

**REVIEW OF THE  
ALLEGHENY COUNTY  
CLERK OF COURTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2007**

**July 13, 2009**

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Director Barkman  
April 29, 2009

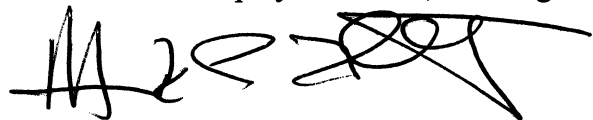
Due to these inherent limitations, there is an increased risk that fraud or misappropriation of assets may occur or may have occurred and may go undetected. It is management's responsibility to design an internal control system that decreases the likelihood of fraud from occurring.

Now that the Clerk of Courts is currently operating as the Criminal Division, and certain processes and practices still exist, our recommendations are directed to Criminal Division management. Accordingly, we recommend that the Criminal Division undertake a reassessment of its policies and procedures with a focus on strengthening program management, documentation, internal controls and accountability. In addition, a fraud audit should be conducted to ensure that fraud has not occurred. Our findings and recommendations are provided in detail in the attached report.

Very truly yours,



Lori A. Churilla  
Assistant Deputy Controller, Auditing



MARK PATRICK FLAHERTY  
Controller

cc: Honorable Rich Fitzgerald, President, Allegheny County Council  
Honorable William Russell Robinson, Allegheny County Council  
Honorable Dan Onorato, Chief Executive  
Mr. James M. Flynn, Jr., County Manager  
Ms. Amy Griser, Budget Director  
Ms. Jennifer Liptak, Budget Director, County Council  
Mr. Joe Catanese, Director of Constituent Services, County Council  
Mr. Eric Feder, Deputy Director, Department of Court Records  
Ms. Darlene Skosnik, Division Manager, Department of Court  
Records, Criminal Division  
Mr. Guy A. Tumolo, Deputy Controller  
Mr. Robert J. Lentz, Assistant Deputy, Accounting  
Ms. Pamela Goldsmith, Communications Director, Controller's Office

## **BACKGROUND**

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Currently, the Department of Court Records, Criminal Division (Criminal Division) performs the functions of the former Clerk of Courts. Its functions include filing motions and summary appeals, maintaining dockets, processing expungements and bail bonds, maintaining and archiving case records, and collecting and disbursing Court-ordered fines, costs, bonds and restitution. These monies are collected on behalf of litigants and governments such as the Commonwealth of Pennsylvania, Allegheny County and various municipalities and are custodial in nature. These funds are not maintained on Allegheny County's accounting system.

George F. Matta, II was the elected Clerk of Courts and served from January 2000 until January 7, 2008, when the Department of Court Records was created to administer the combined offices of the Prothonotary, Clerk of Courts, and Register of Wills. County Executive Onorato appointed Kate Barkman as the Court Records Director.

The Clerk of Courts utilized the Common Pleas Case Management System (CPCMS) to account for the receipt and disbursement of Court ordered fines and costs, bond and restitution. It is a Statewide system for criminal case management developed by the Administrative Office of Pennsylvania Courts (AOPC) under a mandate from the Pennsylvania Supreme Court, and is still used by the Criminal Division. CPCMS was implemented by the Clerk of Courts on February 28, 2006. Historical case information, including outstanding account balances from the prior computerized systems (the legacy systems) was transferred into CPCMS. However, some historical financial information, such as amounts owed to third parties, was not transferred to the CPCMS system and remains in one of the three legacy systems. Also, dormant cases and cases which contained problematic data could not be transferred. The Clerk of Courts did not know the number of cases or the associated account balances that did not transfer into CPCMS.

Current receipts and disbursements are processed through CPCMS and the CPCMS bank account. However, the legacy systems and the associated bank accounts are still used to disburse amounts received prior to the implementation of CPCMS.

