

PROTHONOTARY  
CRAWFORD COUNTY  
EXAMINATION REPORT  
FOR THE PERIOD  
JANUARY 1, 2005 TO DECEMBER 31, 2006

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## Independent Auditor's Report

The Honorable Thomas W. Wolf  
Secretary  
Department of Revenue  
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of the Prothonotary, Crawford County, Pennsylvania (County Officer), for the period January 1, 2005 to December 31, 2006, 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*.

Independent Auditor's Report (Continued)

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 Pennsylvania Department of Revenue and other state agencies for the period ended December 31, 2006, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of 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 the Statement or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards* and those findings, along with the views of management, are described in the Findings and Recommendations section of the report.

We are concerned in light of the County Officer's failure to correct previously reported findings regarding inadequate internal controls over receipts and the bank account. The County Officer should strive to implement the recommendations and corrective actions noted in this examination report. During our current examination, we noted several significant weaknesses in the internal controls over receipts and the bank account that need corrective action. These significant deficiencies increase the risk for funds to be lost, stolen, or misappropriated.

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.

June 29, 2007

JACK WAGNER  
Auditor General

PROTHONOTARY  
CRAWFORD COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2005 TO DECEMBER 31, 2006

Receipts:

Writ Taxes	\$ 1,693
Divorce Complaint Surcharges	4,670
Judicial Computer System/Access To Justice Fees	32,418
Protection From Abuse Surcharges and Contempt Fines	1,120
Criminal Charge Information System Fees	<u>1,624</u>
Total Receipts (Note 2)	41,525
Commissions (Note 3)	<u>(51)</u>
Net Receipts	41,474
Disbursements to Commonwealth (Note 4)	<u>(41,474)</u>
Balance due Commonwealth (County) per settled reports (Note 5)	-
Examination adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2005 to December 31, 2006	<u><u>\$ -</u></u>

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

PROTHONOTARY  
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NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2005 TO DECEMBER 31, 2006

1. Criteria

The Statement of Receipts and Disbursements (Statement) has been prepared in accordance with Section 401(b) of *The Fiscal Code*, 72 P.S. § 401(b), which requires the Department of the Auditor General to determine whether all money collected on behalf of the Commonwealth has been remitted properly and to provide the Pennsylvania Department of Revenue (Department of Revenue) with a report to enable them to settle an account covering any delinquency.

The Statement was prepared in accordance with reporting requirements prescribed by the 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.
- Divorce Complaint Surcharges represent a \$10.00 surcharge imposed on all divorce decrees.
- Judicial Computer System/Access To Justice Fees represent fees (\$5.00 for filings prior to November 1, 2002 and \$10.00 for filings afterwards) imposed for the filing of any legal paper to initiate a civil action or proceeding.
- Protection From Abuse Surcharges represent a \$25.00 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 \$100.00 nor more than \$1,000.00 imposed against a defendant who is found to be in violation of a protection from abuse order.

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NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
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2. Receipts (Continued)

- 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. For the period January 1, 2005 to December 31, 2005 the fee was \$6.00. For the period January 1, 2006 to December 31, 2006 the fee was \$6.50. The statement of receipts and disbursements only reflects the portion collected on behalf of the AOPC.

3. Commissions

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 Department of Revenue.

4. Disbursements

Total disbursements are comprised as follows:

Prothonotary checks issued to:

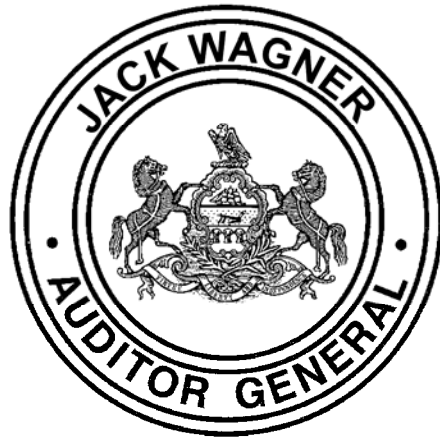
Department of Revenue	\$ 39,850
Administrative Office of Pennsylvania Courts	<u>1,624</u>
Total	<u><u>\$ 41,474</u></u>

5. Balance Due Commonwealth (County) For The Period January 1, 2005 To December 31, 2006

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

Mary E. Smith served as Prothonotary during the period January 1, 2005 to December 31, 2006.





