



PROTHONOTARY  
DELAWARE COUNTY  
EXAMINATION REPORT  
FOR THE PERIOD  
JANUARY 1, 2008 TO DECEMBER 31, 2009

**COMMONWEALTH OF PENNSYLVANIA**

**EUGENE A. DEPASQUALE - AUDITOR GENERAL**

**DEPARTMENT OF THE AUDITOR GENERAL**



PROTHONOTARY  
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EUGENE A. DePASQUALE  
AUDITOR GENERAL

### Independent Auditor's Report

The Honorable Daniel P. Meuser  
Secretary  
Pennsylvania Department of Revenue  
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of the Prothonotary, Delaware County, Pennsylvania (County Officer), for the period January 1, 2008 to December 31, 2009, 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.

Except as discussed in the fourth paragraph, 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)

As discussed in Finding No. 2, cash register tapes for the period January 1, 2008 to December 31, 2009 were missing and not available for the examination. Without these records, we could not perform our standard examination procedures. As a result, the scope of our examination of the County Officer's Statement was limited, and we were unable to satisfy ourselves by other examination procedures.

In our opinion, except for the effects, if any, of the matter noted in the preceding paragraph, 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 January 1, 2008 to December 31, 2009, in conformity with the criteria set forth in Note 1.

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 deficiencies described in the findings below to be significant deficiencies in internal control over reporting on the Statement:

- Misappropriation Of Funds Of \$2,359.
- Inadequate Internal Controls Over Receipts.

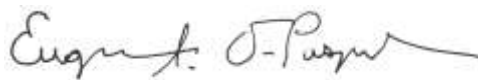
Independent Auditor's Report (Continued)

- Inadequate Internal Controls Over Cash.
  
- Inadequate Segregation of Duties

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 believe all the significant deficiencies described above to be material weaknesses.

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

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.



**EUGENE A. DEPASQUALE**  
Auditor General

April 15, 2013

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PROTHONOTARY  
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 STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 FOR THE PERIOD  
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Receipts:

Writ Taxes	\$	13,628
Divorce Complaint Surcharges		19,820
Judicial Computer System/Access To Justice Fees		296,423
Protection From Abuse Surcharges and Contempt Fines		200
Criminal Charge Information System Fees		<u>8,185</u>
Total Receipts (Note 2)		338,256
Commissions (Note 3)		<u>(409)</u>
Net Receipts		337,847
Disbursements to Commonwealth (Note 4)		<u>(337,874)</u>
Balance due Commonwealth (County) per settled reports (Note 5)		(27)
Examination adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2008 to December 31, 2009	\$	<u><u>(27)</u></u>

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

PROTHONOTARY  
DELAWARE COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
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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.
- Divorce Complaint Surcharges represent a \$10 surcharge imposed on all divorce decrees.
- Judicial Computer System/Access To Justice Fees represent a \$10 fee imposed for the filing of any legal paper to initiate a civil action or proceeding.
- Protection From Abuse Surcharges represent a \$25 surcharge imposed against defendants when a protection order is granted as a result of a hearing. Effective May 9, 2006, the surcharge was increased to \$100. Protection From Abuse Contempt Fines represent fines of not less than \$100 nor more than \$1,000 imposed against a defendant who is found to be in violation of a protection from abuse order. Effective May 9, 2006, the fine was increased to a minimum of \$300 and maximum of \$1,000.



PROTHONOTARY  
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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. The fee was \$7 for the period January 1, 2008 to December 31, 2008. 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 Commonwealth.

4. Disbursements

Total disbursements are comprised as follows:

Prothonotary checks issued to:

Department of Revenue	\$	329,662
Adminstrative Office of Pennsylvania Courts		8,212
Total	\$	337,874

5. Balance Due Commonwealth (County) For The Period January 1, 2008 To December 31, 2009

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

Angela L. Martinez served as Prothonotary during the period January 1, 2008 to December 31, 2009.

