statement that is more than inconsequential will not be prevented or detected by the County Officer's internal control. We consider the deficiency described in the finding below to be a significant deficiency in internal control over the reporting on the Statement:

- Inadequate Internal Controls Over Receipts.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statement will not be prevented or detected by the County Officer's internal control. Our consideration of the internal control over reporting on the Statement would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the significant deficiency described above to be a material weakness.

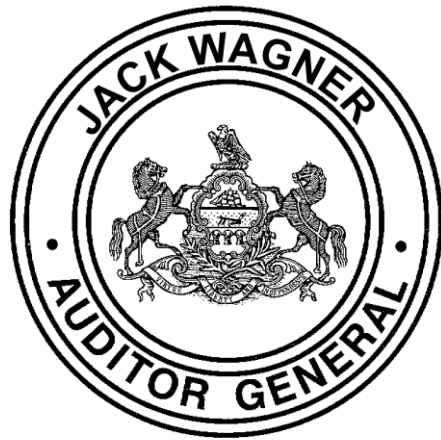
The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Independent Auditor's Report (Continued)

This report is intended solely for the information and use of the Pennsylvania Department of Revenue, the Administrative Office of Pennsylvania Courts, and the County Officer and is not intended to be and should not be used by anyone other than these specified parties.

September 1, 2009

JACK WAGNER  
Auditor General



DOMESTIC RELATIONS SECTION  
LUZERNE COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2005 TO DECEMBER 31, 2007

Receipts:

Judicial Computer System/Access To Justice Fees (Note 2)	\$ 33,340
Disbursements to Commonwealth (Note 3)	<u>(33,340)</u>
Balance due Commonwealth (County) per settled reports (Note 4)	-
Examination adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) January 1, 2005 to December 31, 2007	<u><u>\$ -</u></u>

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

DOMESTIC RELATIONS SECTION  
LUZERNE COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2005 TO DECEMBER 31, 2007

1. Criteria

The Statement of Receipts and Disbursements provides a summary of receipts and disbursements by category. The categories and the amounts of taxes, surcharges, and fees 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 consist of monies collected on behalf of the Commonwealth. These include monies collected for the Judicial Computer System/Access To Justice Fees which represent a \$10 fee imposed for the filing of any legal paper to initiate a civil action or proceeding.

3. Disbursements

Total disbursements are comprised as follows:

Domestic Relations checks issued to:

Department of Revenue	\$ 33,340
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4. Balance Due Commonwealth (County) For The Period January 1, 2005 To December 31, 2007

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

5. County Officer Serving During Examination Period

James M. Davis served as Director of the Domestic Relations Section during the period January 1, 2005 to December 31, 2007.



DOMESTIC RELATIONS SECTION  
LUZERNE COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2005 TO DECEMBER 31, 2007

Finding - Inadequate Internal Controls Over Receipts

Although the Domestic Relations Section has a computer generated receipting system, their office issues manual receipts for the collection of monies as the result of support complaints filed in their office. The manual receipt information is entered into the computer system later that day or several days later.

Our examination disclosed that there were inadequate internal controls over manual receipts. We tested 23 manual receipts and noted the following:

- There were six instances in which the computer receipt was not generated timely after the issuance of the corresponding manual receipt. The time lapse from the date of the manual receipt to the corresponding computer receipt ranged from 4 days to 19 days.
- There were 18 receipts tested that 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 4 days to 25 days.
- There were five manual receipts, totaling \$50, in which we could not determine if the monies were ever deposited or remitted to the Commonwealth.
- There were manual receipts not issued in numerical sequence.
- There were manual receipts that were not properly completed. The method of payment (i.e. cash, check, money order) was not indicated on the manual receipts.
- Manual receipt numbers were not entered into the computer system when the corresponding computer receipts were generated.
- The computer system did not always issue a “computer” receipt number on general ledger reports. There were four manual receipts that could not be traced to the computer generated accounting records.
- A manual receipts log was not maintained.
- Manual receipts were issued for all transactions even though the computer system was not down.

