

***Westmoreland County
Controller***

AUDITING DEPARTMENT

Jeffrey Balzer

County Controller

Audit of

Westmoreland County Prothonotary Office

Financial Statements – Modified Cash Basis
For the period January 1, 2019 to December 31, 2019

Prepared for

Westmoreland County
Board of Commissioners

Audit of

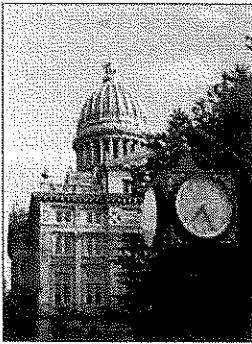
Westmoreland County Prothonotary Office

Presented by

Jeffrey Balzer
County Controller

And

Westmoreland County Auditing Department



Westmoreland County Controller's Office

2 North Main St., Suite 111
Greensburg, PA 15601
Phone (724) 830-3115, Fax (724) 830-3134

Jeffrey Balzer, Controller

Email: controller@co.westmoreland.pa.us
On the web at.... www.co.westmoreland.pa.us

Westmoreland County Prothonotary Office
Audit Distribution List
For the period January 1, 2019 to December 31, 2019

1. Christina O'Brien, Prothonotary
2. Board of Commissioners
3. Honorable Rita D. Hathaway, President Judge
4. Eugene DePasquale, Pennsylvania Auditor General



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Greensburg, PA 15601

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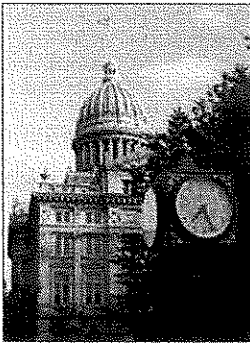
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Westmoreland County Prothonotary Office
For the period January 1, 2019 to December 31, 2019

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2 North Main St., Suite 111
Greensburg, PA 15601
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Jeffrey Balzer, Controller

Email: controller@co.westmoreland.pa.us
On the web at... www.co.westmoreland.pa.us

September 29, 2020

Christina O'Brien
Westmoreland County Prothonotary
2 North Main Street, Suite 501
Greensburg, PA 15601

Dear Ms. O'Brien:

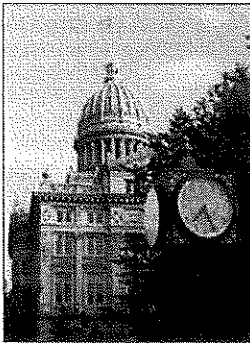
Transmitted herewith for your information is a copy of the audit of the Westmoreland County Prothonotary Office, the purpose of which is to express an opinion on the fairness of the presentation of the financial statements for the period January 1, 2019 to December 31, 2019.

In line with the policy of this office under which all official audit reports are considered to be public information, a report will be released to the news media or general public upon request.

If there are any questions you may have or comments you desire to make concerning this report, please do not hesitate to contact this office.

Sincerely,

Jeffrey Balzer
County Controller



Westmoreland County Controller's Office

2 North Main St., Suite 111
Greensburg, PA 15601
Phone (724) 830-3115, Fax (724) 830-3134

Jeffrey Balzer, Controller

Email: controller@co.westmoreland.pa.us
On the web at... www.co.westmoreland.pa.us

Independent Auditor's Report

September 29, 2020

Christina O'Brien
Westmoreland County Prothonotary
2 North Main Street, Suite 501
Greensburg, PA 15601

Dear Ms. O'Brien:

We have audited the Statement of Assets, Liabilities and Undisbursed Receipts- Modified Cash Basis, of the Westmoreland County Prothonotary Office as of December 31, 2019, and the related Statement of Cash Receipts, Disbursements and Balance-Modified Cash Basis for the year then ended, as listed in the Table of Contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Westmoreland County Prothonotary Office's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Westmoreland County Prothonotary Office's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Statement of Assets, Liabilities, and Undisbursed Receipts-Modified Cash Basis, of the Westmoreland County Prothonotary Office, as of December 31, 2019 and its Cash Receipts, Disbursements, and Balance-Modified Cash Basis for the year then ended on the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. These financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

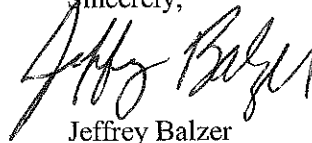
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2020 on our consideration of the Westmoreland County Prothonotary Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Other Matters

As discussed in Note 1, the financial statements present only the Westmoreland County Prothonotary Office's agency fund activity for the year ended December 31, 2019, and is not intended to be a complete presentation of the Westmoreland County Prothonotary Office's financial position or results of operation on the modified cash basis of accounting.