Prior to CPCMS, bond refunds were accounted for in the Integrated Criminal Information System (ICIS), which was replaced by the Criminal Information Management System (CIMS) in August 2003. Funds were deposited and disbursed through the Cash Bond II and CIMS General Fund bank accounts respectively. Quicken software is used to write checks and functions as a check register for the ICIS (Cash Bond II bank account), while bond refunds from the CIMS are printed directly from the system. When bond payments were initially made, the receipts were printed and filed in bond envelopes. These bond envelopes serve as the official records to document the population of outstanding bond refunds for ICIS and CIMS.

Collection and disbursement of restitution was processed separately through the TITAN system and the restitution checking account prior to CPCMS. Checks are printed directly from the TITAN system. A report is generated which identifies the population of outstanding restitution. The information on this report is researched to verify its accuracy.

## **BACKGROUND**

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The table below presents the unaudited Clerk of Courts bank account balances and the purpose of the account as of December 31, 2007.

<b>Account Name</b>	<b>December 31, 2007 Balance</b>	<b>Purpose of Account</b>
CPCMS General Fund	\$2,428,137	Used for the current CPCMS system
Bondsman Forfeiture	1,554,171	Holds money to be transferred to the County Treasurer
CIMS General Fund	690,698	Used for CIMS system
Cash Bond II	65,583	Used for ICIS system
Individual Bond Forfeiture	13,698	Holds money to be transferred to the County Treasurer
Restitution	7,210	Used for Restitution (TITAN system)
Western Union	3,123	Used to receive money from online payments
DJ Summary Appeals	2,809	Used to process summary appeals
Collections	1,792	Used to send money to collection companies
National City Sweep Acct.	1,090,216	Investment Account
BlackRock Investment	1,500,000	Investment Account
Huntington CD	<u>476,357</u>	Investment Account
<b>TOTAL</b>	<b><u>\$7,833,794</u></b>	

In December 2008, the Criminal Division transferred the balance of the Bondsman Forfeiture and Individual Bond Forfeiture Accounts, which totaled \$1,860,930 and \$15,498 respectively, to the Allegheny County General Fund and the Criminal Division's computer fund. As of December 31, 2008, \$542 of interest remained in the Bondsman Forfeiture Account, and the Individual Bond Forfeiture Account had a \$0 balance.

## **FINDINGS AND RECOMMENDATIONS**

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### **1. Accounts Receivable Balance is Unknown**

**Observation:** The Clerk of Courts could not provide the accounts receivable balance as of December 31, 2007. An accurate historic version of the reports could not be recreated, and the Clerk of Courts did not retain the reports generated on December 31, 2007.

We were provided with accounts receivable reports generated from CPCMS on January 8, 2009 for the year ended December 31, 2007 which contained approximately 217,000 cases and a total accounts receivable balance of \$209,662,553. However, these reports do not present an accurate accounts receivable balance. The Clerk of Courts indicated that accounts from the legacy systems (CIMS, ICIS, and TITAN) were not transferred to CPCMS if they were dormant or if the case contained problematic data. Therefore, the accounts receivable reports do not include all outstanding account balances. The number of cases and the associated accounts receivable balances not transferred from the Legacy System is not known.

**Recommendations:** We recommend that the management of the Criminal Division:

- Review the accounts that were not transferred from the legacy systems to create a universe of all receivables not included in CPCMS. Ensure that the identity of the rightful owners is recorded.
- Prepare and retain electronic copies of the accounts receivable reports.

### **2. Liabilities Cannot be Identified**

**Observation:** The Clerk of Courts could not provide the liabilities balance as of December 31, 2007. Although the Clerk of Courts accounts for its activities in agency funds where funds are custodial in nature and all amounts received are owed to a third party, the office could not identify the rightful owners of all of the assets in its custody.

For instance, the Clerk of Courts could not identify the individual owners of the funds held in the Cash Bond II and the CIMS General Fund bank accounts. As of December 31, 2007, these account balances totaled \$65,583 and \$690,698 respectively. The Clerk of Courts could also not identify the individual owners of the funds held in the BlackRock, Huntington Bank, and National City investment accounts. These account balances totaled \$3,066,573 at December 31, 2007. (See Finding #4 for additional information).

