



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

**Audit Report
For the Years Ended
December 31, 2015 and 2014**

***County of Chester
Office of the Clerk of Courts
and the
Office of Adult Probation***

**Annual Financial Statement
Audit**

Norman MacQueen, Controller

COUNTY OF CHESTER
OFFICE OF THE CLERK OF COURTS / ADULT PROBATION
ANNUAL FINANCIAL STATEMENT AUDIT
AS OF DECEMBER 31, 2015 and 2014

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

COUNTY OF CHESTER
OFFICE OF THE CLERK OF COURTS / ADULT PROBATION
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

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COUNTY OF CHESTER

OFFICE OF THE CONTROLLER

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NORMAN MACQUEEN
Controller

Internal Auditor's Report

Christopher Murphy, Chief Adult Probation Officer
Chester County Justice Center
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Report on the Financial Statements

We have audited the accompanying financial statements of the Office of Adult Probation (*APO*), which comprises the statements of assets and liabilities arising from cash transactions as of December 31, 2015 and 2014, and the related statements of cash receipts, disbursements and cash balances for the years then ended, 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 cash basis of accounting described in Note 1; this includes determining that the 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to annually audit the accounts of every row office within the County and to report the results of such audits to the Chester County Commissioners, the Chester County Court of Common Pleas, the Auditor General of Pennsylvania, and to the governing body of each political subdivision which is entitled to receive funds collected on its behalf by the *APO*.

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 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 of 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 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of

significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the *APO* as of December 31, 2015 and 2014, and its cash receipts, disbursements and cash balances for the years then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the 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 Matter

In accordance with Government Auditing Standards, Internal Audit has also issued a separate report dated September 7, 2016, on our evaluation of the *APO* 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 is to be read in conjunction with this report in considering the results of our audit.



Norman MacQueen
Controller

September 7, 2016

COUNTY OF CHESTER

OFFICE OF THE CLERK OF COURTS / ADULT PROBATION

STATEMENTS OF ASSETS AND LIABILITIES – CASH BASIS

DECEMBER 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash - CPCMS Accounts	\$ 2,009,172 *	\$ 2,513,711
Cash - Automation Fund	222,074	219,122
Cash - Bail Bondsman Accounts	150,000	150,000
Cash - Legacy Summary Appeal/Bail Account	19,442	31,902
Cash - Clerk of Courts Change Funds	300	300
Cash - Adult Probation Change Funds	<u>200</u>	<u>200</u>
Total Assets	<u><u>\$ 2,401,188</u></u>	<u><u>\$ 2,915,235</u></u>

<u>Liabilities</u>		
Due to Individuals - Clerk/APO	\$ 1,587,640	\$ 2,035,656
Due to Restricted Funds - Clerk/APO	224,031	220,889
Due to County - APO	212,661	243,756
Due to Bail Agents - Clerk	150,000	150,000
Due to Commonwealth of PA - Clerk/APO	140,931	167,939
Due to DUI Program - APO	35,743	35,565
Due to County - Clerk	27,527	27,109
Due to Municipalities - APO	22,155	33,821
Due to County - Change Funds	<u>500</u>	<u>500</u>
Total Liabilities	<u><u>\$ 2,401,188</u></u>	<u><u>\$ 2,915,235</u></u>

* Filing Fee	\$ 7,862
Bail Escrow	868,301
Summary Appeal	28,914
Fines, Costs and Restitution	<u>1,104,095</u>
	<u><u>\$2,009,172</u></u>

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

COUNTY OF CHESTER

OFFICE OF THE CLERK OF COURTS / ADULT PROBATION

STATEMENTS OF RECEIPTS, DISBURSEMENTS
AND CASH BALANCES – CASH BASIS
FILING FEE ACCOUNT

FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Receipts</u>		
Filing Fees	\$ 87,504	\$ -
Total Receipts	87,504	-
<u>Disbursements</u>		
Filing Fees	86,316	-
Total Disbursements	86,316	-
Cash Increase (Decrease)	1,188	-
Cash, Beginning of Year	6,674	-
Cash, End of Year	<u>\$ 7,862</u>	<u>\$ -</u>

Note: For the above statement, receipts could not be broken out in previous years, this year Internal Audit could break out receipts due to a new receipt report. Internal Audit has decided to complete a statement of receipts, disbursements and cash balance for each account.

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

COUNTY OF CHESTER

OFFICE OF THE CLERK OF COURTS / ADULT PROBATION

STATEMENTS OF RECEIPTS, DISBURSEMENTS
AND CASH BALANCES – CASH BASIS
BAIL ESCROW ACCOUNT

FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Receipts</u>		
Bail Escrow	\$ 903,502	\$ -
Total Receipts	903,502	-
<u>Disbursements</u>		
Bail Escrow	1,282,876	-
Total Disbursements	1,282,876	-
Cash Increase (Decrease)	(379,374)	-
Cash, Beginning of Year	1,247,675	-
Cash, End of Year	<u>\$ 868,301</u>	<u>\$ -</u>

Note: For the above statement, receipts could not be broken out in previous years, this year Internal Audit could break out receipts due to a new receipt report. Internal Audit has decided to complete a statement of receipts, disbursements and cash balance for each account.

