Audit Report Highlights

Clerk of Courts-Collections & Enforcement Support — July 2025

Clerk of Courts Annual Budget[1] = $8,328,078 **County Annual Budget[2] = $1.6 billion**

Why DIA Did This Audit

An audit was conducted to provide a comprehensive examination of the Clerk's Office controls related to revenue receipt, disbursement of funds, and billings. The audit was approved as part of the DIA's 2024 Audit Plan; however, it was deferred to 2025.

The Clerk's Office was identified as an area to audit due to the last audit having occurred in 2013. We conducted our review through inquiry and testing of revenues, disbursements, and billing. The audit included review and evaluation of procedures, practices, and controls as deemed necessary.

What DIA Found

The Clerk's Office processes are generally well managed. DIA noted improvements from the 2013 audit. However, DIA noted non-compliance, internal control weaknesses, and areas of potential process improvement related to:

- Insufficient Accounting of Book Balance
- Lack of Review of Unapplied Funds
- Lack of Billing Review for Closed Cases
- Lack of Regular Bank Reconciliations
- Lack of Documented Review of Cashier Voids
- Outdated Policies and Procedures
- Lack of Segregation of Duties and Tracking
- Lack of Periodic Counts of Stored Cash
- Lack of Cashier Adherence to Policies and Procedures
- Lack of Chain of Custody for Money

Recommendations have been rated by priority: High, Moderate, Low, or Business Process Improvement.
The report contains 21 recommendations:

0 ***High*** *– 30 days to complete*
13 ***Moderate*** *– 90 days to complete*
6 ***Low*** *– 180 days to complete*
2 ***Process Improvements-*** *No action required*

[1] *Based on 2024-2025 Executive's Recommended Biennial Budget*
[2] *The County Annual Budget includes operating appropriations from all County funds.*

Audit Report Highlights

Clerk of Courts-Collections & Enforcement Support **July 2025**

Background

The Clerk of Courts is the official record keeper for the Cuyahoga County Court of Common Pleas General Division, Domestic Relations Division, and the Court of Appeals, Eighth Appellate District. The Clerk's Office performs all statutory duties relative to the filing, preservation, retrieval, and public dissemination of all applicable documents and records of the Courts. They also collect, hold in trust, and disburse monies paid therewith. The Clerk's Office is staffed by approximately 96 full-time employees.

In 2024, the Clerk's Office collected $41,991,958 and disbursed $39,878,711.

In 2024, the Clerk's Office received the following filings:

- *21,559 Civil cases*
- *10,920 Criminal cases*
- *4,919 Domestic Relation cases*
- *1,173 Appeals*

What DIA Recommended

DIA provided the Clerk of Courts management with recommendations for improving the Clerk's Office processes. DIA recommendations are provided during fieldwork allowing the department opportunity to remedy identified issues in a timelier manner.

The Clerk's Office was working to address the issues noted in this report during the audit. Based on their responses and actions, we believe corrective action will be taken to mitigate the risks identified. Management responses follow each recommendation in the report. Recommendations DIA made for the Clerk's Office management included, but were not limited to:

- Develop system reports to support the recorded book balance.
- Regular review and application of unapplied funds.
- Regular documented review of closed cases for potential billings.
- Performing monthly bank reconciliations.
- Regular documented review of cashier voids.
- Revise Policies and Procedures where needed.
- Implement segregation of duties over daily reconciliations and consistently track differences between actual collections and system balances.
- Document periodic counts of stored cash.
- Document employee acknowledgement of cash/checks received and transfer of cash/checks between divisions.
- Periodically review user access and attempt to enable password security to system.

Internal Audit would like to express our appreciation for the cooperation and assistance received from the Clerk's Office during this audit. The strides made help improve the County's efficiency and accountability.