The bond envelopes, which contain copies of individual bond receipts, are supposedly the universe of all bonds refunds. However, the Clerk of Courts did not have a report detailing the population of these bonds that have not been refunded to the proper owner. In addition, the envelopes are not consecutively numbered; therefore we could not test for completeness of the population.

Furthermore, the Clerk of Courts could not provide documentation to confirm there is enough cash in the bank accounts to pay all of the required liabilities. For example, we

## **FINDINGS AND RECOMMENDATIONS**

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noted that the unclaimed restitution report for 2007 reported \$60,811 in stale dated property, while the December 31, 2007 Restitution account bank balance was only \$7,210. The restitution account was closed on January 11, 2008 and the remaining balance of \$7,120 was transferred into the Cash Bond II account.

Because the accounting records were incomplete and did not properly reflect the liabilities, we could not determine if cash was complete.

***Recommendations:*** We recommend that the management of the Criminal Division:

- Determine the rightful owner of all funds held in its custody as well as the owners of receivables not yet collected. An accurate liabilities report should be maintained and continuously updated to reflect the total liabilities of the Criminal Division.
- Review the bank account balances and the liability report to ensure that funds are available to make all necessary third party disbursements.

### **3. Accounts Receivable Collections**

***Observation:*** The Clerk of Courts did not have proper internal controls in place over the collection of the accounts receivable.

The Clerk of Courts' collection department attempted to contact individuals whose accounts are 60 or more days delinquent. If internal collection efforts were not successful, the Clerk of Courts forwarded delinquent cases to outside collection agencies. Historically, cases were transferred on an annual basis. However, due to limitations of the CPCMS, delinquent cases have not been transferred to external agencies since 2005. We noted that the Clerk of Courts did not have written policies and procedures regarding the internal collection efforts or the follow up with external collection agencies. In addition, there was no evidence that management reviewed and authorized the transfer of the delinquent accounts to the external agencies.

During 2007, the Clerk of Courts utilized three external agencies to pursue collection of delinquent accounts. These agencies included Penn Credit, Keystone Collection and Credit Management Company. We were provided a copy of the Credit Management Company agreement, but the Clerk of Courts did not retain copies of the executed contracts with Penn Credit and Keystone Collection agencies. Criminal Division personnel indicated that the three agreements are identical.

The agreement between Credit Management Company and the Clerk of Courts (currently the Criminal Division) requires the agency to submit numerous reports to the Clerk of Courts and requires the Clerk of Courts to conduct a review of the agency's performance every six months. We noted that the agencies did not provide the detailed reports required in the contract. Criminal Division management told us that the agencies provided this information in the past, but the Clerk of Courts administration told the agencies to stop sending it. Additionally, there was no evidence that anyone monitored

## **FINDINGS AND RECOMMENDATIONS**

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the delinquent accounts referred to the agencies to ensure that the amounts collected and remitted to the Clerk of Courts were accurate and in accordance with the terms of their contract. Any information that the agencies did submit was not retained.

Furthermore, the Clerk of Courts did not have an accurate report of all accounts receivable held by the external agencies. Although the Master Collection File contains information on the accounts forwarded to the agencies, the report is inaccurate and incomplete since the agencies do not provide the necessary updated information.

We also noted that the Clerk of Courts performed limited collection efforts on delinquent accounts with an outstanding balance of \$100 or less. This threshold was determined internally by the Clerk of Courts. We noted there were 63,023 accounts with a \$100 or less balance from the accounts receivable report prepared on January 8, 2009 which totaled \$2,806,638. These accounts have not been forwarded to the external collection agencies.