Sincerely,



Jeffrey Balzer
County Controller

Westmoreland County Prothonotary Office
Statement of Assets, Liabilities and Undisbursed Receipts-
Modified Cash Basis
As of December 31, 2019

Assets:

Court Deposits	\$	561,274.00
Checking Account		270,537.01
Certificates of Deposit		40,000.00
Savings Account		4,364.49
2017 Chargebacks Receivable		290.00
NSF Receivable		515.00
2018 iJems refund Receivable		970.00
Petty Cash		100.00
Due to Court Account -3778		<u>36.00</u>
 Total Assets	 \$	 <u>878,086.50</u>

Liabilities and Undisbursed Receipts:

Petty Cash	\$	100.00
Due to State		36,541.05
Due to AOPC		285.60
County Fees		76,695.00
PAP Fees		10,810.25
MH/MR Fees		4,455.00
Sheriff		40.00
State Commission - Due to County		8.95
Savings Interest		6.69
Interest on CD		3.25
Payable upon Court Order - Escrow		561,274.00
Escheats		<u>187,797.90</u>
 Total Liabilities and Undisbursed Receipts	 \$	 <u>878,017.69</u>

Variance	\$	68.81
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Note: The accompanying notes are an integral part of the financial statements.

Westmoreland County Prothonotary Office
Statement of Cash Receipts, Disbursements and Balance-
Modified Cash Basis
For the Period January 1, 2019 to December 31, 2019

Cash Balance - December 31, 2018		\$	932,875.52
Receipts:			
County Fees	\$		1,024,192.58
State Tax			405,539.56
Transfers from Court Accounts			101,348.25
Bonds and Misc. Fees			145,064.62
MH/MR Fees			61,806.20
PAP Fees			48,700.00
Attorney and Steno Fees			4,712.00
Sheriff's Fees			890.00
Court Admin Fees			256.95
PFA Fees (All Types)			777.00
CD Interest			40.00
Overpayments			39.05
Other			<u>(732.60)</u>
Sub-total Main Account			1,792,633.61
Court Account Interest			6,550.19
Court Account Deposits			7,683.47
Savings Account Interest			<u>46.88</u>
Sub-Total Interest and Court Deposits			14,280.54
Total Receipts		\$	1,806,914.15
Total Cash Available for Disbursement		\$	2,739,789.67

Westmoreland County Prothonotary Office
Statement of Cash Receipts, Disbursements and Balance-
Modified Cash Basis
For the Period January 1, 2019 to December 31, 2019

Disbursements:

County Treasurer	1,118,797.49
PA Dept of Revenue	397,646.19
Bond	232,058.50
Court Ordered Escrow Disbursements	5,100.00
Master Fees (Attorney)	4,960.00
Escheats	3,305.33
Ijems refunds	970.00
Overpayments	461.05
Reissued Checks	<u>(1,156.64)</u>
Sub-total Main Account	1,762,141.92

Court Accts Disbursements to Checking Account	<u>101,348.25</u>
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Total Disbursements	\$ 1,863,490.17
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Book Balance - December 31, 2019	<u>\$ 876,299.50</u>
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Ending Balance Consists of :

Court Deposits	561,274.00
Checking Account	270,537.01
Certificates of Deposit	40,000.00
Savings Account	<u>4,364.49</u>

Cash Balance - December 31, 2019	<u>\$ 876,175.50</u>
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Variance	<u>\$ 124.00</u>
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Note: The accompanying notes are an integral part of the financial statements

Westmoreland County Prothonotary Office
Notes to the Financial Statements
For the period January 1, 2019 to December 31, 2019

Note # 1: Nature of Entity and Summary of Significant Accounting Policies

The Reporting Entity-The financial statements present only the agency fund account of the Prothonotary office for the year ended December 31, 2019 on the modified cash basis of accounting, and is not intended to be a complete presentation of the office's financial position or results of operation on the modified cash basis of accounting.

Basis of Accounting - The books and records of the Westmoreland County Prothonotary Office are maintained on the modified cash basis of accounting and, therefore, the financial statements presented herein do not purport to present the results of operations in conformity with accounting principles generally accepted in the United States of America.

Receipts, which include County and State filing fees and funds held pursuant to court order are recorded as cash when received

Disbursements, which include payments to the County Treasurer, Pennsylvania Department of Revenue, and to individuals per court order, are recorded when the actual payment is made.

Undisbursed receipts arise from collections during the audit period not paid as of the end of the period, resulting in balances due to the Westmoreland County Treasurer, the Pennsylvania Department of Revenue, and to individuals held for future disbursements.

Note 2: Cash, Cash Equivalents and Investments, & Deposits:

Deposits:

All of the PNC Bank deposits of the Westmoreland County Prothonotary Office are either insured or collateralized per Act 72 of the Commonwealth of Pennsylvania. Deposits collateralized per Act 72 of the Commonwealth of Pennsylvania, dated August 6, 1971 (act 72) are secured by pooled collateral as permitted per the Act.

At December 31, 2019, the Westmoreland County Prothonotary Office's Checking account had a carrying value of \$270,537.01 and a bank balance of \$270,866.86; the Savings Account had a combined carrying value and bank balance of \$4,364.49; and the court ordered escrow accounts had a combined carrying value and bank balance of \$561,274.00. All balances were covered by federal depository insurance. At December 31, 2019, the Westmoreland County Prothonotary Office's petty cash fund totaled \$ 100.00.

