

***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, 2020 to December 31, 2020

Prepared for

Westmoreland County
Board of Commissioners

Audit of

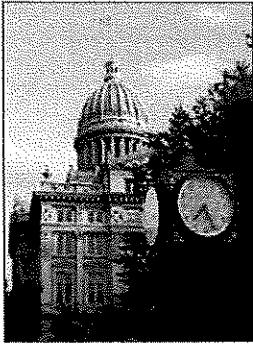
Westmoreland County Prothonotary Office

Presented by

Jeffrey Balzer
County Controller

And

Westmoreland County Auditing Department



Westmoreland County Controller's Office

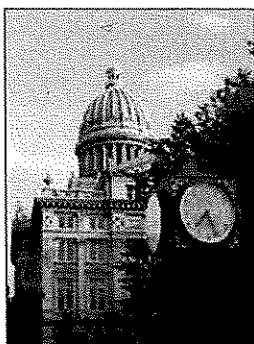
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Westmoreland County Prothonotary Office
Audit Distribution List
For the period January 1, 2020 to December 31, 2020

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



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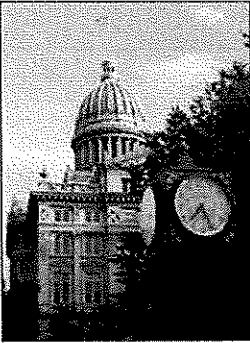
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Westmorland County Prothonotary Office
For the period January 1, 2020 to December 31, 2020

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December 14, 2021

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

Dear Ms. O'Brien:

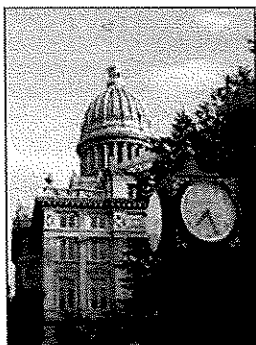
Transmitted herewith for your information is a copy of the audit of the Westmoreland County Prothonotary's Office, the purpose of which is to express an opinion on the fairness of the presentation of the financial statements for the period January 1, 2020 to December 31, 2020.

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

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Jeffrey Balzer, Controller

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Independent Auditor's Report

December 14, 2021

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, 2020, 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, 2020 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.

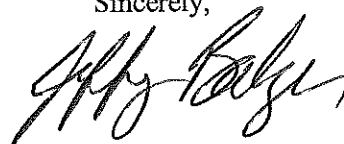
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021 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, 2020, 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, 2020

Assets:

Petty Cash	\$	100.00
NSF Receivable 2020		158.25
Due to Court Account -3778		180.00
2017 Chargebacks Receivable		290.00
NSF Receivable 2019		515.00
2018 Ijems refund receivable		970.00
Savings Account		4,373.17
Certificates of Deposit		40,000.00
Checking Account		202,865.58
Court Deposits		<u>570,486.25</u>
Total Assets	\$	<u>819,938.25</u>

Liabilities and Undisbursed Receipts:

Working Fund		100.00
Savings Interest		0.11
Interest on CD		1.64
State Commission - Due to County		6.40
PFA Domestic Violence Fund		26.00
Due to Federal Liens		33.00
PFA Shff Surcharge		50.00
PFA Court Surcharge		50.00
CT Administrator		87.00
Sheriff		160.00
Due to AOPC		170.00
PAP Fees		2,900.00
MH/MR Fees		3,052.75
Due to State		25,759.10
County Fees		56,724.25
Escheats		157,526.69
Payable upon Court Order - Escrow		<u>570,486.25</u>
Total Liabilities and Undisbursed Receipts	\$	<u>817,133.19</u>

Variance	\$	2,805.06
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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, 2020 to December 31, 2020

Cash Balance - December 31, 2019		\$	876,175.50
Receipts:			
County Fees	\$	761,219.50	
State Tax		330,375.80	
Transfers from Court Accounts		11,029.19	
Bonds and Misc. Fees		178,388.40	
MH/MR Fees		53,620.75	
PAP Fees		37,700.00	
Attorney and Steno Fees		2,728.00	
Sheriff's Fees		760.00	
Court Admin Fees		87.00	
PFA Fees (All Types)		444.00	
CD Interest		31.61	
Bank Error Corrections		327.00	
Ijems refunds/Overpayments		694.00	
Other		<u>(687.00)</u>	
Sub-total Main Account		1,376,718.25	
Court Account Interest		1,113.06	
Court Account Deposits		19,272.38	
Savings Account Interest		<u>8.68</u>	
Sub-Total Interest and Court Deposits		20,394.12	
Total Receipts		\$	1,397,112.37
Total Cash Available for Disbursement		\$	2,273,287.87