In addition, the Clerk of Courts used the CPCMS Delinquency Report #1121 to assist with collection activities. If an internal collector was not assigned when the case was initially set up, it will not appear on the #1121 report. During our fieldwork, Criminal Division personnel began researching cases without an internal collector and assigned the cases.

***Recommendations:*** We recommend that the management of the Criminal Division:

- Develop a comprehensive policies and procedures manual which includes management oversight and review of internal delinquent accounts as well as those accounts forwarded to an outside collection agency.
- Implement procedures to verify that the external collection agencies are in compliance with their contracts. Copies of all executed agreements should be maintained.
- Review the policy regarding accounts with a balance of \$100 or less to ensure that viable receivables are not overlooked.
- Assign internal collectors when a case is initially created in CPCMS. Criminal Division personnel should verify that all previously created cases have a collector assigned.

### **4. Investment Accounts**

***Observation:*** The Clerk of Courts did not have proper policies in place regarding investment accounts. As of December 31, 2007, the Clerk of Courts maintained three investment accounts:

## **FINDINGS AND RECOMMENDATIONS**

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<u>Institution</u>	<u>12/31/07 Account Balance</u>
BlackRock Investment	\$1,500,000
Huntington Bank CD	476,357
National City Sweep Account	<u>1,090,216</u>
<b>TOTAL</b>	<b><u>\$3,066,573</u></b>

Although the Clerk of Courts maintained over \$3 million in investments, the office did not have a formal investment policy in place. Additionally, the Clerk of Courts could not provide documentation to support the origination of the funds in these accounts. Consequentially, the rightful owners of these funds and the corresponding liabilities could not be identified.

Criminal Division personnel indicated that these investment accounts were established under Clerk of Courts administration and the responsibility for investment activity was assigned to a fiscal officer. The individual who held that position is no longer employed by the Criminal Division and the position remains unfilled.

Local Rule 3 of the Court of Common Pleas indicates that interest on deposits shall be remitted to the County Treasurer. The Clerk of Courts:

- Remitted interest of \$65,264 from the BlackRock account to the Allegheny County Treasurer on a monthly basis for 2007.
- Did not remit interest of \$22,459 earned on the Huntington Bank CD to the Allegheny County Treasurer. The interest was reinvested in the CD.
- Could not provide documentation to show that interest of \$53,250 from the National City account was remitted to the Allegheny County Treasurer.

Additionally, the State Treasury Department performed an abandoned and unclaimed property audit of the Clerk of Courts' investment accounts for the 2007 reporting year. As of the date of this report, the State had not issued its report. The results of the audit are under discussion and the outcome is uncertain.

***Recommendations:*** We recommend the Criminal Division management:

- Eliminate the use of investment accounts through the Criminal Division and ensure funds are disbursed timely to the proper owner. Any funds that are invested because they cannot be immediately disbursed should be properly documented and held by the County Treasurer.
- Every effort should be made to identify the rightful owners of the funds held in the three investment accounts noted above.
- Remit interest, including any interest not previously remitted, to the Allegheny County Treasurer in a timely manner.

## **FINDINGS AND RECOMMENDATIONS**

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### **5. Unclaimed and Abandoned Property**

*Observation:* The Clerk of Courts did not adequately manage unclaimed property.

The Commonwealth of Pennsylvania Treasury Department requires all abandoned or unclaimed property with a rightful owner be escheated after five years. Property without a rightful owner must be escheated after one year.

Personnel must research information in CIMS, ICIS and TITAN (the Legacy systems) and the bond envelopes to prepare the State Unclaimed Property Report. This cumbersome process increases the potential for errors and irregularities.

The Draft 2007 Unclaimed Property Report, listed amounts due to 2,103 individuals totaling \$309,297. As of December 31, 2008, the Criminal Division had not submitted the Unclaimed Property Report for the report year 2007 to the State. Management indicated that the State told them that they did not have to file the report until after the State completed its audit.

