



**County of Chester
Office of the Controller
Internal Audit Department**

**Audit Report
For the Year Ended
December 31, 2011**

Office of Adult Probation

Annual Financial Statement
Audit

Valentino F. DiGiorgio, III, Controller

COUNTY OF CHESTER
AUDIT OF OFFICE OF ADULT PROBATION
ANNUAL FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2011

Christopher Murphy, Chief Probation Officer
Office of Adult Probation
Chester County Justice Center
2nd Floor, Suite 2100
West Chester, PA 19380

COUNTY OF CHESTER
AUDIT OF OFFICE OF ADULT PROBATION
FOR THE YEAR ENDED DECEMBER 31, 2011
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COUNTY OF CHESTER OFFICE OF THE CONTROLLER

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VALENTINO F. DIGIORGIO, III
Controller

October 25, 2012

Christopher Murphy, Chief Probation Officer
Office of Adult Probation
Chester County Justice Center
West Chester, Pennsylvania

Internal Audit has audited the accounts of the *Office of Adult Probation (APO)* in conjunction with the *Office of the Clerk of Courts* as of December 31, 2011, and has compiled the attached Statement of Assets and Liabilities and the related Statements of Receipts, Disbursements, and Cash Balances for the year then ended. It is Internal Audit's responsibility to audit annually the accounts of any office receiving money for use by the Commonwealth of Pennsylvania and to report the results of such audits to the Chester County Commissioners and the Chester County Court of Common Pleas. It is management's responsibility to maintain, update, and reconcile these accounts on a continuous basis.

Our audit was conducted in accordance with generally accepted auditing standards and the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit in a manner that will provide *reasonable assurance* that the accounts are free of material misstatement and that amounts are properly supported and approved.

As described in Note 1, the accompanying financial statements are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the statements referred to above are not intended to present the financial position and results of operations of *APO* in conformity with generally accepted accounting principles.

In our opinion, accounts maintained by *APO* are stated fairly as of December 31, 2011. Consequently, the corresponding financial statements prepared by Internal Audit present fairly, in all material respects, the assets and liabilities of *APO* as of December 31, 2011, and the receipts, disbursements, and cash balances for the year then ended.

In accordance with Government Auditing Standards, Internal Audit has also issued a report dated October 25, 2012, which provides our evaluation of *APO's* internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, policies and/or procedures. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Valentino F. DiGiorgio, III
Controller

COUNTY OF CHESTER
OFFICE OF THE CLERK OF COURTS / ADULT PROBATION

STATEMENT OF ASSETS AND LIABILITIES

DECEMBER 31, 2011

Assets

Cash - Clerk General Account - CPCMS	\$ 3,588
Cash - Clerk Summary Appeal Escrow - CPCMS	21,397
Cash - Clerk Bail Escrow Account - CPCMS	1,029,526
Cash - Clerk / APO Costs, Fines & Restitution Account - CPCMS	<u>1,167,936</u>
Total Cash from CPCMS Accounts	2,222,447
Cash - Clerk Summary Appeal Account – Legacy	1,886
Cash - Clerk Bail Bondsman Escrow	50,000
Cash - Clerk Bail Escrow Account - Legacy	85,898
Cash - Automation Fund Certificate of Deposit (CD)	66,472
Cash - Automation Fund Account	<u>105,802</u>
Total Other Cash	310,558
Cash - Clerk of Courts Change Funds	300
Cash - APO Change Funds	<u>200</u>
Total Other Change Funds	<u>500</u>
Total Assets	<u>\$ 2,533,005</u>

Liabilities

Undisbursed Funds:	
Due to County - Clerk	\$ 16,293
Due to DUI Program - APO	36,240
Due to Municipalities - Clerk / APO	33,721
Due to Bail Bondsman - Clerk	50,000
Due to Commonwealth of PA - Clerk /APO	139,535
Due to County - APO	177,997
Due to Restricted Funds	173,251
Due to Individuals - Clerk / APO	1,905,468
Due to County - Clerk Change Funds	300
Due to County - APO Change Funds	<u>200</u>
Total Liabilities	<u>\$ 2,533,005</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHESTER
OFFICE OF THE CLERK OF COURTS / ADULT PROBATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCE
CPCMS ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Receipts:	\$	7,627,233
Disbursements:		
Filing Fee Account		68,018
Summary Appeal Account		100,202
Bail Escrow Account		997,176
Summary Appeal Account		<u>6,271,361</u>
Total Disbursements		<u>7,436,757</u>
Cash Increase		<u>190,476</u>
Beginning Balance		<u>2,031,971</u>
Ending Balance	\$	<u><u>2,222,447</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHESTER
OFFICE OF THE CLERK OF COURTS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CASH BALANCE
BAIL ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2011

