



PROTHONOTARY

PERRY COUNTY

AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2002 TO DECEMBER 31, 2005



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## Independent Auditor's Report

The Honorable Gregory C. Fajt  
Secretary  
Department of Revenue  
Harrisburg, PA 17128

We have audited the accompanying statement of receipts and disbursements – cash basis of the Prothonotary, Perry County, Pennsylvania (County Officer), for the period January 1, 2002 to December 31, 2005, pursuant to the requirements of Section 401(b) and 902 of *The Fiscal Code*. This financial statement is the responsibility of the county office's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the accompanying financial statement was prepared using accounting practices prescribed by the Pennsylvania Department of Revenue, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The financial statement presents only the Commonwealth portion of cash receipts and disbursements and is not intended to present fairly the financial position and results of operations of the County Officer, in conformity with accounting principles generally accepted in the United States.

Independent Auditor's Report (Continued)

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County Officer, as of December 31, 2005, the changes in its financial position, or where applicable, its cash flows for the period then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the operations of the County Officer as it pertains to receipts made on behalf of the Department of Revenue and the Administrative Office of Pennsylvania Courts for the period January 1, 2002 to December 31, 2005, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2006, on our consideration of the County Officer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.

December 12, 2006

JACK WAGNER  
Auditor General

PROTHONOTARY  
PERRY COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2005

Receipts:

|   |                      |
|---|----------------------|
| Writ Taxes  | \$ 1,262             |
| Divorce Complaint Surcharges  | 6,390                |
| Judicial Computer System/Access To Justice Fees   | 25,142               |
| Protection From Abuse Surcharges And Contempt Fines   | 548                  |
| Criminal Charge Information System Fees   | <u>1,710</u>         |
| Total receipts (Note 2)   | 35,052               |
| Commissions (Note 3)  | <u>(38)</u>          |
| Net receipts  | 35,014               |
| Disbursements to Commonwealth (Note 4)  | <u>(35,014)</u>      |
| Balance due Commonwealth (County)<br>per settled reports (Note 5)                                 | -                    |
| Audit adjustments (Note 6)  | <u>936</u>           |
| Adjusted balance due Commonwealth (County)<br>for the period January 1, 2002 to December 31, 2005 | <u><u>\$ 936</u></u> |

Notes to the financial statement are an integral part of this report.

PROTHONOTARY  
PERRY COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2005

1. Summary Of Significant Accounting Policies

Basis Of Presentation

The financial statement was prepared in accordance with the requirements of the Pennsylvania Department of Revenue. This financial statement is not intended to present either financial results of operations or financial position in conformity with generally accepted accounting principles.

Basis Of Accounting

The financial statement was prepared on the cash basis of accounting. Under this method, revenues were recognized when received and expenditures were recognized when paid.

Audit Requirement

The financial presentation has been prepared in accordance with Title 72 P.S. Section 401 (b) of *The Fiscal Code*, 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 Department of Revenue with a report to enable them to settle an account covering any delinquency. A statement of assets and liabilities was not a required part of the financial presentation because of the limited reporting scope by the Prothonotary. Therefore, a statement of assets and liabilities was not audited and is not a part of this report.

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.



PROTHONOTARY  
PERRY COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2005

2. Receipts (Continued)

- 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.
- Criminal Charge Information System Fees represent a \$5.00 fee imposed on all custody cases. Of the \$5.00 fee, \$4.00 is payable to the Administrative Office of Pennsylvania Courts (AOPC) and \$1.00 is payable to the County in which the action took place. The financial statement only reflects the portion collected on behalf of the AOPC. Effective January 1, 2005, the fee was increased to \$6.00, of which \$4.80 is payable to 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                        | \$ 33,304               |
| Administrative Office of Pennsylvania Courts | <u>1,710</u>            |
| Total  | <u><u>\$ 35,014</u></u> |

PROTHONOTARY  
PERRY COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2005

5. Balance Due Commonwealth (County) For The Period January 1, 2002 To December 31, 2005

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. It does not reflect adjustments disclosed by our audit. See Note 6.

6. Audit Adjustments

There was \$396 in Writ Taxes collected that were not included on the monthly reports or remitted to the Department of Revenue.

There was \$540 in Divorce Complaint Surcharges collected that were not included on the monthly reports or remitted to the Department of Revenue.

The total of these adjustments is \$936.

7. County Officer Serving During Audit Period

Brenda J. Albright served as Prothonotary during the period January 1, 2002 to December 31, 2005.

Report On Compliance and On  
Internal Control Over Financial Reporting

The Honorable Gregory C. Fajt  
Secretary  
Department of Revenue  
Harrisburg, PA 17128

We have audited the statement of receipts and disbursements – cash basis of the Prothonotary, Perry County, Pennsylvania (County Officer), for the period January 1, 2002 to December 31, 2005, and have issued our report thereon dated December 12, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County Officer's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County Officer's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable

Report On Compliance And On  
Internal Control Over Financial Reporting (Continued)

conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County Officer's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. The reportable condition described in the finding is as follows:

- Inadequate Accountability Over Undisbursed Funds.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the reportable condition described above to be a material weakness.

We are concerned in light of the County Officer's failure to correct a previously reported audit finding regarding inadequate accountability over undisbursed funds. The County Officer should strive to implement the recommendation and corrective action noted in this audit report. During our current audit, we noted a significant weakness in the internal controls over undisbursed funds that need corrective action. This significant deficiency increases the potential 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.

December 12, 2006

JACK WAGNER  
Auditor General

PROTHONOTARY  
PERRY COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2005

Finding - Inadequate Accountability Over Undisbursed Funds

Our audit disclosed that the Prothonotary did not have adequate accountability over undisbursed funds. Undisbursed receipts were not reconciled properly with the ending cash balance on a monthly basis. As of December 31, 2005, the Prothonotary had cash on hand exceeding recorded obligations by \$2,851.

A good system of internal controls ensures that 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.

The Prothonotary believes that the above noted unidentified overage is the result of old landlord tenant cases that were never resolved and may not have been posted to the computer database. These old cases would have to be verified by examining years of old manual records and would require a court order to disburse the funds.

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

This finding was cited in the prior audit for the period ending December 31, 2001.

Recommendation

We again recommend that the office attempt to identify the existing cash overage. Any unidentified funds should be accounted for under normal escheat procedures. Furthermore, the office should ensure that reconciled cash equals unpaid obligations monthly.

Auditee Response

The Prothonotary responded as follows:

Problems occurred during migration from the old "Cott Computer System" to the "Full Court Computer System" that made it extremely difficult to determine the cause of the undisbursed receipts, especially since the overage seemed to haphazardly increase. The causes of the reporting errors brought to attention during this audit were corrected on the computer assessment screen, which should correct the problem, and hopefully the overage will remain constant so that a detailed identification process could be conducted.

PROTHONOTARY  
PERRY COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2005

Finding - Inadequate Accountability Over Undisbursed Funds (Continued)

Auditor's Conclusion

We appreciate the Prothonotary's effort to correct this condition. We strongly recommend that the Prothonotary take all corrective actions necessary to comply with all our recommendation. The failure to implement the recommended procedures increases the potential for funds to be lost, stolen, or misappropriated.

PROTHONOTARY  
PERRY COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2005

This report was initially distributed to:

The Honorable Gregory C. Fajt  
Secretary  
Department of Revenue

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

Prothonotary  
Perry County  
Perry County Courthouse  
New Bloomfield, PA 17068

The Honorable Brenda J. Albright

Prothonotary

The Honorable John J. Amsler

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. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).