

COMPLIANCE AUDIT

Clerk of the Court of Common Pleas/Prothonotary Venango County, Pennsylvania For the Period January 1, 2017 to December 31, 2020

August 2022



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

The Honorable C. Daniel Hassell
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have conducted a compliance audit of the Clerk of the Court of Common Pleas/Prothonotary, Venango County, Pennsylvania (County Officer), for the period January 1, 2017 to December 31, 2020, pursuant to the requirements of Sections 401(b) and 401(d) of *The Fiscal Code*, 72 P.S. § 401(b) and § 401(d).

The objective of the audit was to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted and to provide a report to the Department of Revenue to allow the Department of Revenue to state and settle the County Officer's accounts. Our audit was limited to areas related to the objective identified above and was not conducted, nor was it required to be, in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

The County Officer is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted. The County Officer is also responsible for complying with those laws and regulations. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that our audit provides a reasonable basis for our conclusions.

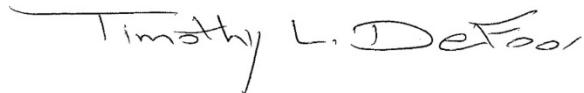
Based on our audit procedures, we conclude that, for the period. January 1, 2017 to December 31, 2020, the County Officer, in all significant respects, complied with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted, except as noted in the findings listed below and discussed later in this report.

- Inadequate Internal Controls Over The Bank Account - Clerk of Court - Recurring.
- Inadequate Segregation Of Duties - Recurring.

This report includes summaries of the County Officer's receipts and disbursements of funds collected on behalf of the Commonwealth (summaries). We obtained data representing the County Officer's receipts and disbursements from the Pennsylvania Department of Revenue, which obtains data from each of the Commonwealth's clerk of court of common pleas and prothonotary offices and used the data to create the summaries in the format required by the Department of Revenue. We also obtain data relating to prothonotaries from the Administrative Office of Pennsylvania Courts. We also evaluated the accuracy of the data as part of our audit to conclude on the County Officer's compliance with certain state laws and regulations as described in the previous paragraph. Any adjustments that we considered necessary based on our audit work are disclosed in the *Audit Adjustments* line of the summaries; however, the scope of our audit does not include the issuance of an opinion on the accuracy of the amounts reported in the summaries.

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.

The contents of this report were discussed with the management of the County Officer and, where appropriate, their response has been included in the report. We appreciate the courtesy extended by the Clerk of the Court of Common Pleas/Prothonotary, Venango County, to us during the course of our audit. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a horizontal line above the first name.

Timothy L. DeFoor
Auditor General
June 28, 2022

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CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY
VENANGO COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

The Department of Auditor General is mandated by Article IV, Section 401(b) and (d) of *The Fiscal Code* (Act of April 9, 1929, P.L.343, No. 176), 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.

Clerk of Court of Common Pleas receipts are comprised of fines, costs, fees, and surcharges collected on behalf of the Commonwealth. These fines, costs, fees, and surcharges represent collections made on summary and criminal cases filed with the Clerk of the Court of Common Pleas' Office.

Prothonotary receipts are comprised of taxes, surcharges, fees, and fines collected on behalf of the Department of Revenue and the Administrative Office of Pennsylvania Courts. These include monies collected for the following taxes, surcharges, and fees:

- Writ Taxes of \$.50 or \$.25 imposed on taxable instruments filed with the Prothonotary.
- Divorce Complaint Surcharges of \$10 imposed on all divorce decrees.
- Judicial Computer System/Access To Justice Fees of \$35.50 imposed on all petitions for grant of letters, and first filings in petitions concerning adoptions, incompetents' estates, minors' estates, and inter vivos trusts. Effective October 30, 2017, Act 40 and Act 44 increased the fee to \$40.25.
- Protection From Abuse Surcharges of \$100 imposed against defendants when a protection order is granted as a result of a hearing. Protection From Abuse Contempt 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 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.

CLERK OF THE COURT OF COMMON PLEAS/
 PROTHONOTARY
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 BACKGROUND
 FOR THE PERIOD
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Total disbursements during the audit period are comprised as follows

Clerk Of The Court Of Common Pleas

Clerk of the Court checks issued to:

Department of Revenue	\$ 977,363
Game Commssion	50
State Police	532
Board of Probation and Parole	734
Department of General Services	922
Department of Human Services	536
Department of Insurance	84
Department of Transportaion	183
Department of Public Welfare	1,020
Office of Inspector General	<u>1,641</u>
Total	<u><u>\$ 983,067</u></u>

This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue. The balance also reflects a summary of any receipts disbursed directly to other state agencies.

