

ATTESTATION ENGAGEMENT

Domestic Relations Office
Berks County, Pennsylvania
For the Period
January 1, 2013 to December 31, 2017

March 2019



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Independent Auditor's Report

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

We have examined the accompanying statement of receipts and disbursements (Statement) of the Domestic Relations office, Berks County, Pennsylvania (County Officer), for the period January 1, 2013 to December 31, 2017, pursuant to the requirements of Sections 401(b) and 401(d) of *The Fiscal Code*, 72 P.S. § 401(b) and § 401(d). The County Office's management is responsible for presenting this Statement in accordance with the criteria set forth in Note 1. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Statement is presented in accordance with the criteria described above, in all material respects. An examination involves performing procedures to obtain evidence about the statement of receipts and disbursements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the Statement, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 the Finding No. 1, we could not determine a total population of manual receipts. As a result, we could not perform our standard examination procedures. As such, 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 effect, if any, of the matter described in the preceding paragraph, the Statement referred to above, for the period January 1, 2013 to December 31, 2017 is presented in accordance with the criteria set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Statement; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the Statement. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. 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 internal control over reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.

Our consideration of internal control over reporting on the Statements was for the limited purpose of expressing an opinion on whether the Statements are presented in accordance with the criteria described above and was not designed to identify all deficiencies in internal control over reporting on the Statements that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies listed below to be material weaknesses:

- Inadequate Internal Controls Over Manual Receipts.
- Inadequate Internal Controls Over Voided Receipts.

Independent Auditor's Report (Continued)

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

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.

We appreciate the courtesy extended by the Domestic Relations office of Berks County, to us during the course of our examination. If you have any questions, please feel free to contact Michael B. Kashishian, CPA, CGAP, CFE, Director, Bureau of County Audits, at 717-787-1363.



Eugene A. DePasquale
Auditor General

February 15, 2019

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DOMESTIC RELATIONS OFFICE
BERKS COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2017

Receipts:

Judicial Computer System/Access To Justice Fees (Note 2)	\$ 150,704
Disbursements to Commonwealth (Note 3)	<u>(150,251)</u>
Balance due Commonwealth (County) per settled reports (Note 4)	453
Examination adjustments (Note 5)	<u>(453)</u>
Adjusted balance due Commonwealth (County) for the period January 1, 2013 to December 31, 2017	<u><u>\$ -</u></u>

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

DOMESTIC RELATIONS OFFICE
BERKS COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2017

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. These include monies collected for the following taxes, surcharges, fees, and fines:

- Judicial Computer System/Access To Justice Fees represent a \$23.50 fee imposed for the filing of any legal paper to initiate a civil action or proceeding. Effective July 10, 2014, Act 126 increased the fee to \$33.50. Effective August 8, 2014, Act 113 increased the fee to \$35.50. Effective October 30, 2017, Act 40 and Act 44 increased the fee to \$40.25.

3. Disbursements

Total disbursements are comprised as follows:

Domestic Relations checks issued to:

Department of Revenue	\$ 150,251
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4. Balance Due Commonwealth (County) For The Period January 1, 2013 To December 31, 2017

This balance reflects a summary of monthly transmittal reports as settled by the Department of Revenue. It does not reflect adjustments disclosed by our examination. Refer to Note 5.

5. Examination Adjustment

The \$453 examination adjustment represents overpayment of ATJ/JCS fees in January 2013. This error was corrected in April 2013.

DOMESTIC RELATIONS OFFICE
BERKS COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2017

6. County Officers Serving During Examination Period

Linda Faye Epes serves as the Director of the Domestic Relations office during the period January 1, 2013 to February 14, 2017.

Tracy A. Brown served as the Director of the Domestic Relations office during the period February 15, 2017 to December 31, 2017.

DOMESTIC RELATIONS OFFICE
BERKS COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2017

Finding No. 1 - Inadequate Internal Control Over Manual Receipts

The Domestic Relations office used hand written manual receipts to document funds received after the office's cash registers were closed for the day and prior to the office closing for the day. The office also used these receipts if office's cash registers were unavailable. The office would replace the manual receipts with a cash register receipt the next business day or as soon as the cash registers are available.

