

# ATTESTATION ENGAGEMENT

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Prothonotary - Collections on Behalf  
of the Department of Revenue and the  
Administrative Office of  
Pennsylvania Courts  
Philadelphia County, Pennsylvania  
For the Period  
January 1, 2015 to February 28, 2018

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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 Prothonotary - Collections on Behalf of the Department of Revenue and the Administrative Office of Pennsylvania Courts, Philadelphia County, Pennsylvania (County Officer), for the period January 1, 2015 to February 28, 2018, 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 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 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 Statement referred to above, for the period January 1, 2015 to February 28, 2018, 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 opinion.

Our consideration of internal control over reporting on the Statement was for the limited purpose of attempting to express 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:

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

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 the following instance of noncompliance that are required to be reported under *Government Auditing Standards*.

- Judicial Computer System/Access To Justice Fees Not Properly Assessed On Divorce Complaints - Recurring.

Independent Auditor's Report (Continued)

The two examination findings contained in this report cite conditions that existed in the operation of the County Office during the last three and four engagement periods, respectively, and were not corrected during the current examination period. The County Office 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 to us by the Prothonotary, Philadelphia County, 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.



Eugene A. DePasquale  
Auditor General

July 2, 2019

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PROTHONOTARY - COLLECTIONS ON BEHALF OF THE DEPARTMENT OF REVENUE  
AND THE ADMINISTRATIVE OFFICE OF PENNSYLVANIA COURTS  
PHILADELPHIA COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2015 TO FEBRUARY 28, 2018

Receipts:

Writ Taxes	\$	91,941
Divorce Complaint Surcharges		51,860
Judicial Computer System/Access To Justice Fees		14,421,610
Protection From Abuse Surcharges and Contempt Fines		1,000
Criminal Charge Information System Fees		<u>82,659</u>
Total Receipts (Note 2)		14,649,070
Commissions (Note 3)		<u>(2,758)</u>
Net Receipts		14,646,312
Disbursements to Commonwealth (Note 4)		<u>(14,646,312)</u>
Balance due Commonwealth (County) per settled reports (Note 5)		-
Examination adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2015 to February 28, 2018	\$	<u><u>-</u></u>

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

PROTHONOTARY - COLLECTIONS ON BEHALF OF THE DEPARTMENT OF REVENUE  
AND THE ADMINISTRATIVE OFFICE OF PENNSYLVANIA COURTS  
PHILADELPHIA COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2015 TO FEBRUARY 28, 2018

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, fines, 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 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 - Collections on Behalf of the Department of Revenue and the Administrative Office of Pennsylvania Courts.
- Divorce Complaint Surcharges represent a \$10 surcharge imposed on all divorce decrees.
- Criminal Justice Enhancement Account/Judicial Computer System/Access To Justice Fees represent a \$35.50 fee imposed for the filing of any legal paper to initiate a civil action or proceeding. Effective October 30, 2017, Act 40 and Act 44 increased the fee to \$40.25.
- 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 statement of receipts and disbursements only reflects the portion collected on behalf of the AOPC.

PROTHONOTARY - COLLECTIONS ON BEHALF OF THE DEPARTMENT OF REVENUE  
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NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2015 TO FEBRUARY 28, 2018

3. Commissions

Acting in the capacity of an agent for the Commonwealth, the Prothonotary - Collections on Behalf of the Department of Revenue and the Administrative Office of Pennsylvania Courts 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

Total disbursements are comprised as follows:

Prothonotary checks issued to:

Department of Revenue	\$ 14,563,653
Administrative Office of Pennsylvania Courts	<u>82,659</u>
Total	<u>\$ 14,646,312</u>

5. Balance Due Commonwealth (County) For The Period January 1, 2015 To February 28, 2018

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

6. County Officer Serving During Examination Period

Eric Feder served as Prothonotary during the period January 1, 2015 to February 28, 2018.



PROTHONOTARY - COLLECTIONS ON BEHALF OF THE DEPARTMENT OF REVENUE  
AND THE ADMINISTRATIVE OFFICE OF PENNSYLVANIA COURTS  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2015 TO FEBRUARY 28, 2018

**Finding No. 1 - Receipts Were Not Deposited On The Same Day As Collected - Recurring**

We cited the issue of receipts not always deposited on the same day as collected in the last three examinations with the most recent being for the period May 5, 2014 to December 31, 2014. Our current examination found that the officeholder did not correct this issue.