Investments:

At December 31, 2019, the Certificate of Deposit of the Prothonotary Office has a fair value of \$40,000 and was collateralized per Act 72 of the Commonwealth of Pennsylvania, The Certificate of Deposit has a current maturity date of 7/28/2020.

Westmoreland County Prothonotary Office
Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

September 29, 2020

We have audited, in accordance with the 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, the financial statements of the Westmoreland County Prothonotary Office, as of and for the year ended December 31 2019, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Westmoreland County Prothonotary Office's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Westmoreland County Prothonotary Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Prothonotary Office's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items to be material weaknesses.

Item # 1: System Reporting, Balancing and Reconciliation Errors

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as items to be a significant deficiency.

Item # 2: Stale dated Check Procedures

Westmoreland County Prothonotary Office
Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards
(Continued)

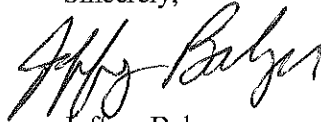
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Westmoreland County Prothonotary Office's financial statement(s) are free from material misstatement, we performed tests of its 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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items #1 and 2.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Westmoreland County Prothonotary Office's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Westmoreland County Prothonotary Office's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



Jeffrey Balzer
County Controller

Westmoreland County Prothonotary Office
Schedule of Findings
For the Period January 1, 2019 to December 31, 2019

Item #1: System Reporting, Balancing and Reconciliation Errors

Criteria:

Monthly bank to book reconciliations should be accurate and identify any variances. These reconciliations should accurately reflect all monies received and all balances due to state and county entities. Any adjustments should be accurately reflected in the month they occur. Additionally, management should have more than one employee trained to handle the accounting functions.

Condition/Cause:

We noted multiple months where errors occurred on various spreadsheets, including missing formulas or errors in the formulas, which resulted in incorrect amounts sent to various state and county entities. We also noted various overpayment/underpayments from the 2018 audit that were not corrected. Additionally, during testing, we noted that due to the conversion to the new Amanda system, some reports and files were not available that were previously available in JEMS.

Effect:

Lack of internal control over the monthly bank to book reconciliation procedures. Errors and variances occurred and were not corrected or resolved on a timely basis. There is an increased risk of undetected errors and/or misappropriation of cash without accurate reports and/or bank reconciliations.

Recommendation:

We recommend that management establish procedures to identify, correct, and resolve any variances between the bank and book records on a timely basis. We recommend that Management work with I/S and the software vendor to inquire about all reports/files that still need to be created in order to complete monthly processes. Additionally, all variances and corrections that are made during the audit period are sent to the audit department on a timely basis. Further, we recommend that management should have more than one employee trained to handle the accounting functions who possess the appropriate skills, knowledge and experience to perform these reconciliations and related analysis including the resolution and correction of any variances.

Item #2: Stale Dated Check Procedures

Criteria:

Checks issued for overpayment or refund that are not cashed within the time limit stated on the check should be followed up to ensure that the proper payee receives the funds due to them. These outstanding checks should be included with the total outstanding checks on the bank reconciliation until they are reissued and cashed or escheated to the PA Department of Revenue.

Condition/Cause:

We noted four checks issued from the prior audit period that were stale dated and removed from the outstanding check list. They have not yet been reissued to the proper party or escheated to the state.

Effect:

This results in an improper accumulation of funds in the main checking account.

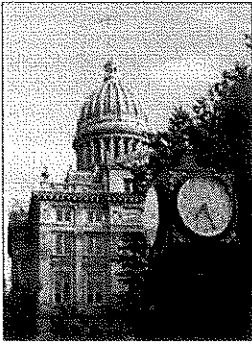
Recommendation:

We recommend that the Prothonotary office identify and disburse the monies to the proper payees, and/or escheat funds unidentifiable to the PA Department of Revenue.

Westmoreland County Prothonotary Office
Compliance with Prior Year Findings
For the Period January 1, 2019 to December 31, 2019

At the completion of the 2018 audit, we made two recommendations for improving the Westmoreland County Prothonotary Office's accounting procedures and internal controls. The following is the status of those recommendations.

	<u>Recommendations Complied With:</u>		
	<u>Yes</u>	<u>No</u>	<u>In Process</u>
Item #1: System Reporting, Balancing and Reconciliation Errors		X	
Item #2: Stale Dated Checks		X	



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Phone (724) 830-3115, Fax (724) 830-3134

Jeffrey Balzer, Controller

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On the web at... www.co.westmoreland.pa.us

Controller's Note

Westmoreland County Prothonotary Office

For the Period January 1, 2019 to December 31, 2019

September 29, 2020

This report was released as a draft on September 18, 2020. The findings were reviewed with the Prothonotary on September 18, 2020. The Controller's Office requires a written response within ten days of receipt of this report from the Prothonotary. No response was received from the Prothonotary. This report is final effective September 29, 2020.