We reviewed 66 items totaling \$55,467 from the Draft 2007 Unclaimed Property Report. Our testing revealed the following:

- The incorrect date was used as a basis for reporting to the State for 26 items totaling \$9,761. These cases were not reported to the State in the proper year.
- There was no documentation that the Clerk of Courts issued an initial check to the proper individual for 52 items totaling \$49,482.
- The Clerk of Courts did not attempt to contact the owner if the check was not cashed for any of the bond refunds and restitution payments tested. Current management indicated that they do not have the personnel to perform the recommended follow up.

We also found that 12 of the 66 items (18%) tested on the Draft 2007 Unclaimed Property Report appeared to be incorrect. Specifically:

- Of the items tested, the amounts on the Draft Report appeared to be incorrect and unsupported for four cases:
  - The Draft Report included a case for \$37,621 to be escheated for restitution unclaimed by a victim. The TITAN System shows total restitution due to this victim as \$1,470 and payments made to the victim totaling \$136 (there was no documentation to show that any payments to the victim were stale dated). The ICIS system also shows total restitution due the victim of \$1,470. The Clerk of Courts did not provide any documentation to support that the \$37,621 was received from the defendant, but unclaimed by the victim.
  - The Draft Report contained three cases where the receipt amount was more than the escheat amount.

## **FINDINGS AND RECOMMENDATIONS**

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- In one case the defendant paid restitution of \$2,100, but only \$2000 was listed on the Draft report. It appears \$100 was inadvertently not included on the Draft Report.
  - In two cases the escheat amount agreed to the amount of the stale dated check. However, these amounts were less than the initial payment and there is no documentation to support the disposition of the difference of \$380.
- Four of the bond cases we reviewed appeared to be incorrectly included on the Draft Report. Information in the bond envelopes and in Quicken indicates the bond amount was applied to costs and fines and that the checks issued for these payments cleared. It appears a total of \$1,843 was improperly included on the Draft Report.
  - We could not verify the amount on the Draft Report for four bond cases totaling \$2,470. If an individual posts bond multiple times, the ICIS system will override all prior information and only show data pertaining to the most current bond posted. The Clerk of Courts keeps receipts for prior bonds posted in the bond envelopes. However, the current status of these prior bonds (forfeited or refunded) is not documented on the printed receipt and review of the ICIS system only provides the status of the most recent bond issued. Each case would have to be thoroughly researched to determine if the bond was ordered to be forfeited or refunded, and to determine if the subsequent check cleared or was staled dated. None of this information was recorded on the initial receipt. Therefore, we could not determine if the amounts were properly included on the Draft Report.

We discussed the issues that we had discovered with current Criminal Division personnel and suggested that they research the items. Since we identified the errors before the report and the payment were submitted to the State, the Criminal Division was able to research the problems and make any necessary corrections.

***Recommendations:*** We recommend the Criminal Division management:

- Thoroughly research and analyze all information in the legacy systems and bond envelopes to ensure that unclaimed property is properly identified and reported to the State.
- Submit the Unclaimed Property Report to the State on a timely basis in accordance with applicable laws. Obtain written authorization for any extensions.
- Issue checks to the rightful owner whenever funds are received.
- Attempt to contact individuals if the check is not cashed in a timely manner.
- Review the annual Unclaimed Property Report to ensure that it is accurate.

### **6. Segregation of Duties**

***Observation:*** The Clerk of Courts, as well as the current Criminal Division, does not have adequate segregation of duties.