Receipts:	
Adjustment for voided check	\$ 50
Other -Bank Error	<u>70</u>
Total Receipts	<u>120</u>
Disbursements:	
Escheats	12,968
Refunds	14,035
Forfeitures	<u>18,327</u>
Total Disbursements	<u>45,330</u>
Cash Decrease	<u>(45,210)</u>
Beginning Balance	<u>131,108</u>
Ending Balance	<u>\$ 85,898</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHESTER
OFFICE OF THE CLERK OF COURTS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCE
SUMMARY APPEAL ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2011

Receipts:		
Other	\$	<u>354</u>
Total Receipts		<u>354</u>
Disbursements:		
Escheats		354
Fines and Costs		<u>1,232</u>
Total Disbursements		<u>1,586</u>
Cash Decrease		<u>(1,232)</u>
Beginning Balance		<u>3,118</u>
Ending Balance	\$	<u><u>1,886</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHESTER
OFFICE OF THE CLERK OF COURTS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCE
AUTOMATION FUND ACCOUNT
FOR YEAR ENDED DECEMBER 31, 2011

Receipts:	
Fees collected by Office of the Clerk of Courts	\$ 9,370
Fees collected by Office of Adult Probation	<u>15,764</u>
Total Receipts	<u>25,134</u>
Disbursements:	
Fees (net of interest)	<u>26</u>
Total Disbursements	<u>26</u>
Cash Increase	<u>25,108</u>
Beginning Balance	<u>147,166</u>
Ending Balance	<u><u>\$ 172,274</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHESTER
OFFICE OF ADULT PROBATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 1 - Summary of Significant Accounting Policies

Background and Reporting Entity

The APO provides supervision of offenders and facilitates offender rehabilitation. Additionally, the department compiles investigative reports that assist the Court in making sentencing and parole decisions.

There are nine programs under which the APO provides services:

General Supervision – This program includes the probation officers assigned to supervise general probation, parole or Accelerated Rehabilitative Disposition (ARD) cases.

Pre-Sentence Investigation – Responsible for completing Pre-Sentence Investigation (PSI) reports for the Court.

Collections – Responsible to collect fines, fees, costs and restitution ordered by the Court.

Intensive Supervision Programs – Provides intensive supervision services to a variety of high risk, high need clients including sex offenders, mental health offenders, repeat domestic batterers, and chronic drug and alcohol abusers.

Intermediate Punishment – Provides electronic monitoring and intensive supervision services to offenders approved for the Intermediate Punishment Program by the Court. Provides a safe alternative for non-violent prison bound offenders.

Drug Court – Provides an alternative for those convicted of non-violent drug offenses including intensive supervision, drug testing, treatment and non-traditional court intervention to stop drug abuse.

Community Service – Provides a coordinated and supervised approach to the completion of community service by offenders as ordered by the Court.

Bilingual Supervision – This program includes the supervision of Spanish speaking clients ordered to participate in any of the four major programs.

DUI Program – This program provides the Alcohol Highway Safety School (AHSS) and Court Reporting Network (CRN) evaluations.

COUNTY OF CHESTER
OFFICE OF ADULT PROBATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

The actual operating expenses of the *APO* are paid by the County of Chester. These costs include the salary and wages of office employees, fringe benefits, postage, telephone, office supplies, computer/LAN use, and furniture and equipment. These costs are not included in the audited Statements of Cash Receipts, Disbursements, and Cash Balances.

Basis of Accounting

The books and records of the *APO* are maintained on the cash basis of accounting. Consequently, receipts are recognized when received rather than when assessed or otherwise due, and disbursements are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying statements do not present the assets, liabilities, receipts, disbursements, and cash balances in accordance with generally accepted accounting principles.

Note 2 - Legal Matters

Our audit disclosed no pending litigation involving *APO* or its Chief Probation Officer (Christopher Murphy) for the year ended December 31, 2011.

Note 3 – Common Pleas Court Case Management System

The Administrative Office of Pennsylvania Courts (*AOPC*) initiated a project in 2001 to develop and implement a statewide Common Pleas Court Case Management System (*CPCMS*). *CPCMS* is now installed in the Commonwealth's sixty judicial districts in sixty-seven counties; *CPCMS* was implemented in Chester County February 6, 2006. *CPCMS* provides case management tracking for the offices of the Clerks of Court, Court Administration and Common Pleas judges and their staffs. Additional user groups include county fiscal offices, probation departments and limited write access for criminal justice-related offices (District Attorney, Sheriff and Prison) connected to a county network.