Westmoreland County Prothonotary Office
Statement of Cash Receipts, Disbursements and Balance-
Modified Cash Basis
For the Period January 1, 2020 to December 31, 2020

Disbursements:		
County Treasurer	882,937.06	
PA Dept of Revenue	341,113.52	
Bond	196,482.42	
Court Ordered Escrow Disbursements	19,272.38	
Master Fees (Attorney)	3,720.00	
Escheats	3,021.85	
Ijems refunds	780.00	
Overpayments	172.00	
Check Fees/Bank Error	<u>327.00</u>	
Sub-total Main Account	1,447,826.23	
Court Accts Disbursements to Checking Account	<u>11,029.19</u>	
Total Disbursements		\$ 1,458,855.42
Book Balance - December 31, 2020		<u>\$ 814,432.45</u>
Ending Balance Consists of :		
Court Deposits	570,486.25	
Checking Account	202,865.58	
Certificates of Deposit	40,000.00	
Savings Account	<u>4,373.17</u>	
Cash Balance - December 31, 2020		<u>\$ 817,725.00</u>
	Variance	<u>\$ (3,292.55)</u>

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, 2020 to December 31, 2020

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, 2020 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, 2020, the Westmoreland County Prothonotary Office's Checking account had a carrying value of \$ 202,865.58 and a bank balance of \$ 205,521.18; the Savings Account had a combined carrying value and bank balance of \$ 4,373.17; and the court ordered escrow accounts had a combined carrying value and bank balance of \$ 570,486.25. All balances were covered by federal depository insurance. At December 31, 2020, the Westmoreland County Prothonotary Office's petty cash fund totaled \$ 100.00.

Investments:

At December 31, 2020, 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 7/28/2021.

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

December 14, 2021

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 Prothonotary Office, as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Prothonotary Office's internal control over financial reporting (internal control) as a basis for designing 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 Prothonotary Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Prothonotary Office's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items that we consider to be material weaknesses.

Item # 1: System Reporting, Balancing and Reconciliation Errors

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 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 financial statements. 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 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 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, 2020 to December 31, 2020

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. Any corrections noted during the audit period should be corrected in a timely fashion. 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 noted during testing that the Pennsylvania Department of Revenue was underpaid in August and November of 2020 and the County was underpaid in August 2020 due to two spreadsheet errors. We noted an additional spreadsheet issue that led to errors with PFA payments in August 2020 as well. The deposit from April 17th was mistakenly left in the queue at the bank until May 8th, resulting in a delayed deposit. Additionally, 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, including the tickler file for PFA monies receivable. Finally, we noted that during our review of month end procedures that management is directly involved in the reconciliation process.

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. Direct management involvement in the reconciliation process increases the lack of oversight breaks down key segregation of duties.

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 Information Systems and the software vendor to inquire about all reports/files that still need to be created in order to complete monthly processes. We also recommend that management should have more than one employee trained to handle the accounting functions. These individuals should possess the appropriate skills, knowledge and experience to perform these reconciliations and related analysis including the resolution and correction of any variances.

Westmoreland County Prothonotary Office
Schedule of Findings - Continued
For the Period January 1, 2020 to December 31, 2020

Item #2: Accounts Payable Reconciliation:

Criteria:

All records for accounts payable held by the Prothonotary office should be accurate and recognizable as to payee and amount due.

Condition/Cause:

We noted during the course of our audit that accounts categorized under escheats and escrow may not be complete and/or accurate. This is supported by the variance of \$2,805.06 on the statement of Assets, Liabilities and undisbursed receipts.

Effect:

Failure to balance the financial and detail records of the escheat and escrow accounts results in an inability to determine the true balance of accounts payable for the Prothonotary office.

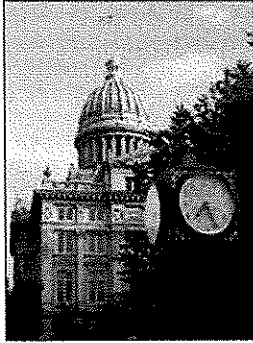
Recommendation:

We recommend that a reconciliation of the escheat and escrow accounts be completed before year end to determine the true balance outstanding of these categories.

Westmoreland County Prothonotary Office
Compliance with Prior Year Findings
For the period January 1, 2020 to December 31, 2020

At the completion of the 2019 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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Controller's Note to the Audit Report of
Westmoreland County Prothonotary's Office
For the Period January 1, 2020 to December 31, 2020

December 14, 2021

This report was released as a draft on December 2, 2021. The findings were reviewed with the Westmoreland County Prothonotary on December 2, 2021. The Controller's Office requires a written response within ten days of receipt of this report from the Westmoreland County Prothonotary. No response was received from the Westmoreland County Prothonotary. This report is final effective December 14, 2021.