## **FINDINGS AND RECOMMENDATIONS**

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- We noted that one person has complete control over the collection of Court ordered fines, costs, restitution, and bond payments. The Assistant Director of Finance can accept and record payments, reconcile the cashier drawers, prepare and verify deposits, and reconcile bank Statements. Also, the Accounting Clerk, Receptionist, and Director of Records positions can accept and record payments, reconcile the cash drawer, and prepare and verify deposits. The CPCMS access levels provide these users with the capability to perform these transactions.
- A daily log of mailed receipts is not prepared by someone independent of the cash receipt process. The same person opens the mail and records mail receipts. Approximately 4,557 mail receipts are processed a month (58% of total receipts) representing approximately \$700,000 in monthly collections.
- The same person receives payment reports from the Western Union Speedpay Payment System and transfers funds from the Western Union bank account which is used to receive these on-line payments into the CPCMS' bank account and reconciles the Western Union bank account. A different employee records the payment in CPCMS, but no one verifies any of the transaction amounts or approves the transfers. Although staff indicated that the bank reconciliations are reviewed by management, there was no documentation of the approval.
- CPCMS permits the Assistant Division Manager, Records Clerk, and State Report Clerk to access a case, examine the financial coding, preview the financial distribution, and change the Court ordered assessment, ultimately affecting the fines and fees and their distribution. The person recording the initial Court ordered assessment of costs, fines, restitution, and bond payments can also make adjustments to the initial assessment without management approval or oversight.
- The entire transaction cycle of stale dated/unclaimed property is managed by one employee. The Accounting Clerk is charged with tracking, aging, reissuing stale dated checks and preparing the State Unclaimed Property Report.

Segregation of duties is an internal control activity to help prevent or decrease the occurrence of undetected innocent errors or intentional fraud. This is achieved by ensuring that no single individual has control over all phases of a transaction including authorization, custody, and record keeping. When there is a good segregation of duties, there has to be collusion between two or more employees for irregularities to occur without detection.

***Recommendations:*** We recommend the Criminal Division management:

- Modify access levels and job responsibilities so that no single person has control over all phases of a transaction.
- Assign an individual independent of record keeping to open all mail and prepare a log of mail receipts. Mail receipts should be given to a cashier for recording and the mail log given to management for comparison with the CPCMS entries, the bank deposit slips and bank Statement.
- Assign staff to approve the Western Union transfers, review the CPCMS transactions, and document the review of the bank reconciliations.

## **FINDINGS AND RECOMMENDATIONS**

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- Review and approve changes made to Court ordered assessments.

### **7. Policies and Procedures Manual**

**Observation:** The Clerk of Courts did not have formal written policies and procedures which codify management's criteria for executing the office's operations. Current Criminal Division staff stated they follow informal procedures in performing daily operations due to the lack of a current manual.

The purpose of policies and procedures is to provide employees with a clear communication of management's intention regarding the treatment of various departmental and accounting matters. A manual would assign responsibilities for tasks associated with various positions or levels of management and promote uniformity in executing and recording transactions. It should be used as a training manual and a reference guide and assist in maintaining the continuity of operations in the event of personnel changes.

If formal written policies and procedures do not exist, are inaccurate, incomplete or simply not current, daily operations may be impacted. This could result in inaccurate and unreliable financial records due to inappropriate recording of transactions, inconsistent practices among employees or departments, and processing errors due to a lack of knowledge.

**Recommendation:** We recommend that the management of the Criminal Division:

- Prepare a written policies and procedures manual containing all departmental practices, processes, and policies and ensure that it is updated when necessary.

### **8. Credit Card Fees**

**Observation:** The Clerk of Courts did not recover fees and service charges assessed by credit card merchants for payments made by credit card. For the calendar year 2007, the merchant fees were approximately \$26,483.

The subsequent disbursement of these funds to governments and litigants is not reduced by these fees, and the Clerk of Courts did not receive any money to offset the fees. The Clerk of Courts, currently the Criminal Division, is an agency fund and all money collected is owed to a third party. As a result, the Clerk of Courts' assets would actually be less than the liabilities it owes.

**Recommendations:** We recommend that the management of the Criminal Division:

- Explore options to recover these fees, including the option of requiring persons remitting payment with credit cards to absorb the fees and transaction expenses.
- Determine the total fees paid with agency funds and reimburse these accounts since these funds are needed to cover agency liabilities.