All case-related funds and financial transactions receipted after the implementation of *CPCMS* must be maintained in and tracked through *CPCMS*; the Clerk of Courts (*Clerk*) was required to establish new bank accounts for this purpose.

COUNTY OF CHESTER
OFFICE OF ADULT PROBATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 3 – Common Pleas Case Management System (continued)

CPCMS requires that the records and funds for transactions for all fines, costs and restitution be maintained in one bank account “belonging to” the *Clerk*, regardless of whether one or more offices or departments actually receipt or disburse all or part of those funds, and that all transactions for that account to be recorded in *CPCMS*. Prior to *CPCMS*, the majority of fines, costs and restitution was collected through payments made to Chester County Adult Probation (*APO*). Some disbursements were done by the *Clerk*; however, most disbursements of fines, costs and restitution were done by vouchers prepared by *APO* for disbursement by the County. The *Clerk* established the required new “Clerk of Courts / Adult Probation” bank account and consulted with *AOPC* and with Chester County *APO*, Court Administration, DCIS, Controller and Finance to establish procedures to best implement and administer the new joint bank account which contains co-mingled funds receipted and disbursed according to *CPCMS* requirements (none of these funds are now disbursed through the Chester County Controller or Treasurer). As a result, the financial statements of each office must be combined into one set of financial statements in respect to the shared bank account (the Fines, Costs and Restitution account).

Note 4 – Automation Fee Fund

The *Clerk* established a new fund in 2004 pursuant to the Pennsylvania Clerk of Courts Fee Bill; 42 PCS 1725.4. In addition to any other fee authorized by law, an automation fee of not more than \$5 may be charged and collected by the *Clerk* for the initiation of any action or legal proceeding. The automation fee shall be deposited into a special Clerk of Courts automation fund established in each county. Monies in the special fund shall be used solely for the purpose of automation and continued automation update of the Office of the Clerk of Courts. Until 2007, the *Clerk* maintained this fund in a Deferred Revenue account on the County general ledger. In September 2007 the *Clerk* opened a separate bank account and certificate of deposit to maintain these funds.

COUNTY OF CHESTER
OFFICE OF ADULT PROBATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 5 – Chester County DUI Program

In 1977 the Alcohol Highway Safety Program in Pennsylvania was formalized as a result of the revision of the Motor Vehicle Code (Title 75). This provided for DUI coordinators to be named in each county under the auspices of the President Judge of the county. The DUI coordinator oversees the Alcohol Highway Safety School (AHSS), the Court Reporting Network (CRN) evaluations and proper referral of the offender for drug and/or alcohol treatment assessment. In Chester County, effective October 2011, this program is provided by and overseen by the Adult Probation & Parole Department.

Court Reporting Network (CRN) Evaluation

The CRN evaluation is required for all DUI offenders in the State of Pennsylvania. The purpose of the CRN is to determine if an individual will be referred for a more comprehensive drug and alcohol assessment. The fee for the CRN is \$75.00 and must be paid prior to the evaluation.

Alcohol Highway Safety School (AHSS)

Chester County DUI Program is certified through the Alcohol Highway Safety Program of the Commonwealth of Pennsylvania to provide this 12.5 hour class for all DUI offenders. Attendance at the Alcohol Highway Safety School is mandatory under Pennsylvania law. The cost for the class is \$200.00 and must be paid one (1) week prior to the first scheduled class.



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VALENTINO F. DIGIORGIO, III
Controller

October 25, 2012

Christopher Murphy, Chief Probation Officer
Office of Adult Probation
Chester County Justice Center
West Chester, Pennsylvania

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

In planning our audit of the financial statements of the Office of Adult Probation (*APO*) as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered *APO*'s internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of *APO*'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of *APO*'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all significant deficiencies or material weaknesses have been identified.

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 *APO*'s financial statements will not be prevented, or detected and corrected on a timely basis.

As part of obtaining reasonable assurance about whether *APO*'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

We noted certain matters that we reported to management of *APO* in a separate letter dated October 25, 2012. They included the following:

- Recording / Recordkeeping with respect to manual and cash receipts
- Reconciliation with respect to cash adjustments

This report is intended for the information of the Chester County Commissioners and the Chester County Court of Common Pleas. This report is, however, a matter of public record, and its distribution is not limited.



Valentino F. DiGiorgio, III
Controller

COUNTY OF CHESTER
OFFICE OF ADULT PROBATION
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2011

Due to the nature of the audit findings and recommendations, an exit conference was not warranted for the 2011 audit. Management of the Office of Adult Probation has chosen to accept the report as presented.