



COUNTY OF LEHIGH  
OFFICE OF THE CONTROLLER

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GLENN ECKHART  
COUNTY CONTROLLER

THOMAS GROGAN  
DEPUTY CONTROLLER

**TO:** Final Report Distribution  
**FROM:** Glenn Eckhart, County Controller *G.E.*  
**DATE:** December 31, 2019  
**RE:** Audit of Clerk of Judicial Records-Criminal Division

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We have completed our financial audit of Clerk of Judicial Records-Criminal Division for the years ended December 31, 2017 and 2018. Our audit report number 19-39 is attached.

The result of our audit are:

- The County of Lehigh received the proper amounts due from the Clerk of Judicial Records-Criminal Division.
- Forfeited cash bail should be transferred to the County on a more timely basis.

Attachment

AUDITS/CJR-CRIMINAL DIVISION

COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS – CRIMINAL DIVISION

*Financial Audit for the Years Ended  
December 31, 2017 and 2018*

REPORT NO. 19-39

COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS-CRIMINAL DIVISION

*Table of Contents*

	<i>Page(s)</i>
Background Information .....	1
OPINION OF GLENN ECKHART, LEHIGH COUNTY CONTROLLER .....	2-3
Statement of Receipts, Disbursements, and Changes in Cash Balances for the Years Ended December 31, 2017 and 2018 .....	4
Notes to Financial Statement .....	5
Comments on Compliance and Internal Control .....	6-7
Schedule of Audit Findings and Recommendations .....	8
Schedule of Prior Audit Findings and Recommendations .....	9-10
Clerk of Judicial Records' Response to Current Audit Findings .....	No Response

COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS – CRIMINAL DIVISION

*Background\**

The Criminal Division maintains all criminal related Court records and is responsible for the following:

1. Process case records for Adult and Juvenile criminal matters;
2. Collect bail (cash only for monetary bail), issue and distribute refunds, and maintain all records with respect to bail deposits. Maintain record of bail bond agencies; (Bail guidelines)
3. Accept, process and record the filings of appeals to Higher Courts; (Notice of Appeal)
4. Assess court costs and prepare Certificate of Costs according to law for Lehigh County Bureau of Collections;
5. Accept, process and record the filing of Summary Appeals; (Summary Appeal)
6. Accept, process and record the filing of Road Dockets;
7. Record and docket Administrative Court Orders;
8. Process, issue, and record Private Detective Licenses and Bonds; (Requirements for Private Detective)
9. Process Forfeitures;
10. Process, issue, and record Constables and Deputy Constables Bonds (appointed and elected);
11. Process, issue, and record Tax Collectors Bonds, Oaths, and Appointment (appointed and elected);
12. Accept, process and record the filing of criminal Expungements; (Expungement)
13. Certify criminal court records;
14. Accept, process and record miscellaneous criminal motions and petitions such as liquor license appeals, municipal matters, etc.
15. Provide copies of criminal documents as requested.

Court Clerks perform various Courtroom duties during Court sessions including administering oaths to witnesses and defendants, document the Court's dictation of orders and other proceedings (guilty pleas, ARD, DUI, bail, Gagnon hearings, etc.). Upon completion of the Court proceedings the Clerk immediately docket the information into the case management system. Lehigh County Criminal, Miscellaneous, and Summary Appeal Dockets can be viewed on the Administrative Office of Pennsylvania Courts website.

\*Source: Lehigh County Web Site

[www.lehighcounty.org/Departments/ClerkofJudicialRecords/CriminalDivision/tabid/849/Default.aspx](http://www.lehighcounty.org/Departments/ClerkofJudicialRecords/CriminalDivision/tabid/849/Default.aspx)



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GLENN ECKHART  
COUNTY CONTROLLER

THOMAS GROGAN  
DEPUTY CONTROLLER

Andrea E. Naugle, Clerk of Judicial Records  
Lehigh County Courthouse  
455 West Hamilton Street  
Allentown, PA 18101-1614

***Report on Financial Statements***

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balance of the Clerk of Judicial Records-Criminal Division for the years ended December 31, 2017 and 2018 (hereinafter referred to as the Schedules) and the related notes to the Schedules.

***Management's Responsibility for the Schedules***

Management is responsible for the preparation and fair presentation of these Schedules in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these Schedules based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *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 Schedules. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Schedules, whether due to human error or fraud. In making those risk assessments, the auditor considers internal control relevant to management's preparation and fair presentation of the Schedules 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 management's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall presentation of the Schedules.