## **FINDINGS AND RECOMMENDATIONS**

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### **9. Voided Receipts**

**Observation:** Clerk of Courts management does not authorize or approve void transactions. All employees who can enter a receipt can void a receipt.

In 2007, 929 receipts were voided totaling \$264,354. We noted the following:

- 739 voids (80%) totaling \$193,397 listed erroneous entry as the reason without providing any additional information in the comment section to describe the actual reason for the void.
- Another 158 (17%) voids listed erroneous entry as the reason, but provided an additional explanation in the comments.
- 27 of the erroneous entry voids totaling \$507 were cash receipts issued for record checks, certified copies, etc. These entries do not have a case number; therefore, the customer would not know the entry was voided because they would have a receipt and their requested documents.
- Eight voids listed the reason as incorrect remitter. Our review found that two receipts were not re-entered using the correct remitter.

The Clerk of Courts, currently the Criminal Division, is responsible for establishing and maintaining strong internal controls to safeguard the custodial assets it handles from unauthorized use or disposition. An integral part of these controls is to prevent, deter, and detect fraud. As illustrated in our findings throughout the report, the Clerk of Courts, currently the Criminal Division, does not have strong internal controls in place to detect errors, irregularities, or the misappropriation of assets.

**Recommendations:** We recommend that the management of the Criminal Division:

- Require employees to obtain written authorization to perform a void. If possible, the void should not be performed by the individual who entered the receipt. Management should review voided receipts for reasonableness and ensure there is a corresponding correcting entry when appropriate.
- Direct employees to enter a specific reason for the void.
- Work with the Controller's Office to engage an external firm who could conduct a fraud audit in order to detect any misappropriation of assets or fraudulent reporting.

### **10. Cash Handling Procedures**

**Observation:** As of December 31, 2007, the Clerk of Courts maintained twelve separate bank accounts (see page 4). These accounts are maintained on four separate systems within the Clerk of Courts, currently the Criminal Division, but are not recorded on the County's accounting system. In order to strengthen internal controls, the Criminal Division should establish procedures which require all funds to be directly deposited with

## **FINDINGS AND RECOMMENDATIONS**

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the Treasurer's Office. All disbursements should be required to be processed through a voucher and submitted for payment to the Controller's Office. These procedures will strengthen internal controls surrounding the reliability and integrity of information, safeguard assets and accomplish established goals and objectives.

***Recommendations:*** We recommend that the Criminal Division management:

- Establish a plan to ensure that all funds received are deposited directly with the Treasurer's Office.
- Complete disbursements through vouchers submitted to the Controller's Office.



**DAN ONORATO**  
CHIEF EXECUTIVE

# COUNTY OF ALLEGHENY

## DEPARTMENT OF COURT RECORDS

115 COURTHOUSE · 436 GRANT STREET  
PITTSBURGH, PA 15219  
PHONE (412) 350-5323 · FAX (412) 350-6061  
WWW.ALLEGHENYCOUNTY.US

**KATE BARKMAN**  
DIRECTOR

**ERIC FEDER**  
DEPUTY DIRECTOR

July 8, 2009

Lori A. Churilla  
Assistant Deputy Controller, Auditing  
104 Courthouse  
436 Grant Street  
Pittsburgh, PA 15219

### **RE: Criminal Division**

Dear Ms. Churilla:

Please accept this letter as a response from the Department of Court Records to the draft "Review of the Allegheny County Clerk of Courts Review for the Year Ended December 31, 2007." This Review covers a period of time when the former Clerk of Courts controlled and directed this office.

