

PROTHONOTARY -  
COLLECTIONS ON THE BEHALF OF THE DEPARTMENT OF REVENUE AND  
THE ADMINISTRATIVE OFFICE OF PENNSYLVANIA COURTS

PHILADELPHIA COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2004 TO DECEMBER 31, 2007

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## Independent Auditor's Report

The Honorable Steven H. Stetler  
Secretary  
Pennsylvania Department of Revenue  
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of the Prothonotary, Philadelphia County, Pennsylvania (County Officer), for the period January 1, 2004 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:

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

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.

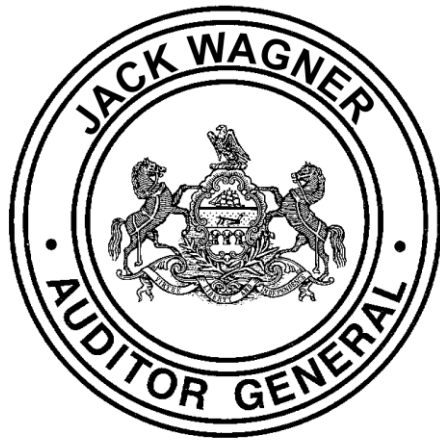
The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

March 16, 2009

JACK WAGNER  
Auditor General



PROTHONOTARY  
 PHILADELPHIA COUNTY  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 FOR THE PERIOD  
 JANUARY 1, 2004 TO DECEMBER 31, 2007

Receipts:

Writ Taxes	\$	92,459
Divorce Complaint Surcharges		78,870
Judicial Computer System/Access To Justice Fees		5,069,350
Protection From Abuse Surcharges and Contempt Fines		2,925
Criminal Charge Information System Fees		<u>114,932</u>
Total Receipts (Note 2)		5,358,536
Commissions (Note 3)		<u>(2,773)</u>
Net Receipts		5,355,763
Disbursements to Commonwealth (Note 4)		<u>(5,355,763)</u>
Balance due Commonwealth (County) per settled reports (Note 5)		-
Examination adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) January 1, 2004 to December 31, 2007	\$	<u><u>-</u></u>

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

PROTHONOTARY  
PHILADELPHIA COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2004 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, 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 \$1000.



PROTHONOTARY  
 PHILADELPHIA COUNTY  
 NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 FOR THE PERIOD  
 JANUARY 1, 2004 TO DECEMBER 31, 2007

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 \$5.00 for the period January 1, 2003 to December 31, 2004, \$6.00 for the period January 1, 2005 to December 31, 2005, and \$6.50 for the period January 1, 2006 to December 31, 2007. 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:

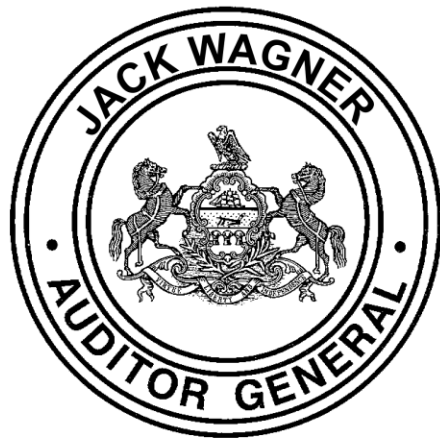
Department of Revenue	\$ 5,240,831
Adminstrative Office of Pennsylvania Courts	<u>114,932</u>
Total	<u><u>\$ 5,355,763</u></u>

5. Balance Due Commonwealth (County) For The Period January 1, 2004 To December 31, 2007

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

Joseph H. Evers served as Prothonotary during the period January 1, 2004 to December 31, 2007.



PROTHONOTARY  
PHILADELPHIA COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2004 TO DECEMBER 31, 2007

Finding - Receipts Were Not Always Deposited On The Same Day As Collected

Our examination disclosed that receipts were not always deposited on the same day as collected. Of 60 receipts tested, 20 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 two days to six days.

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

Good internal accounting controls ensure that all monies collected are deposited intact on the same day as collected.

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

Recommendation

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

Management's Response

The Prothonotary responded as follows:

Deposits are processed daily. If the armored truck employee cannot get into City Hall because the security guard is not there, they are not allowed to come back later in the day. Therefore, pickup is not done that day.

Auditor's Conclusion

The armored truck collection service began in July 2007 and there were daily pick-ups at the Prothonotary's office. Of the 20 receipts not deposited on the same day as collected, there were 13 late deposits prior to July 2007 and 7 late deposits subsequent to July 2007. Although there were daily deposits, the deposits were for collections made on previous days. The failure to follow this procedure increases the risk for funds to be lost or misappropriated.

PROTHONOTARY  
PHILADELPHIA COUNTY  
OBSERVATION  
FOR THE PERIOD  
JANUARY 1, 2004 TO DECEMBER 31, 2007

Observation – Judicial Computer System/Access To Justice Fees Were Not Properly Assessed on Divorce Complaints

During the course of our examination, we noted that the Judicial Computer System/Access To Justice (JCS/ATJ) Fees were not assessed per count on divorce complaints. The JCS/ATJ Fees were assessed once on every complaint regardless of the number of counts.

The Administrative Office of Pennsylvania Courts 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 for each count in the complaint in addition to the count requesting divorce.

Without the proper assessment and collection of all fees, the Commonwealth will not receive funds due them.

The Family Court was responsible for assessing the JCS/ATJ Fees on divorce complaints.

This observation was cited in the prior audit for the period ending December 31, 2003.

Recommendation

We again recommend that the Prothonotary notify Family Court and Court Administration to start assessing the JCS/ATJ Fees on each count in a divorce complaint.

Management's Response

The Prothonotary responded as follows:

Administrators at Family Court were advised of this observation and have stated they will begin making proper assessments.

PROTHONOTARY  
PHILADELPHIA COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2004 TO DECEMBER 31, 2007

This report was initially distributed to:

The Honorable Steven H. Stetler  
Secretary  
Pennsylvania Department of Revenue

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

Prothonotary  
Philadelphia County  
City Hall, Room 288  
Philadelphia, PA 19107

The Honorable Joseph H. Evers	Prothonotary
The Honorable Alan Butkovitz	Controller
The Honorable Anna C. Verna	Philadelphia City Council President

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).