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

***Opinion on the Schedules***

In our opinion, the Schedules referred to above present fairly, in all material respects, the financial activity arising from cash transactions of the Clerk of Judicial Records-Criminal Division for the years ended December 31, 2017 and 2018, in accordance with the U.S. generally accepted accounting principles. However, we noted control deficiencies or other management issues that are described in the accompanying “*Schedule of Audit Findings and Recommendations*” and “*Schedule of Prior Audit Findings and Recommendations*”.

As discussed in Note 1, the Schedules were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Also, as discussed in Note 1, the Schedules present only the Clerk of Judicial Records-Criminal Division financial activity and does not purport to, and does not, present fairly the assets, liabilities, and results of operations of the County of Lehigh for the years ended December 31, 2017 and 2018 in conformity with the cash receipts and disbursements basis of accounting.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019 on our consideration of the Clerk of Judicial Records-Criminal Division’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering management’s internal control over financial reporting and compliance.



GLENN ECKHART  
County Controller

December 23, 2019  
Allentown, Pennsylvania

Audited by: Daniel Aquilino and Thomas Schweyer

- xc: Phillips Armstrong, County Executive
- Board of Commissioners
- Edward Hozza, Director of Administration.
- Timothy Reeves, Fiscal Officer
- The Honorable Edward Reibman, President Judge
- The Honorable Douglas Reichley, Administrative Judge of the Criminal Division
- Toni Remer, Chief Deputy, Lehigh County Judicial Records-Criminal Division
- John Sikora, Deputy Court Administrator
- Kerry Turtzo, Court Administrator

COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS-CRIMINAL DIVISION

*Statement of Receipts, Disbursements, and  
Changes in Cash Balance for the  
Years ended December 31, 2017 and 2018  
(NOTE 1)*

	<u>2017</u>	<u>2018</u>
<b>Bail Account</b> (NOTE 2)		
Receipts:		
Cash Bail	\$ 544,794	\$ 372,545
Disbursements:		
Refunds	261,459	260,134
County of Lehigh	<u>262,818</u>	<u>104,935</u>
Total Disbursements	524,277	365,069
Excess of Receipts Over/(Under) Disbursements	20,517	7,476
Cash Beginning - Bail	<u>215,845</u>	<u>236,362</u>
Cash Ending— Bail	<u>236,362</u>	<u>243,838</u>
<b>Surety Escrow Accounts</b> (NOTE 3)		
Receipts:		
Corporate Surety Deposits	50,000	100,000
Disbursements:		
Refunds	<u>0</u>	<u>750,000</u>
Excess of Receipts Over(Under) Disbursements	<u>50,000</u>	<u>(650,000)</u>
Cash Beginning – Surety Escrow	<u>600,000</u>	<u>650,000</u>
Cash Ending – Surety Escrow	<u>650,000</u>	<u>0</u>
<b>Fees</b> (NOTE 4)		
Receipts:		
Office Fees	111,617	95,018
Disbursements:		
County of Lehigh	<u>111,617</u>	<u>95,018</u>
Excess of Receipts Over/(Under) Disbursements	0	0
Cash Beginning – Fees	<u>0</u>	<u>0</u>
Cash Ending – Fees	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.

COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS-CRIMINAL DIVISION

*Notes to Financial Statement*  
*For the Years Ended December 31, 2017 and 2018*

1. **Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Clerk of Judicial Records-Criminal Division's financial activity is a part of the County of Lehigh's reporting entity, included in the general fund and is subject to annual financial audit by external auditors. This report is only for internal audit purposes.

**B. Basis of Accounting**

The accounting records of the County of Lehigh and the Statement of Receipts, Disbursements and Changes in Cash Balance for the years ended December 31, 2017 and 2018 are maintained on the cash receipts and disbursements basis of accounting. Under this basis of accounting, revenue is recognized when cash is received and expenditures are recognized when paid. This differs from Generally Accepted Accounting Principles (GAAP) which requires the accrual basis of accounting.

2. **Bail Account**

The Clerk of Judicial Records-Criminal Division maintains a separate bank account for cash bail transactions. Receipts come from bail payments and disbursements include bail fees and forfeitures paid to the county, and refunds of bail to the original payor or their designee.

3. **Surety Escrow Accounts**

Effective in 2015 companies insuring bail bonds in the County of Lehigh were required to post a \$50,000 deposit with the Clerk of Judicial Records-Criminal Division. Separate bank accounts were established for each company's deposit. In September 2018 the requirement was removed and the deposits were refunded.

4. **Fees**

The Clerk of Judicial Records-Criminal Division collects fees for various services including appeals and certifications. These funds are deposited into a separate bank account and swept daily into a County of Lehigh bank account.