PROTHONOTARY  
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FINDINGS AND RECOMMENDATIONS  
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Finding No. 1 - Misappropriation Of Funds Of \$2,359

Our examination disclosed that an office employee was using the office cash register to misappropriate funds. In order to misappropriate funds, the employee would begin a transaction by hitting the 'Total' button without entering any detailed information. This procedure would allow the amount of money received to be reflected as zero. Next, the employee would enter the actual cash or check tendered amount that accompanied a hand written receipt into the cash register and the same amount of money would be reflected as 'change given (CG)' on the cash register receipt. As a result, these 'change given' amounts would be missing from the cash total for that day's receipts.

For example, the original handwritten receipt number 348049 dated August 5, 2008 listed that 1,612 copies were made and the office received \$1,612 in cash from the customer. On August 7, 2008, the hand written receipt was processed through the office cash register. The cash register imprint did not have any detail lines only the total line showing \$0 as being received. The cash register imprint then showed the \$1,612 cash tendered as payment and then a line listing \$1,612 as 'CG' or change given to the customer. A review of the deposits for August 7, 2008 found that the \$1,612 was not included in that day's cash register totals nor was it included in the bank deposits for that day. Of the 103 receipts tested, we found 31 receipts that reflected a zero total and the total amount that should have been received as change given to the customer. These 31 receipts totaled \$2,359.

The amount of misappropriated funds was money that was owed to Delaware County.

A good system of internal controls ensures that:

- The cash register system should not be programmed to permit zero total transactions.
- Change is not given to the payor. Any refunds should be made by check.
- An employee independent of processing transactions through the cash register should review the manual receipts to ensure that they have been properly processed through the cash register.

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

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FINDINGS AND RECOMMENDATIONS  
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Finding No. 1 - Misappropriation Of Funds Of \$2,359 (Continued)

Recommendations

We recommend that Delaware County Officials determine what action(s) should be taken to recover these funds. Furthermore, we recommend that the office establish and implement adequate internal controls over the processing of receipts as noted above.

Management's Response

No formal response offered at this time.

Auditor's Conclusion

We strongly recommend that the office comply with our recommendations.

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Finding No. 2 - Inadequate Internal Controls Over Receipts

The Delaware County Prothonotary's office used hand written receipts to document the initial receipt of the cash or check received for fees/services. Each receipt consisted of three copies. One copy was given to the customer during the initial receipt of funds, the second copy and the associated funds were put in a box to be processed by the cashier at a later time, and the last copy was retained by the office as backup. The cashier was responsible for processing the second copy of each manual receipt through the cash register to obtain the cash register imprint of the transaction detail on each receipt. The office cashier would generate a summary report of the different transactions and the total cash and checks processed through the register for the day. The cash register also has a separate journal tape that records every transaction processed through the cash register in addition to the receipt issued for each individual transaction.

Our examination of the accounting records for the office disclosed the following deficiencies in the internal controls over the processing of receipts:

- Of the 54 receipts tested, 24 were not deposited timely, 13 could not be tested because there was no verified deposit date and 2 could not be tested because the receipt could not be located in the office's records. The time lapse from the date of receipt to the subsequent date of deposit ranged from two days to eight days.
- Hand written receipts were not issued in numerical sequence. Therefore, we could not determine if receipts were missing.
- The office did not maintain a log of manual receipts.

A good system of internal controls ensures that:

- All monies collected are deposited intact at the bank on the same day as collected.
- Receipts are issued in numerical sequence.
- A receipts log is maintained to document which office employees have possession of the numerical sequence of receipts in their possession. This will provide an audit trail on the issuance of the manual receipt.

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

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Finding No. 2 - Inadequate Internal Controls Over Receipts (Continued)

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

Recommendation

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

Management's Response

The Prothonotary responded as follows:

This concern was addressed by the implementation of an electronic receipting system replacing the manual system, and the institution of various checks and cross checks of the cashier and bookkeeper. In addition, the OJS instituted another system in February 2013 which will provide additional safeguards, and will maintain more accurate information and meticulous receipting.

Auditor's Conclusion

During our next examination we will determine if the office complied with our recommendation.