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

COUNTY OF CHESTER

OFFICE OF THE CLERK OF COURTS / ADULT PROBATION

STATEMENTS OF RECEIPTS, DISBURSEMENTS
AND CASH BALANCES – CASH BASIS
SUMMARY APPEAL ACCOUNT

FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Receipts</u>		
Summary Appeal	\$ 78,425	\$ -
Total Receipts	78,425	-
<u>Disbursements</u>		
Summary Appeal	89,852	-
Total Disbursements	89,852	-
Cash Increase (Decrease)	(11,427)	-
Cash, Beginning of Year	40,341	-
Cash, End of Year	<u>\$ 28,914</u>	<u>\$ -</u>

Note: For the above statement, receipts could not be broken out in previous years, this year Internal Audit could break out receipts due to a new receipt report. Internal Audit has decided to complete a statement of receipts, disbursements and cash balance for each account.

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

COUNTY OF CHESTER

OFFICE OF THE CLERK OF COURTS / ADULT PROBATION

STATEMENTS OF RECEIPTS, DISBURSEMENTS
AND CASH BALANCES – CASH BASIS
FINES, COSTS, RESTITUTION ACCOUNT

FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Receipts</u>		
Fines, Costs and Restitution	\$ 6,898,387	\$ -
Total Receipts	6,898,387	-
<u>Disbursements</u>		
Fines, Costs and Restitution	7,013,311	-
Total Disbursements	7,013,311	-
Cash Increase (Decrease)	(114,924)	-
Cash, Beginning of Year	1,219,019	-
Cash, End of Year	<u>\$ 1,104,095</u>	<u>\$ -</u>

Note: For the above statement, receipts could not be broken out in previous years, this year Internal Audit could break out receipts due to a new receipt report. Internal Audit has decided to complete a statement of receipts, disbursements and cash balance for each account.

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

COUNTY OF CHESTER

OFFICE OF THE CLERK OF COURTS / ADULT PROBATION

STATEMENTS OF RECEIPTS, DISBURSEMENTS
AND CASH BALANCES – CASH BASIS
AUTOMATION FUND ACCOUNT

FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Receipts</u>		
Automation Fees	\$ 22,626	\$ 22,649
Interest	338	382
	<hr/>	<hr/>
Total Receipts	22,964	23,031
<u>Disbursements</u>		
Automation Expenses	20,012	18,325
	<hr/>	<hr/>
Total Disbursements	20,012	18,325
Cash Increase (Decrease)	2,952	4,706
Cash, Beginning of Year	219,122	214,416
	<hr/>	<hr/>
Cash, End of Year	<u>\$ 222,074</u>	<u>\$ 219,122</u>

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

COUNTY OF CHESTER
OFFICE OF THE CLERK OF COURTS / ADULT PROBATION
STATEMENTS OF RECEIPTS, DISBURSEMENTS
AND CASH BALANCES – CASH BASIS
BAIL BONDSMAN ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Receipts</u>		
Initial Deposit	\$ -	\$ 25,000
Total Receipts	-	25,000
<u>Disbursements</u>		
Total Disbursements	-	-
Cash Increase (Decrease)	-	25,000
Cash, Beginning of Year	150,000	125,000
Cash, End of Year	\$ 150,000	\$ 150,000

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

COUNTY OF CHESTER

OFFICE OF THE CLERK OF COURTS / ADULT PROBATION

STATEMENTS OF RECEIPTS, DISBURSEMENTS
AND CASH BALANCES – CASH BASIS
LEGACY SUMMARY APPEAL / BAIL ESCROW ACCOUNT

FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Receipts</u>		
	\$ -	\$ -
	_____	_____
Total Receipts	-	-
<u>Disbursements</u>		
Fines and Costs	12,170	-
Escheats	290	50
Bail Refunds	-	180
	_____	_____
Total Disbursements	12,460	230
	_____	_____
Cash Increase (Decrease)	(12,460)	(230)
Cash, Beginning of Year	31,902	32,132
	_____	_____
Cash, End of Year	\$ 19,442	\$ 31,902
	_____	_____

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

COUNTY OF CHESTER
OFFICE OF THE CLERK OF COURTS / ADULT PROBATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

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 THE CLERK OF COURTS / ADULT PROBATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

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 the *APO* or its Chief Adult Probation Officer (Christopher Murphy) for the year ended December 31, 2015.

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 THE CLERK OF COURTS / ADULT PROBATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

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 were 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 the *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 (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).



COUNTY OF CHESTER OFFICE OF THE CONTROLLER

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NORMAN MACQUEEN
Controller

September 7, 2016

Christopher Murphy, Chief Adult Probation Officer
Chester County Justice Center
201 W. Market Street, Suite 2100
West Chester, PA 19380

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, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the *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 the *APO*'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the *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 the *APO*'s financial statements will not be prevented, or detected and corrected on a timely basis.

As part of obtaining reasonable assurance about whether the *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 a certain matter that we reported to management of the *APO* in a separate letter dated September 7, 2016, regarding refunds.

This report is intended for the information of the Chester County Commissioners, the Chester County Court of Common Pleas, the Auditor General of Pennsylvania, and all other political affiliates served by the *APO*. This report is, however, a matter of public record, and its distribution is not limited.



Norman MacQueen
Controller

COUNTY OF CHESTER
OFFICE OF THE CLERK OF COURTS / ADULT PROBATION
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2015

An exit conference was not warranted for the audit of the Office of Adult Probation. The Chief Adult Probation Officer, Christopher Murphy has accepted the report as presented.