Our current examination found that receipts were not deposited on the same day as collected. Of 47 receipts tested, all 47 receipts were not deposited on the same day as collected. The time lapse from the date of the receipt to the subsequent date of deposit ranged from 2 days to 18 days.

This condition existed because the office failed to deposit all receipts at the end of each day as recommended in the last three examination reports.

Good internal accounting controls require that all monies collected are to be deposited in the bank at the end of every day.

Without a good system of internal control over funds received by the office, the possibility of funds being lost or misappropriated increases significantly.

**Recommendation**

We strongly recommend that the office deposit all receipts at the end of each day as required by good internal accounting controls.

**Management's Response**

The County Officer responded as follows:

During the audit period, there may have been a delay in deposit time due to weekends, holidays or court closures. Additionally deposit responsibilities were assigned to a specific member of the accounting unit due to segregation of duties and the limited number of staff within the small unit. When the employee assigned to deposit payments was off due to health or personal reasons, the deposits would not be completed in a timely manner. We now deposit cash daily to an electronic safe and scan and deposit checks daily.

**Auditor's Conclusion**

This is a recurring finding. It is imperative that the office take all steps necessary to comply with our recommendation. The failure to comply with our recommendation increases the possibility of funds being lost or misappropriated. During our next examination, we will determine if the office complied with our recommendation.

PROTHONOTARY - COLLECTIONS ON BEHALF OF THE DEPARTMENT OF REVENUE  
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FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2015 TO FEBRUARY 28, 2018

**Finding No. 2 - Judicial Computer System/Access To Justice Fees Not Properly Assessed On Divorce Complaints - Recurring**

We cited the issue of the Judicial Computer System/Access to Justice (JCP/ATJ) Fees not properly assessed on divorce complaints in our four prior examination reports, with the most recent being for the period of May 5, 2014 to December 31, 2014. Our current examination found that the officeholder did not correct this issue.

Our current examination found that the JCP/ATJ Fees were not assessed per count on divorce complaints. The JCP/ATJ Fees were assessed once on every complaint regardless of the number of counts for all complaints filed from January 1, 2015 to December 31, 2017. We examined two complaints filed after January 8, 2018 that were assessed correctly.

The Administrative Office of Pennsylvania Courts (AOPC) has issued regulations to implement 42 PA C.S.A. Section 3733 (a.1). The regulations provide that with respect to divorce actions, a separate statutory fee shall be imposed on each count in the divorce complaint in addition to the count requesting divorce.

This condition existed because the office failed to notify Family Court and Court Administration to start assessing the fees as recommended in the prior four examination reports.

Without the proper assessment and collection of the JCP/ATJ Fees, the Commonwealth will not receive all funds due them.

**Recommendation**

We recommend that the office continue to assess the JCP/ATJ Fees on each count in a divorce complaint.

**Management's Response**

The County Officer responded as follows:

Family Court began to charge and collect JCP/ATJ fees on every divorce count as of January 8, 2018.

**Auditor's Conclusion**

We appreciate the officeholder's efforts to correct this condition.

PROTHONOTARY - COLLECTIONS ON BEHALF OF THE DEPARTMENT OF REVENUE  
AND THE ADMINISTRATIVE OFFICE OF PENNSYLVANIA COURTS  
PHILADELPHIA COUNTY  
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2015 TO FEBRUARY 28, 2018

Summary Of Prior Examination Recommendations

During our prior examination, we recommended that the office:

- Deposit all receipts at the end of each day as required by good internal accounting controls.
- Notify Family Court and Court Administration to start assessing the JCP/ATJ Fees on each count in a divorce complaint.

During our current examination, we noted that the office did not comply with our bulleted recommendations. Please see the current year findings for additional information.

PROTHONOTARY - COLLECTIONS ON BEHALF OF THE DEPARTMENT OF REVENUE  
AND THE ADMINISTRATIVE OFFICE OF PENNSYLVANIA COURTS  
PHILADELPHIA COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2015 TO FEBRUARY 28, 2018

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

**The Honorable Eric Feder**  
Prothonotary

**The Honorable Rebecca Rhynhart**  
Controller

**The Honorable Lisa Deeley**  
Chairperson of the Board of Commissioners

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://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](mailto:news@PaAuditor.gov).