PROTHONOTARY  
CRAWFORD COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2005 TO DECEMBER 31, 2006

Finding No. 1 - Inadequate Internal Controls Over Receipts

The Prothonotary's Office is authorized to collect Commonwealth fines, taxes, fees, and surcharges. In performing our examination, we noted the following weaknesses:

- Receipts were not always deposited on the same day as collected. Of 40 receipts tested, 23 were not deposited on the same day as collected. The time lapse from the date of receipt to the subsequent deposit ranged from two days to nine days.
- Of the 62 deposits tested, although the total amount of the deposit was correct, the mix of cash and checks listed on the deposit slips were not in agreement with the mix of cash and checks listed on the receipt registers in 38 instances. Our testing disclosed that the office was cashing non-business personal checks.

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

A good system of internal controls ensures that:

- All monies collected are deposited in the bank at the end of every day.
- All cash and checks received are properly recorded and deposited intact as received on a daily basis.

The condition relating to untimely deposits was cited in our last four audit periods, the most recent ending December 31, 2004.

Without a good system of internal controls over funds received by the office, the potential is increased that funds could be lost, stolen, or misappropriated.

Recommendations

We again recommend that the office establish and implement procedures to ensure that all collections are deposited on the same day collected. Additionally, we again recommend that receipts collected be deposited intact as required by good internal controls.

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FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
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Finding No. 1 - Inadequate Internal Controls Over Receipts (Continued)

Management's Response

The Prothonotary responded as follows:

Daily deposits were started in May 2006 and cashing personal checks has stopped.

PROTHONOTARY  
CRAWFORD COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
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Finding No. 2 - Inadequate Internal Controls Over The Bank Account

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

- There were 58 stale checks totaling \$3,578 dated from July 31, 2002 to December 12, 2005, which were still outstanding as of December 31, 2006.
- There was no accountability over undisbursed funds. Cash on hand exceeded recorded obligations by approximately \$23,100.

This condition existed because the office failed to establish and implement an adequate system of internal controls over the bank account.

A good system of internal controls ensures that:

- Adequate procedures are established to follow-up on all outstanding checks. If a check is outstanding for over 90 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.
- The ending adjusted bank balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved. Since the bank account of the office is essentially an escrow account on behalf of the Commonwealth, County, and other participating entities, all available cash on hand should equal unpaid obligations.

Without a good system of internal controls over the bank account, the potential is increased that funds could be lost, stolen, or misappropriated.

This finding was cited in our last two audit periods, the most recent ending December 31, 2004.

Recommendation

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

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

Management's Response

The Prothonotary responded as follows:

Steps are being done to get in touch with payee on checks and also docketing the outstanding balances.

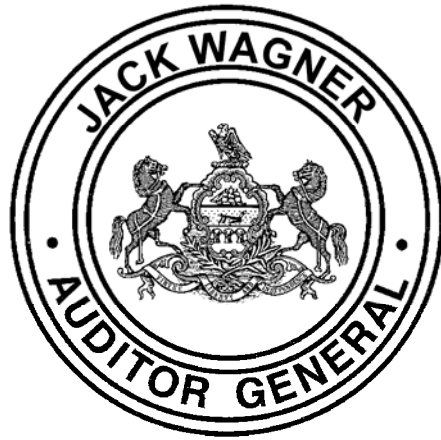
PROTHONOTARY  
CRAWFORD COUNTY  
COMMENT  
FOR THE PERIOD  
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Comment - Compliance With Prior Audit Recommendation

During our prior audit, we made the following recommendation:

- That the office add the manual checkbook balance to the computer cash book balance and that all adjustments should be posted to the computer cash book.

During our current examination, we noted that the office complied with our recommendation.



PROTHONOTARY  
CRAWFORD COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2005 TO DECEMBER 31, 2006

This report was initially distributed to:

The Honorable Thomas W. Wolf  
Secretary  
Department of Revenue

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

Prothonotary  
Crawford County  
Crawford County Courthouse  
903 Diamond Square  
Meadville, PA 16335

The Honorable Mary E. Smith

Prothonotary

Ms. Robyn J. Sye

Chief Financial Officer

The Honorable Morris W. Waid

Chairman of the Board of Commissioners

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).