Internal Audit Report

Cuyahoga County, Ohio
Department of Internal Auditing

Collections & Enforcement Support Audit
Clerk of Courts

January 1, 2024 - December 31, 2024

Director of Internal Auditing: Cory Swaisgood, CPA

Audit Manager: Joshua Ault, CIA

Sr. Internal Auditor: Jeremy Hejnal, CIA, CFE

Staff Auditor: Tiana Stringer

Release Date: 08/08/2025

INTERNAL AUDIT REPORT
Clerk of Courts
Cover Letter

July 1, 2025

To: Clerk of Courts Nailah Byrd and current management of the Clerk of Courts Office,

The Department of Internal Auditing (DIA) has conducted an audit of the Clerk of Courts Office (Clerk's Office) for the period January 1, 2024 - December 31, 2024.

The Report Details section of this report provides the objective, scope, and methodology. This report also includes our findings and recommendations. We are confident management has or will take corrective action to mitigate the risks identified in this audit report.

We conducted this audit in accordance with the Global Internal Audit Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the internal control structure to future periods is subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may weaken.

DIA would like to express our appreciation to the Clerk's Office staff and management that assisted throughout the process for their courtesy and cooperation during this audit. A draft report was provided to Clerk's Office management for review. Management responses are included within the audit report.

Respectfully,

Cory A. Swaisgood

Cory Swaisgood, CPA
Director of Internal Auditing

Cc: Audit Committee
Cuyahoga County Council
Erik Janas, Chief of Staff
Katie Gallagher, Chief of Operations and Innovation
Richard D. Manoloff, Law Director
Michael C. O'Malley, Cuyahoga County Prosecutor

Contents

Glossary

Proware	A case management software utilized by the Clerk's Office, the Courts, and some divisions of the Sheriff's Office. The software records most of the transactions of the Clerk's Office. Proware may also be referred to as CCJIS (Cuyahoga County Criminal and Civil Justice Information System).
NIST	National Institute of Standards and Technology (NIST) is a non-regulatory agency of the Department of Commerce. NIST plays a vital role in various fields, including cybersecurity, by developing frameworks and guidelines for organizations to manage and reduce risk.
Unapplied Funds	Money that remains on a case after all available funds have been applied to all court costs – Collections exceed cost.
Witness/Grand Jury Payments	Cash payments from the Clerk's Office to people appearing as witnesses before a grand jury in accordance with Ohio Revised Code 2335.06 & 2335.08. Payment is based on length of attendance and mileage.

Report Details

Purpose

The purpose of this audit was to conduct an examination of the Clerk's Office controls relating to revenue receipt, disbursement of funds received, and billing on court cases.

The Audit Committee approved DIA's 2024 audit plan to include an audit of Clerk of Courts. However, it was deferred to 2025. The Clerk's Office was identified as an area to audit due to the last audit having occurred in 2013. We conducted our review through inquiry and testing of revenues, disbursements, and billing.

The audit included review and evaluation of procedures, practices, and controls as deemed necessary.

Audit Objectives

The objectives of this audit were the following:

- To assess the effectiveness and adequacy of policy, procedures, and controls in the collection and remittance of bonds, court costs, and filing fees.
- To assess the effectiveness of policies, procedures, and controls of any support needed for the timely enforcement of court actions due to non-payment.

Scope

To achieve our objectives, we focused primarily on processes related to the receipt and recording of revenue, the disbursement of funds received, and billing court costs for the audit period January 1, 2024 - December 31, 2024.

Methodology

DIA made inquiries to gain a general understanding of the Clerk's Office processes relating to revenue receipt, fund disbursement, and billing.

Revenue testing was performed by reviewing daily reconciliation procedures, as well as monthly bank reconciliations. DIA ensured there were segregation of duties, approvals, accuracy to supporting documentation for the reconciliations, timely deposit of money received, and that variances were noted and tracked for daily reconciliations. DIA reviewed physical controls over cash and checks and evaluated procedures relating to cashier receipt voids.

Disbursement testing was performed by reviewing gaps in check numbers issued for proper check voiding procedures, as well as unapplied funds to determine if the funds should remain unapplied or should have previously been disbursed. DIA also reviewed the controls around the disbursement of Witness and Grand Jury payments.

