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# PROTHONOTARY AUDIT

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January 1, 2019 through December 31, 2021



OCTOBER 25, 2023  
BEAVER COUNTY CONTROLLERS OFFICE

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October 25, 2023

Michael Rossi  
Beaver County Prothonotary  
Beaver County Court House  
Beaver, PA 15009

Dear Mr. Rossi:

We have audited the financial records of the Office of the Prothonotary in the County of Beaver of the state of Pennsylvania for the period January 1, 2019 through December 31, 2021. Based upon this audit we have issued our report thereon dated October 25, 2023.

We conducted our audit in accordance with generally accepted governmental auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Based upon our review of the financial records, we have made the following findings and recommendations as detailed in this report.

A handwritten signature in blue ink that reads "Maria Longo".

Maria Longo  
Beaver County Controller

**AUDIT SCOPE:**

The scope of this audit encompasses the period from January 1, 2019 to December 31, 2021.

**AUDIT OBJECTIVES:**

Through the completion of internal control questionnaires, control tests, substantive tests, and observation, the following audit objectives were accomplished for this audit:

- Prepare a financial statement for each year reviewed
- Evaluate controls over the Office of the Prothonotary bank accounts and change fund
- Ensure that funds are deposited on the same day received
- Ensure that funds received are disbursed to the proper payees
- Ensure that funds held in escrow are adequate
- Ensure that funds receipted are applied to the proper case
- Ensure that costs and fines are properly split upon receipt
- Ensure that reports and funds due to Beaver County and to the Commonwealth are correct and remitted in a timely manner
- Ensure that void receipts are voided for a valid reason
- Ensure that proper documentation is maintained in the case files
- Evaluate the controls over cash
- Evaluate the controls over purchasing and the administration of the budget
- Evaluate controls over general office procedures

**The Office of the Prothonotary  
Statement of Receipts and Disbursements  
For the Year Ending December 31, 2019**

January 1, 2019	Bank Accounts			
	Escrow	Interest Bearing	General Fund	Federal Liens
Beginning Balance Escrow Repots	<u>1,159,008.24</u>			
Beginning Balance Interest Bearing Account		946,209.11		
Beginning Balance General Fund			188,896.75	
Beginning Balance Federal Tax Liens				25,384.00
<b>Income</b>				
Beaver County	554,941.10			
Common Wealth of Pennsylvania	106,756.50			
Other	350,391.25			
<b>Total Income</b>	<b>1,012,088.85</b>		<b>1,012,088.85</b>	
<b>Disbursements</b>				
Beaver County	(554,026.30)			
Common Wealth of Pennsylvania	(106,896.76)			
Other	<u>(357,571.41)</u>			
<b>Total Disbursements</b>	<b>(1,018,494.47)</b>		<b>(1,018,494.47)</b>	
Escrow report total	<u>1,152,602.62</u>		<u>182,491.13</u>	
<b>Adjustments by fund</b>				
Interest Bearing Accounts		(55,619.10)	55,619.10	
Federal Tax Liens not in General Fund			(4,018.75)	4,018.75
Federal Tax Satisfactions not in General Fund			-	-
Federal tax transfer to General fund, prior year transfer				
<b>Misc Posting</b>				
Total Escrow adjusted by Account		<u>890,590.01</u>	<u>234,091.48</u>	<u>29,402.75</u>
<b>Prior Year Adjustments</b>				
Court ordered Interest Bearing Accounts not recorded <sup>1</sup>				
Payee	Case Number			
516	2011-10088	(2,500.00)	(2,500.00)	
516		\$ (78,400.00)	\$ (78,400.00)	
1230		\$ (938.27)	\$ (938.27)	
1293	2009-10801	(506.24)	(506.24)	
1356	2011-11187	(500.00)	(500.00)	
1360	2011-11187	(0.13)	(0.13)	
1361	2002-11941	(600.04)	(600.04)	
1371	2011-11374	(30,000.00)	(30,000.00)	
1384	2012-10756	(30,008.02)	(30,008.02)	
1387	2011-12103	\$ (153,002.89)	\$ (153,002.89)	
1403	2012-10364	(3,400.00)	(3,400.00)	
1407	2012-10364	(0.11)	(0.11)	
1435	2014-40086	(211,356.14)	(211,356.14)	
1438	2014-10501	(0.34)	(0.34)	
<b>General Account</b>		80.57	80.57	
Prior year interest		24.98		24.98
Current year Interest		(24.46)		(24.46)
General wires adjustment		(67.25)		(1,702.25)
Federal wires		63.00		
Prior Year Adjustments		(303.77)	401.70	(258.29)
<b>Federal Lien Account</b>				
Prior year interest		230.80		
Current year Interest		197.91		197.91
<b>Adjusted Totals, December 31, 2019</b>		<u>379,860.10</u>	<u>232,131.46</u>	<u>29,600.66</u>
<b>Adjusted Escrows / Bank Reconciliated Totals</b>		<u>641,592.22</u>		<u>641,592.22</u>
		\$ 641,592.22	\$ 379,860.10	\$ 232,131.46
		-	-	-