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FINDINGS AND RECOMMENDATIONS  
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Finding No. 3 - Inadequate Internal Controls Over Cash

Our examination of the accounting records for the office disclosed the following deficiencies in the internal controls over the handling of cash:

- There were significant delays in the processing of hand written receipt payments through the cash register. As an example, our examination of the August 2008 receipts revealed that only 542 of the 3,765 receipts or 14.40 percent of receipts were processed through the cash register on the same date as noted on the hand written receipt. The delay in processing receipts and the associated deposits ranged from 1 day to 11 days.
- Some receipts did not have a cash register imprint. During our testing, we found that some hand written receipts listed on the Cashier's Daily Summary sheet as having been processed through the cash register did not have the cash register imprint on them.
- There was cash register imprints on hand written receipts noting both cash and check amounts when the receipt only noted that one or the other type of payment was accepted.
- There was high percentage of 'No Sale' transactions recorded on the cash register totals. We found that the percentage of 'No Sale' transactions averaged 25 percent of all transactions recorded in one month. The explanation offered by the office was that these transactions were necessary to 'open' the cash register to give change for cash transactions.
- Change is provided for payments made by check.
- The cash register is not programmed to identify which employee processed any given transaction.

A good system of internal controls ensures that:

- All receipts are processed through the cash register the same day as collected.
- Each receipt is processed through the cash register and that the register imprint is included on each receipt.

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Finding No. 3 - Inadequate Internal Controls Over Cash (Continued)

- Receipt payments are processed through the cash register in the same manner as payments are received (i.e., cash, check, money order). Any discrepancies should be immediately investigated and resolved.
- The cash register is not opened just to give change for cash transactions.
- Change is never given for transactions paid for by check(s). If the amount collected exceeds the amount due, a refund check should be disbursed to the remitter.
- Each transaction processed on the cash register can be identified as to the person who entered the information.

These conditions existed because the office failed to establish adequate internal controls over cash collected.

Recommendation

We recommend that the office establish and implement an adequate system of internal controls over cash collected.

Management Response

The Prothonotary responded as follows:

This concern was addressed by the implementation of an electronic receipting system replacing the manual system, and the institution of various checks and cross checks of the cashier and bookkeeper. In addition, the OJS instituted another system in February 2013 which will provide additional safeguards, and will maintain more accurate information and meticulous receipting.

Auditor's Conclusion

During our next examination we will determine if the office complied with our recommendation.

PROTHONOTARY  
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Finding No. 4 - Inadequate Segregation Of Duties

Our examination disclosed that one employee in the office was responsible for performing the following functions:

- Collecting cash and processing manual receipts through the cash register.
- Preparing Cashier's Daily Summary report.
- Preparing deposit slips.

A good system of internal controls requires adequate segregation of duties.

In order to achieve adequate segregation of duties, one employee should not have custody of cash, process all receipts through the cash register, and prepare deposit slips and the daily summary report. These duties should be segregated and rotated daily. As an alternative control, someone independent from maintaining the cashier's summary report and handling cash should review the employee's work daily. The reviewer should sign and date the records and documents reviewed.

Without adequate segregation of duties, the possibility of funds being lost or misappropriated increases significantly.

Recommendation

We recommend that the office provide for greater segregation of duties within the office. This can be done by rotating job functions that include the handling of cash, processing receipts through the cash register and preparing the associated cashier's reports. As an alternative and/or additional control, someone independent from the handling of cash and the accounting records should review the employee's work at the end of the day. The reviewer should sign and date the records and documents reviewed.

Management's Response

The Prothonotary responded as follows:

This concern was addressed by the implementation of an electronic receipting system replacing the manual system, and the institution of various checks and cross checks of the cashier and bookkeeper. In addition, the OJS instituted another system in February 2013 which will provide additional safeguards, and will maintain more accurate information and meticulous receipting.



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Finding No. 4 - Inadequate Segregation of Duties (Continued)

Auditor's Conclusion

During our next examination, we will determine if the office complied with our recommendation.

PROTHONOTARY  
DELAWARE COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2008 TO DECEMBER 31, 2009

This report was initially distributed to:

The Honorable Daniel P. Meuser  
Secretary  
Pennsylvania Department of Revenue

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

The Honorable Angela L. Martinez	Prothonotary
The Honorable Edward E. O'Lone	Controller
The Honorable Tom McGarrigle	Chairman of the County Council

This report is a matter of public record and is available online at <http://www.auditorgen.state.pa.us>. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: [news@auditorgen.state.pa.us](mailto:news@auditorgen.state.pa.us).