DOMESTIC RELATIONS SECTION  
LUZERNE COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2005 TO DECEMBER 31, 2007

Finding - Inadequate Internal Controls Over Receipts (Continued)

- Per interview with office personnel, personal checks were cashed out of the office's daily collections.

Good internal accounting controls ensure that:

- Computer receipts are generated timely after the issuance of the corresponding manual receipts.
- All monies collected are deposited in the bank at the end of every day.
- Manual receipts are issued in numerical sequence.
- All required information is recorded on the manual receipt, including date issued, date filed, signature of the person receiving the payment, remitter name, docket number, payment source, and payment method.
- Computer downtime manual receipt numbers are entered in the manual receipt number field on the computer when the corresponding computer receipts are generated.
- A manual receipt log is completed and maintained for all computer downtime receipts. Information pertaining to each downtime manual receipt should be recorded on the log and the log should include the initials of the employee receiving the payment and the date the payment was entered into the system.
- The computer system is updated in order to record receipts for all transactions processed.
- Manual receipts are accounted for and maintained.
- Manual receipts are only issued when the computer system is down.
- All receipts are deposited intact, i.e. no personal checks are cashed from office receipts.

DOMESTIC RELATIONS SECTION  
LUZERNE COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2005 TO DECEMBER 31, 2007

Finding - Inadequate Internal Controls Over Receipts (Continued)

Recommendation

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

Management's Response

The director of the Domestic Relations Section responded as follows:

We have reviewed and understand the finding regarding internal control of receipts as described by the auditor. However, we would like to note that for the three year period under examination (and for all prior years which were previously examined) all fees which should have been collected were, in fact, collected and all those fees were disbursed appropriately to the PA Department of Revenue.

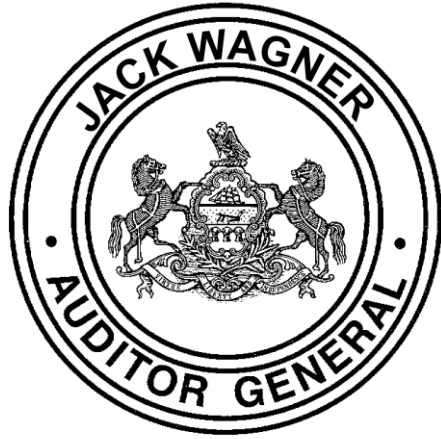
The manual receipts system has been, with the exception of its use in our Hazelton Branch Office, retired and replaced by a totally computerized system. This system acts in the following manner: as each receipt is received, it is entered into the cash receipts section of our general ledger program from which two printed receipts are generated. One of these receipts is given to the plaintiff and one is placed in our docketing file. These receipts are numbered sequentially by the computer program. However, the program is also used to collect receipts from sources other than the JCS [Judicial Computer System] fees so that the JCS receipts would not be in sequential order.

Deposits of receipts are made twice weekly, at noon on Tuesday of each week and at noon on Friday of each week. Prior to their deposit, the receipts are kept in a locked safe in a secure room at our office.

Our Hazelton Office collects very few JCS [Judicial Computer System] fees thus rendering the installation of a computerized system in that office not cost effective.

Auditor's Conclusion

We strongly recommend that the office take all corrective actions necessary to comply with our recommendation. The failure to implement the recommended procedures increases the potential for funds to be lost or misappropriated.



DOMESTIC RELATIONS SECTION  
LUZERNE COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2005 TO DECEMBER 31, 2007

This report was initially distributed to:

Mr. C. Daniel Hassell  
Acting Secretary  
Pennsylvania Department of Revenue

The Honorable Zygmunt Pines  
Court Administrator of Pennsylvania  
Supreme Court of Pennsylvania  
Administrative Office of Pennsylvania Courts

Domestic Relations Section  
Luzerne County  
113 West North Street  
Wilkes Barre, PA 18711

Mr. James M. Davis	Director, Domestic Relations Section
The Honorable Maryanne Petrilla	Chairperson of the Board of Commissioners
Mr. Anthony Martinelli	Acting Controller

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. To view this report online or to contact the Department of the Auditor General, please access our web site at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).