**The Office of the Prothonotary  
Statement of Receipts and Disbursements  
For the Year Ending December 31, 2020**

	Escrow	Interest Bearing	Bank Accounts	
			General Fund	Federal Liens
January 1, 2020				
Beginning Balance Escrow Repots	1,152,602.62			
Beginning Balance Interest Bearing Account		890,590.01		
Beginning Balance General Fund			232,131.46	
Beginning Balance Federal Tax Liens				29,600.66
<b>Income</b>				
Beaver County	467,522.15			
Common Wealth of Pennsylvania	94,149.50			
Other	137,567.28			
Total Income	699,238.93		699,238.93	
<b>Disbursements</b>				
Beaver County	(471,174.96)			
Common Wealth of Pennsylvania	(95,244.89)			
Other	(669,934.51)			
Total Disbursements	<u>(1,236,354.36)</u>		(1,236,354.36)	
Escrow report total	<u>615,487.19</u>			
<b>Adjustments by fund</b>				
Interest Bearing Accounts	(545,559.39)	(545,559.39)	545,559.39	
Federal Tax Liens not in General Fund	1,174.25		(1,174.25)	1,174.25
Federal Tax Satisfactions not in General Fund	600.25		(600.25)	600.25
Federal tax transfer to General fund, prior year transfer				
Misc Posting	56.00			56.00
Total Escrow adjusted by Account		<u>345,030.62</u>	<u>238,800.92</u>	<u>31,431.16</u>
<b>Prior Year Adjustments</b>				
Court ordered Interest Bearing Accounts not recorded				
Payee    Case Number				
General Account	19.13	19.13		
Prior year interest	24.76		24.76	
Current year Interest	(24.36)		(24.36)	
General wires adjustment	(67.25)	(7,776.80)	7,776.80	
Federal wires			(63.00)	
Prior Year Adjstments	(286.67)	418.08		
Federal Lien Account				
Prior year interest	428.51			
Current year Interest	97.03			97.03
Adjusted Totals, December 31, 2020		<u>337,691.03</u>	<u>246,515.12</u>	<u>31,528.19</u>
Adjusted Escrows / Bank Reconciliated Totals	<u>615,734.34</u>			<u>615,734.34</u>
	615,734.34	337,691.03	246,515.12	31,528.19