Our examination disclosed that the office used pre-numbered receipt books purchased from an office supply and each book contains 200 multi part receipts. When payment is received, one copy is given to the customer and one copy is retained for the office's records. Each separate receipt book contained consecutively numbered receipts. However, the five receipt books used by the office did not run in consecutive order. For example, in 2016, the office used one receipt book with numbers ranging from 613301 to 613500 and another book with numbers ranging from 790701 to 790900. As a result, we could not determine a total population of manual receipts.

A good system of internal controls ensures that manual receipts are issued in numerical sequence and adequate accountability over receipts should be maintained.

Without a good system of internal controls over funds received by the office, the possibility of funds being lost or misappropriated increases significantly. We found that the office processed a high volume of cash payments. During the examination period, the percentage of cash payments averaged approximately 91 percent of daily transactions. The amount of cash receipted daily ranged from \$1,993.26 to \$13,291.81 with an average of \$5,993.37.

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

Recommendation

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

DOMESTIC RELATIONS OFFICE
BERKS COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2017

Finding No. 1 - Inadequate Internal Control Over Manual Receipts (Continued)

Management's Response

The County Officer responded as follows:

Hand written receipts were not always sequential due to multiple receipt books available for use in the Docketing Division. The Fiscal Manager has reduced the number of receipt books available for use to one book only. This provides for all manual receipts to now be sequential. Additional receipt books are secured in a locked cabinet maintained by the Fiscal Manager, and not available for use until the current receipt book has been exhausted. Additionally, an Excel log has been created to record the start and end dates for receipt books. Exhausted receipt books are also retained in the Fiscal Manager's locked cabinet.

Auditor's Conclusion

We appreciate the office's efforts to correct these issues. During our next examination, we will determine if the office complied with our recommendation.

DOMESTIC RELATIONS OFFICE
BERKS COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2017

Finding No. 2 - Inadequate Internal Controls Over Voided Receipts

Our examination of the Berks County Domestic Relations office disclosed that proper voided receipts procedures were not always followed. Of the 24 receipts tested, we found all 24 receipts had no documentation as to the reason why the receipt was voided. Staff have the ability to void receipts when they are created or after they are completed without supervisory approval. If they are voided after completion, another receipt is created. In addition, the office did not maintain a voided receipt log book documenting why the void was necessary, who authorized the void and what transaction, if applicable, replaced the voided receipt.

Good internal accounting controls require that if a receipt must be voided, proper documentation and authorization should be maintained to explain the reason for the void.

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

These conditions existed because the office failed to establish adequate internal controls over its voided receipt procedures.

Recommendation

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

Management's Response

The County Officer responded as follows:

To address this finding, a procedure was developed and a process is now in place to log all sufficient documentation which records all voided receipts. The required log captures the following:

- Date of the voided transaction
- Name of the Account Clerk
- Reason for the void
- Receipt number being voided
- Amount of the void
- Debt type/payment type applicable to the void
- Method of the payment
- Initials of Manager/Lead authorizing and completing the void transaction
- Replacement receipt needed (Y/N)

DOMESTIC RELATIONS OFFICE
BERKS COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2017

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

Management's Response (Continued)

This log is retained electronically by the Fiscal Manager. Additionally, a copy of the receipt that was voided and the void transaction receipt are retained by the Fiscal Officer.

Auditor's Conclusion

We appreciate the office's efforts to correct these issues. During our next examination, we will determine if the office complied with our recommendation.

DOMESTIC RELATIONS OFFICE
BERKS COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2017

This report was initially distributed to:

The Honorable C. Daniel Hassell
Secretary
Pennsylvania Department of Revenue

The Honorable Thomas B. Darr
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania
Administrative Office of Pennsylvania Courts

The Honorable Tracy A. Brown
Director of the Domestic Relations office

The Honorable Sandy Graffius
Controller

The Honorable Christian Y. Leinbach
Chairperson of the Board of Commissioners

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.