Prothonotary

Prothonotary checks issued to:

Department of Revenue	\$ 167,338
Adminstrative Office of Pennsylvania Courts	<u>2,609</u>
Total	<u><u>\$ 169,947</u></u>

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

CLERK OF THE COURT OF COMMON PLEAS/
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Paula Palmer served as the Clerk of the Court of Common Pleas/Prothonotary for the period January 1, 2017 to December 31, 2019.

Lana L. Linden served as the Clerk of the Court of Common Pleas/Prothonotary for the period January 1, 2020 to December 31, 2020.

The summaries of receipts and disbursements provide a summary of receipts and disbursements by category. The categories and the amounts of fines, costs, fees, taxes, and surcharges assessed are based on Pennsylvania laws and regulations.

The summaries were 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.

CLERK OF THE COURT OF COMMON PLEAS
VENANGO COUNTY
SUMMARY OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Receipts:

Department of Transportation		
Title 75 Fines	\$	156,178
Department of Revenue Court Costs		49,509
Crime Victims' Compensation Costs		85,233
Crime Commission Costs/Victim Witness Services Costs		55,944
Domestic Violence Costs		12,555
Emergency Medical Services Fines		5,897
DUI - ARD/EMS Fees		13,026
CAT/MCARE Fund Surcharges		19,950
Judicial Computer System/Access to Justice Fees		88,404
Offender Supervision Fees		52
Constable Service Surcharges		198
Criminal Laboratory Users' Fees		63,516
Probation and Parole Officers' Firearm Education Costs		9,551
Substance Abuse Education Costs		62,056
Office of Victims' Services Costs		13,045
Miscellaneous State Fines and Costs		<u>347,953</u>
 Total receipts		 983,067
 Disbursements to Commonwealth		 <u>(983,067)</u>
 Balance due Commonwealth (County) per settled reports		 -
 Audit adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (County) for the period January 1, 2017 to December 31, 2020	 \$	 <u><u>-</u></u>

PROTHONOTARY
VENANGO COUNTY
SUMMARY OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Receipts:

Writ Taxes	\$	1,837
Divorce Complaint Surcharges		6,510
Judicial Computer System/Access To Justice Fees		157,796
Protection From Abuse Surcharges and Contempt Fines		1,250
Criminal Charge Information System Fees		<u>2,609</u>
Total Receipts		170,002
Commissions		<u>(55)</u>
Net Receipts		169,947
Disbursements to Commonwealth		<u>(169,947)</u>
Balance due Commonwealth (County) per settled reports		-
Audit adjustments		<u>-</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2017 to December 31, 2020	\$	<u><u>-</u></u>

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY
VENANGO COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

**Finding No. 1 - Inadequate Internal Controls Over The Bank Account – Clerk of Court –
Recurring**

We cited the Clerk of Courts office for inadequate internal controls over the bank account in the two prior audit reports, with the most recent for the period January 1, 2013 to December 31, 2016. Our current audit found that the office did not correct this issue.

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

- There were 283 outstanding checks totaling \$19,731, dated from July 25, 2005 to June 12, 2020, which were still outstanding as of December 31, 2020.
- There was inadequate accountability over funds held in escrow. Funds on hand exceeded recorded obligations by \$352.

These conditions existed because the office failed to establish and implement an adequate system of internal controls over the bank account as recommended in our two prior audit reports.

A good system of internal controls ensures that:

- The office follows-up on all outstanding checks. If a check is outstanding for a period over 180 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 funds on hand should equal unpaid obligations.

Without a good system of internal controls over the bank account and accurate accounting of funds, the possibility of funds being misidentified, lost, or misappropriated increases significantly. Also, the failure to follow-up on outstanding checks procedures results in a weakening of internal controls over the cash account and inefficiency caused by the needless record-keeping of outstanding checks.

CLERK OF THE COURT OF COMMON PLEAS/
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FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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**Finding No. 1 - Inadequate Internal Controls Over The Bank Account – Clerk of Court -
Recurring (Continued)**

Recommendations

We strongly recommend that the office establish and implement an adequate system of internal controls over the bank account as noted above. We further recommend that the office establish and implement procedures whereby outstanding checks are reviewed monthly to determine if there are any long outstanding checks. If checks remain outstanding and attempts to contact payees after 180 days are unsuccessful, the office should reinstate the amount of outstanding checks to the checking account and subsequently hold these monies in escrow for unclaimed escheatable funds.