**The Office of the Prothonotary  
Statement of Receipts and Disbursements  
For the Year Ending December 31, 2021**

January 1, 2021	Escrow	Bank Accounts		
		Interest Bearing	General Fund	Federal Liens
Beginning Balance Escrow Repots	615,487.19			
Beginning Balance Interest Bearing Account		345,030.62		
Beginning Balance General Fund			246,515.12	
Beginning Balance Federal Tax Liens				31,528.19
<b>Income</b>				
Beaver County	498,813.59			
Common Wealth of Pennsylvania	105,594.00			
Other	283,960.24			
<b>Total Income</b>	<u>888,367.83</u>		888,367.83	
<b>Disbursements</b>				
Beaver County	(496,699.93)			
Common Wealth of Pennsylvania	(104,571.09)			
Other	(202,602.17)			
<b>Total Disbursements</b>	<u>(803,873.19)</u>		(803,873.19)	
Escrow report total	<u>699,981.83</u>			
<b>Adjustments by fund</b>				
Interest Bearing Accounts	109,003.55	109,003.55	(109,003.55)	
Federal Tax Liens not in General Fund	981.75		(981.75)	981.75
Federal Tax Satisfaction not in General Fund	960.75		(960.75)	960.75
Federal tax transfer to General fund, prior year transfer				
Misc Posting	19.25			19.25
<b>Total Escrow adjusted by Account</b>		<u>454,034.17</u>	<u>220,063.71</u>	<u>33,489.94</u>
<b>Prior Year Adjustments</b>				
Court ordered Interest Bearing Accounts not recorded				
Payee				
Case Number				
General Account	22.11	22.11		
Prior year interest	26.69		26.69	
Current year Interest	(27.23)		(27.23)	
General wires adjustment	(55.44)	(7,776.80)		
Federal wires			(56.00)	
Prior Year Adjustments	(285.27)	430.89		
Federal Lien Account				
Prior year interest	525.54			
Current year Interest	43.72			43.72
<b>Adjusted Totals, December 31, 2021</b>		<u>446,710.37</u>	<u>220,007.17</u>	<u>33,533.66</u>
<b>Adjusted Escrows / Bank Reconciliated Totals</b>	<u>700,251.20</u>			<u>700,251.20</u>
	\$ 700,251.20	\$ 446,710.37	\$ 220,007.17	\$ 33,533.66

**THE OFFICE OF THE PROTHONOTARY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1, 2019 THROUGH DECEMBER 31, 2021**

Note 1: Summary of Significant Accounting Policies - The Office of the Prothonotary reports on the cash basis of accounting. Under the cash basis of accounting revenues are recognized when received and expenses recognized when the disbursement is made.

Note 2: Infocon Corporation Software - The Infocon System is the computerized system used by the Office of the Prothonotary for the preparation of all receipts accepted by the office personnel. These receipts are the source documentation for the daily deposits and are also the basis for the allocation of funds collected to the proper payees.

Note 3: Escrow Accounts Incorrect – Due to incorrect entries when the computer system was initiated some funds that are due the county are listed on the escrow as due others. This occurred due to double entries of some old items. The overall balance in the escrow account is correct and these items are being corrected as they are identified.

Note 4: Court Mandated Bank Accounts Incorrectly Stated – Review of the Court Mandated account revealed that not all items that were disbursed were adjusted for on the Prothonotary's Escrow.



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October 25, 2023

Michael Rossi  
Beaver County Prothonotary  
Beaver County Court House  
Beaver, PA 15009

Report on Internal Control Structure

We have audited the accompanying statement of account of the Office of the Prothonotary, Beaver County, Pennsylvania, for the period January 1, 2019 to December 31, 2021, and have issued our report thereon dated October 25, 2023.

We conducted our audit in accordance with generally accepted auditing standards and 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.

In planning and performing our audit of the Office of the Prothonotary, Beaver County, Pennsylvania, for the period January 1, 2019 to December 31, 2021, we considered the office's internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and the office's compliance with applicable regulations and not to provide assurance on the internal control structure.

The management of the Office of the Prothonotary is responsible for establishing and maintaining an

internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with prescribed policies. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, future reliance on any evaluation of the structure, past or current, is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation. Additionally, we assessed control risk for the internal control structure except for matters of compliance. Compliance with applicable laws and regulations was considered when assessing control risk for the internal control structure.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the county office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce, to a relatively low level, the risk that material errors or irregularities affecting the financial statements being audited may occur and not be timely detected by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above.