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Clerk of Judicial Records  
Lehigh County Courthouse  
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We have audited, in accordance with the auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller of the United States; the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balance of the Clerk of Judicial Records-Criminal Division for the years ended December 31, 2017 and 2018 (hereafter referred to the Schedules) and have issued our report thereon dated December 23, 2019.

***Internal Control over Financial Reporting***

In planning and performing our audit of the Schedules, we considered the Clerk of Judicial Records-Criminal Division's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedules, but not for the purpose of expressing an opinion on the effectiveness of management's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk of Judicial Records-Criminal Division's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Significant deficiencies or material weaknesses may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Clerk of Judicial Records-Criminal Division's Schedules are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*. Our audit also included sufficient and appropriate tests for fraud, waste and abuse and we included in our report any material (either quantitatively or qualitatively) instances we noted however, our audit procedures would not necessarily identify all instances of fraud, waste and abuse that may be reportable.

### ***Management's Response to the Audit***

We noted certain matters that we reported to management of the Clerk of Judicial Records-Criminal Division in a separate section titled "*Schedule of Audit Findings and Recommendations*". If provided, the Clerk of Judicial Records-Criminal Division's response to our audit is included in this report. We did not audit the Clerk of Judicial Records-Criminal Division's response and, accordingly, we do not express an opinion on it.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended solely for the information and use of management, others within the entity, and Phillips Armstrong, County Executive; Board of Commissioners; Edward Hozza, Director of Administration; Timothy Reeves, Fiscal Officer; The Honorable Edward Reibman, President Judge; The Honorable Douglas Reichley, Administrative Judge of the Criminal Division; Toni Remer, Chief Deputy, Lehigh County Judicial Records-Criminal Division; John Sikora, Deputy Court Administrator; and Kerry Turtzo, Court Administrator and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



GLENN ECKHART  
County Controller

December 23, 2019  
Allentown, PA

COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS-CRIMINAL DIVISION

*Schedule of Audit Findings and Recommendations*

1. **Forfeited bail not transferred to the County**

**Condition:** The cash portion of forfeited bail on three criminal cases, amounting to \$11,000, was not transferred to the county. Bail was forfeited in 2017 as a result of the defendant's failure to appear in court. Management was awaiting dissolution of the corresponding bench warrants before transferring the funds. Since the bench warrants remain open the funds were not transferred. Forfeited cash bail should be transferred to the county within a reasonable time regardless of the status of the bench warrant.

**Recommendation:** Management has agreed to transfer the above referenced funds and will add controls to ensure timely transfer of all forfeited cash bail. Since forfeitures are frequently overturned management's usual practice of waiting ninety days before transfer seems reasonable.

COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS-CRIMINAL DIVISION

*Schedule of Prior Audit Findings and Recommendations*  
Report #17-15 issued 9/18/17

1. **Cash Handling Controls**

**Condition:** There were two instances during the audit period in which cash was returned to the remitter without adequate documentation. The transactions were related to cash bail that had been given to and receipted by the clerk's office. Immediately after the transaction the remitter withdrew their wish to post bail. Since the payment had been received, the transaction was voided by a supervisor and the cash returned to the remitter.

The returned cash should be signed for by the recipient and co-signed by a supervisor to document the transfer of funds as part of the transaction audit trail.

**Recommendation:** Ideally, refunds should be made via check to ensure appropriate approvals, adequate documentation, and a detailed audit trail. However, due to the office's requirement to deduct fees from refunds of bail, and the time-sensitive nature of the transaction, this is not a viable option.

Management has agreed to add a form to be signed by the recipient acknowledging receipt of the funds.

**Current Status:** Management has added and utilized the recommended form.

COUNTY OF LEHIGH, PENNSYLVANIA  
CLERK OF JUDICIAL RECORDS-CRIMINAL DIVISION

*Schedule of Prior Audit Findings and Recommendations*  
Report #15-10 issued 9/16/15

1. **Warrant Review by Controller**

**Condition:** The Criminal Division escrow account is included in the county's agency funds with the Clerk of Judicial Records as the account signatory. The Controller does not review or sign checks (warrants) issued from this account prior to payment. Section 502 (1) b. of the Lehigh County Administrative Code authorizes the controller to: *"Review all warrants for the expenditures of County monies and review the bidding, contract, and other documents constituting the basis for the expenditures and if satisfied that such expenditures are within the budget allotment pertaining thereto and otherwise conform to the applicable legal requirements, shall sign said warrant before it is paid"*.

**Recommendation:** Management should provide all checks issued from the Criminal Division escrow account to the Controller for review and authorization before payment is issued. Documentation supporting the basis for payment should also be provided.

**Current Status:** Management's position is that bail escrow funds are not county monies and as such checks not subject to Controller's Office review prior to payment. We differ with management's position and continue to support the above recommendation.