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**BEAVER COUNTY JUVENILE SERVICES
ESCROW ACCOUNT REVIEW
FINAL AUDIT REPORT
AS OF DECEMBER 2001**

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RICHARD W. TOWCIMAK
CONTROLLER



VINCENT LaVALLE
DEPUTY CONTROLLER

JOHN P. DOHANICH
SOLICITOR

BEAVER COUNTY COURTHOUSE
THIRD STREET - BEAVER, PENNSYLVANIA 15009-2196
TELEPHONE: Area Code 724-728-5700

May 2002

Mr. Robert Rose, Director
Beaver County Juvenile Services
173 Friendship Circle
Beaver, PA 15009

Per your request, we have audited the escrow account of the Beaver County Juvenile Services Department. This bank account is the depository of fines, costs, and restitution collected from and on behalf of juvenile defendants.

Our review was limited in scope to the extent that it only included those transactions related to the Juvenile Services escrow account and did not include a detailed review of all office procedures, internal controls, or budget concerns unrelated to this account.

Based on our review, we have made the following observations and recommendations as detailed in this report.

A handwritten signature in black ink, appearing to read "Richard W. Towcimak", is written over a faint, larger version of the same signature.

Richard W. Towcimak
Beaver County Controller

Scope:

The scope for this audit encompassed the Beaver County Juvenile Services escrow account for the period January 2001 through December 2001. The period of October 2001 through December 2001 was selected for detail testing.

Objectives:

The following objectives were performed during the audit:

- account statement was prepared
- ensure that all receipts are posted to the proper defendant's account
- ensure that all receipts are properly deposited in the Juvenile Services bank account
- ensure that amount in bank account agrees to total listed as held in escrow in juvenile case files
- ensure bank account is properly reconciled
- ensure funds are disbursed to the proper recipients
- evaluate general office procedures

**Statement of Revenue And Expense
2001**

Beginning Balance January 1, 2001 \$3,131.09

Receipts

Collections \$55,063.26

Disbursements

Restitution	(\$42,793.28)	
Beaver County	(\$6,935.75)	
Commonwealth Of Pennsylvania	(\$4,333.17)	(\$54,062.20)

Ending Balance December 31, 2001 \$4,132.15

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May 2002

Mr. Robert Rose, Director
Beaver County Juvenile Services
173 Friendship Circle
Beaver, Pennsylvania

Report On Internal Controls

We have audited the Beaver Juvenile Services' escrow account for the period January 1, 2001 to December 31, 2001, and have issued our report thereon.

We conducted our audit in accordance with generally accepted auditing standards and Governmental Auditing Standards issues 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 records are free of material misstatement.

In planning and performing our audit we considered the office's internal control structure to determine our auditing procedures for the purposes 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 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements 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 financial statement 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 purpose of this report, we have classified the significant internal control structures into the following categories:

Cash receipts	Reporting
Cash disbursements	Compliance
Cash balances	

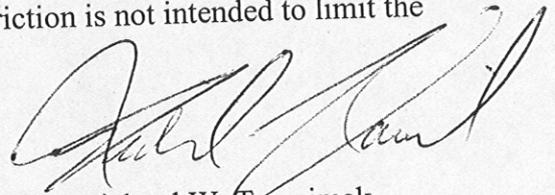
For the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation. Additionally we assessed control risk for all internal control structure categories except for compliance. Compliance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

We noted 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 judgement, could adversely affect the office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement.

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. Weaknesses noted are detailed in the Finding Section of this Audit Report.

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



Richard W. Fowcimak
Beaver County Controller

Findings And Recommendations

Finding 1: Juvenile Services Escrow Bank Account Appeared To Be Underfunded By \$653.86 As Of December 31, 2001 Compared To Escrow Records Cards

The total held in the escrow bank account at December 31, 2001 was \$653.86 less than the total of the amount listed as being held on the escrow record cards. The total of the escrow record cards listed \$4,786.01 held by Juvenile Services for disbursement. Only \$4,132.15 was held in the Juvenile Services escrow bank account for the same period.

Recommendation:

We recommend the Juvenile Services Department investigate this difference to determine the cause of the out of balance condition.

Finding 2: Open Escrow Files Are Not Agreed To The Escrow Bank Account Monthly

The Juvenile Services department collects fines, costs, and restitution from defendants found guilty by the Beaver County Juvenile Court System. These collections are deposited in the escrow bank account. With very few exceptions, all collections made during the month are paid the following month.

The Juvenile Services Department does not reconcile funds listed on the open case escrow files to the funds in the escrow bank account. Because a reconciliation is not performed, it is not possible to determine if a record card is missing or inaccurate, or that all disbursements are accurate.

Recommendation:

We recommend a schedule of all open escrow records that have a balance be created as of the end of each month. The schedule should list the defendant's name and the amount held in escrow. This schedule should be totaled and agreed to the reconciled bank balance. Any discrepancies should be noted. This amount should also be agreed to the amount disbursed from the escrow account the following month. This schedule should be reviewed by management and retained on file. This would help ensure that escrow account is properly funded and that any errors are detected in a timely manner.

Finding 3: Stale Dated Checks Issued From The Collections Bank Account Were Not Voided In A Timely Manner

Based on testing, 30 checks issued prior to 2001 totaling \$1,253.83 were still listed as outstanding on the monthly bank reconciliation.

Recommendation:

We recommend all stale dated checks be voided in a timely manner.

An exit conference was held on June 10, 2002 at the Juvenile Services Office for the purpose of discussing the items presented in this report. Those in attendance were:

Beaver County Juvenile Services

Robert Rose - Director

Runnette Green - Office Manager

Beaver County Controller's Office

Robert Marziano - Chief Auditor

The results of the audit were discussed in there entirety during this conference.

**Beaver County Juvenile Services
Escrow Account Audit
Corrective Action Form**

Finding 1: Juvenile Services Escrow Bank Account Appeared To Be Underfunded By \$653.86 As Of December 31, 2001 Compared To Escrow Records Cards

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Recommendation:

We recommend the Juvenile Services Department investigate this difference to determine the cause of the out of balance condition.

Corrective Action Implemented:

JSD has investigated this difference to the best of our ability. Unfortunately, we have not been able to find the cause.

Date Corrective Implemented:

Prior to AUDIT.

Finding 2: Open Escrow Files Are Not Agreed To The Escrow Bank Account Monthly

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Corrective Action Implemented:

Recommendation has been adopted and will be initiated immediately.

Date Corrective Action Implemented:

7/1/02

Finding 3: Stale Dated Checks Issued From The Collections Bank Account Were Not Voided In A Timely Manner

Based on testing, 30 checks issued prior to 2001 totaling \$1,253.83 were still listed as outstanding on the monthly bank reconciliation.

Recommendation:

We recommend all stale dated checks be voided in a timely manner.

Corrective Action Implemented:

Recommendation adopted as policy. Will void stale checks after 90 days.

Date Corrective Action Implemented:

7/1/02

Robert Rose, DIRECTOR
Signature / Title

7/24/02
Date