Management's Response

The County Officer responded as follows:

Finding was from a prior administration. This administration will and is taking steps to clear all concerns.

Auditor's Conclusion

We appreciate the current officeholder's efforts to correct these issues. This is a recurring finding. It is imperative that the office comply with our recommendations. Failure to implement the recommended procedures increases the potential for funds to be lost or misappropriated. During our next audit, we will determine if the office complied with our recommendations.

CLERK OF THE COURT OF COMMON PLEAS/
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FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding No. 2 - Inadequate Segregation Of Duties - Recurring

We cited the Clerk of Court/Prothonotary office for inadequate segregation of duties in the prior audit report for the period January 1, 2013 to December 31, 2016. Our current audit found that the office did not correct this issue.

Our audit of the office of the Clerk of Court/Prothonotary disclosed that one employee was responsible for performing the following functions:

- Collecting cash, entering collection information into the computer system, and issuing receipts.
- Making voided transaction adjustments.
- Preparing deposit slips.
- Reconciling the bank account.
- Reconciling validated deposit slips to the accounting records.
- Reconciling collections to accounting records and/or receipts.
- Approving disbursements.
- Preparing checks.
- Summarizing accounting records.

This condition existed because the office failed to establish and implement adequate segregation of duties as recommended in our previous audit report. The office experienced staff turnover with a senior staff member assuming responsibility for all office duties in order to keep operations moving.

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

To achieve adequate segregation of duties, one employee should not have total responsibility for cash operations and at the same time maintain the cash management accounting records. These duties should be segregated and rotated daily.

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

CLERK OF THE COURT OF COMMON PLEAS/
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FINDINGS AND RECOMMENDATIONS
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Finding No. 2 - Inadequate Segregation Of Duties - Recurring (Continued)

Recommendations

We strongly recommend that the Prothonotary/Clerk of Courts office provide for segregation of duties. This can be done by the cross-training of personnel and rotating cash management responsibilities. As an additional control, someone independent from the handling of cash and accounting records should review the employees work at the end of each day. The reviewer should sign and date the records and documents reviewed and reviewed documents should be maintained for audit.

Management's Response

The County Officer responded as follows:

Finding was from a prior administration. This administration will and is taking steps to clear all concerns.

Auditor's Conclusion

We appreciate the current officeholder's efforts to correct these issues. This is a recurring finding. During our next audit, we will determine if the offices complied with our recommendations.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY
VENANGO COUNTY
SUMMARY OF PRIOR AUDIT RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Summary Of Prior Examination Recommendations

During our prior examination, we recommended that the offices:

- Provide for segregation of duties. This can be done by the cross-training of personnel and rotating cash management responsibilities. As an additional control, someone independent from the handling of cash and accounting records should review the employees work at the end of each day. The reviewer should sign and date the records and documents reviewed; reviewed documents should be maintained for examination.
- Establish and implement an adequate system of internal controls over the bank account. We further recommended that the offices establish and implement a procedure whereby outstanding checks are reviewed monthly to determine if there are any long outstanding checks. If checks remain outstanding and attempts to contact payees after 90 days are unsuccessful, the office should reinstate the amount of the outstanding checks to the checking account, and subsequently hold these monies in escrow for unclaimed escheatable funds

During our current audit, we noted that the Prothonotary's Office complied with our second bulleted recommendation. However, the Clerk of Courts Office did not comply with seconded bulleted recommendation and both offices did not comply with our first bulleted recommendation. Please see the current year findings for additional information.

CLERK OF THE COURT OF COMMON PLEAS/
PROTHONOTARY
VENANGO COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

This report was initially distributed to:

The Honorable C. Daniel Hassell
Secretary
Pennsylvania Department of Revenue

The Honorable H. Geoffrey Moulton, Jr.
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania
Administrative Office of Pennsylvania Courts

Mr. Thomas J. Dougherty
Director
Division of Grants and Standards
Pennsylvania Board of Probation and Parole

The Honorable Lana Linden
Clerk of the Court of Common Pleas/Prothonotary

The Honorable Sam Breene
Chairperson of the Board of Commissioners

The Honorable Stacy Garrity
Pennsylvania State Treasurer

The Honorable Marie T. Veon
President Judge

This report is a matter of public record and is available online at 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.