We noted the following reportable conditions:

- **The lack of segregation of duties for the receipt and deposit of funds**
- **Court mandated interest-bearing accounts have not been properly posted in Infcon**
- **Items listed on escrow report need corrected**
- **Lack of processes and procedures**

For further elaboration on these weaknesses, refer to the "Findings and Recommendations" section of this audit report.

While completing this audit, the controller's office spent a significant amount of time working with the staff of the prothonotary's office regarding their accounting system, financials, and correcting issues from prior year administration. The controller's office has seen great improvement however, continued improvement is needed to regularly monitor the prothonotary's financials.

This report is intended solely for the information and use of the Office of the Controller, management, and others within the administration. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Maria Longo  
Beaver County Controller

## **FINDINGS AND RECOMMENDATIONS**

**Finding 1: The lack of segregation of duties for the receipt and deposit of funds**

A review of the Prothonotary's Receipts and Deposits revealed the lack of segregation between the receipt of funds and the preparation of deposit slips. The Clerical Supervisor currently receipts funds, counts daily receipts, makes the daily deposit and receives bank deposit slips after deposits are made. This lacks internal controls, when one person has the access to handle all cash receipt tasks without a secondary review process in place there becomes an ability to alter data and monies collected. The Controller's Office did not any evidence of non-professional conduct, however the opportunity is present and without an established internal control process to prevent it.

**Recommendation:**

It is recommended that the processes of receipting funds, counting of receipts and deposit of funds be compartmentalized as much as possible to prevent possible errors or theft. The controller's office recommends that a process is established for a secondary review regarding the receipting and depositing of funds. For example, the First Deputy could be the secondary review.

**Finding 2: Court mandated interest-bearing accounts have not been properly posted to Infocon**

Review of the Prothonotary's Escrow revealed that many of the Court mandated accounts have not been properly posted to the Infocon system. Some of these accounts remain on the Infocon system long after being distributed. As of 12/31/2019 \$1,152,602.62 was listed on the Infocon system as Interest Bearing Accounts. In our audit review it was revealed that \$511,212.18 of these funds have already been disbursed. The Infocon Escrow is currently not being compared to the Bank Reconciliations. Most of the \$511,212.18 was entered in 2020 which reconciled a large portion of the escrow report however the prothonotary still has a variance that needs to be addressed.

**Recommendation:**

It is recommended that the Prothonotary office reviews the Escrow information regarding the Court Mandated Interest-Bearing accounts on a bi-weekly, if not weekly, basis. The office should be utilizing the Escrow report that is provided to help with the reconciliation process. This will ensure that proper accounting is taking place regarding the receipts and other banking transactions.

**Finding 3: Items listed on escrow report need corrected**

Many of the problems that persisted with the Escrow balance from previous audit were corrected in 2020. There is still a minor variance that needs to be addressed. The Prothonotary's office has been gradually correcting all the small issues on the escrow report. Some of the issues found but not limited to were: Items posted to the wrong payee, and duplicate interest entered.

**Recommendations:**

The Controller's office recommends that the Prothonotary's office continues to review and make updates to the escrow report until it is accurate. It is very important that the Prothonotary, deputies and bookkeepers fully understand the escrow report. Understanding the report will help in review and keeping the report accurate.

**Finding 4: Lack of processes and procedures**

It was found during the audit that there is a lack of appropriate processes and procedures regarding general administrative task and bookkeeping tasks. The Prothonotary has processes and procedures regarding legal process for handling the various transactions but lacks to specify the specifics for administrative process related to it. Lack of an administrative component to this leave it open for the clerks to process as they see fit which can lead to issues in bookkeeping and accuracy.

**Recommendations:**

The Controller's office recommends establishing policies and procedures in the following areas, but not limited to: Escheating, Voids, NSF, Reconciliations, and bookkeeping procedures. The lack of established policies and procedures leaves too much room for personal interpretation.