#### **1. ACCOUNTS RECEIVABLE BALANCE IS UNKNOWN**

First, I respond to your statement that your office was unable to perform an audit in accordance with generally accepted auditing standards because "the Clerk of Courts could not provide year-end amounts for accounts receivable and liabilities as of December 31, 2007." The Department of Court Records, Criminal Division, utilizes the state-mandated computer system, Common Pleas Case-Management System (CPCMS). This system was created by the Administrative Offices of the Pennsylvania Courts (AOPC). CPCMS was implemented in Allegheny County in February, 2006, when the former Clerk of Courts was in office. CPCMS continues to be utilized today by the Department of Court Records, Criminal Division and all other Clerks of Courts offices in every county in Pennsylvania. The AOPC provided to your office a "static" report as of December 31, 2007 of amounts owed by Defendants on criminal cases. "Accounts receivable" is not a term or concept that applies easily to the management of criminal cases in which a defendant has pled guilty or been found guilty in a court of law. Amounts owed on cases are determined, in large measure, by the charges against the defendant and no charges are applied unless and until a defendant pleads or had been found guilty. The amount of restitution on a case can change and is solely determined by a judge. Audits are regularly performed of other county's Clerks of Courts office with these same reports provided by the AOPC.

## 2. LIABILITIES CANNOT BE IDENTIFIED

The Criminal Division is well aware of the large amount of unclaimed restitution and bond money. Determining the rightful owners of this money would be a tremendous undertaking since many cases have multiple victims and criminal cases, by law, are never closed. Further, victims and defendants often move and do not provide address changes. There is no way of knowing when these individuals have moved and the Clerk of Courts and now the Department of Court Records, Criminal Division, lacks the staff to take on this task. The Criminal Division is currently working on escheating money to the Bureau of Unclaimed Property.

## 3. ACCOUNTS RECEIVABLES COLLECTIONS

The Criminal Division accepts the recommendations and will be taking steps to review the collection process within the Division as well as the outside collection agencies. The Criminal Division intends to create a Request for Proposals in order to contract with one (1) outside collection agency. CPCMS only allows for tracking outside collections with a single collection agency.

## 4. INVESTMENT ACCOUNTS

The Criminal Division accepts the recommendations and has reduced the number of bank accounts. The Criminal Division has not opened any new investment accounts and investment accounts held by the Clerk of Courts have been closed. The Department of Court Records, Criminal Division, will not hold any investment accounts.

## 5. UNCLAIMED AND ABANDONED PROPERTY

The Criminal Division recognizes the errors noted and is working to correct these errors. Researching and analyzing all of the information in the legacy systems would be an impossible task due to the nature of the information that was transferred. The Criminal Division does realize the importance of identifying and reporting the unclaimed properties to the State and is moving forward to complete this task.

## 6. SEGREGATION OF DUTIES

The Criminal Division accepts the recommendation and will take steps to implement the recommendation

July 8, 2009

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## 7. ACCOUNTING POLICIES AND PROCEDURES MANUAL

The Criminal Division accepts the recommendation and will take steps to implement the recommendation. No accounting policy or manual exists in the Criminal Division and it is the plan of the Department of Court Records to develop uniform policies, procedures and manuals for the entire Department.

## 8. CREDIT CARD FEES

The Criminal Division accepts the recommendation to explore options of recovering fees. However, fees for the Department of Court Records can only be set by the President Judge of Allegheny County. In addition, the Criminal Division has been informed that the AOPC is in final contract negotiations with a vendor who will provide on-line credit card payments on criminal cases in all counties in Pennsylvania. Once this is in place, the Criminal Division will not need to provide the service of credit card payments.

## 9. VOIDED RECEIPTS

The Criminal Division accepts the recommendations and is working to improve controls over voided entries.

## 10. CASH HANDLING PROCEDURES

No check is issued from the Criminal Division without supporting documentation being submitted along with a voucher to the County Controller's office and the approval of the County Manager. This process was developed prior to the creation of the Department of Court Records and remains in place.

Finally, the Department of Court Records would like to recognize and thank the on-site auditors for their courtesy and professionalism while performing their work in the Criminal Division.

If you require any further information, please do not hesitate to contact me.

Sincerely,



Kate Barkman

cc via email: James Flynn, County Manger  
Eric Feder, Deputy Director  
Darlene Skosnik, Division Manager, Criminal Division