Collection and recording of payments from the Ohio Attorney General's Office (AG) related to billing of court cases was reviewed, as well as controls relating to writing-off court costs and review by the Clerk's Office on closed cases.

DIA examined general controls in place for the Clerk's Office software (Proware) to determine if there was appropriate user access, existence of audit trails, and other general IT controls.

Audit Procedures

Although every audit conducted by the DIA is unique, the audit process for most engagements consists of the following three phases:

- *Planning* – Obtaining sufficient understanding of the area being audited to identify and reduce key audit risks to an appropriate level.
- *Fieldwork* – Executing the audit steps including testing, reviewing, and analyzing data. See Methodology for a summary of fieldwork performed.
- *Reporting* – Draft and release of written reports to communicate the results of each engagement.

At the time of the report's release, DIA required 2 auditors and a total of 950 hours to complete the audit.

Background

The Clerk of Courts is the official record keeper for the Cuyahoga County Court of Common Pleas General Division, Domestic Relations Division, and the Court of Appeals, Eighth Appellate District. The Clerk's Office performs all statutory duties related to the filing, preservation, retrieval, and public dissemination of all applicable documents and records of the Courts. They also collect, hold in trust, and disburse monies paid therewith. The following table shows the approximate amount of monies collected and disbursed in 2024 by the Clerk's Office:

Collected	Disbursed
$41,991,958	$39,878,711

The Clerk's Office is staffed by approximately 96 full-time employees. The following table shows the number of filings received by the Clerk's Office in 2024:

Division	Number of Filings
Civil	21,559
Criminal	10,920
Domestic Relations	4,919
Appeals	1,173

Commendable Practices

We commend and thank the Clerk of Courts for their cooperation during the audit. DIA especially thanks all the employees for their time and effort. DIA identified the following commendable practices during the audit:

- Conducting random audits of cashier cash drawers, weekly.
- Ongoing collaboration efforts with the Prosecutor's Office and Fiscal Office on the disposition of approximately $15 million in foreclosure funds that were being maintained.
- Policies and Procedures/Handbooks are in place for all divisions.
- Accuracy of assigning cases to the Ohio Attorney General's Office for collections after attempting three billing cycles.

Priority Level Criteria for Recommendations

High **(P1)**	**Highest-Ranking Officer's immediate attention** is required. Corrective action is strongly recommended (30 days).
	• Financially material loss or potential loss • Lack of or failure of internal controls requiring considerable time and resources to correct • Non-compliance with laws, regulations, and policies resulting in significant loss of funds, fines, or restrictions • Significantly negative effect on the County's reputation or public perception
Moderate **(P2)**	**Senior Management's attention** is required. Corrective action is recommended (90 days).
	• Financial loss or potential loss • Internal controls exist but they are not effective, or they are not consistently applied • Non-compliance with laws, regulations, and policies resulting in loss of funds, fines, or restrictions • Negative effect on the County's reputation or public perception
Low **(P3)**	**Management's attention** is required. Corrective action is recommended (180 days).
	• Financial loss or potential loss is minimal • Internal controls exist, but could be improved • Non-compliance with laws, regulations, and policies is a minimal risk • No effect on the County's reputation or public perception
Business Process Improvement **(P4)**	**Management or supervisory attention** recommended but not required
	• Process improvement recommendation • Financial loss or potential loss is minimal or not applicable • Non-compliance with laws, regulations, and policies is a minimal risk or not applicable • No effect on County's reputation or public perception

In an effort to assist the auditee in making the best use of their resources, we have prioritized the recommendations according to the table above.

Findings and Recommendations

Governance

FINDING Clerk's Office Did Not Have Full Accounting of Balance of Open Cases

The Clerk's Office was unable to provide a complete accounting of their $45,259,564 book balance as of December 31, 2024. Specifically, they could not produce supporting documentation identifying the composition of open cases totaling $26,297,737 (58%). The following table presents the reported book balance at 2024 year end:

	Dollar Amount
Foreclosure	$15,203,717
Unapplied	$3,758,110
Remaining/Open Cases*	$26,297,736
Total	**$45,259,563**

**Detail on remaining/open cases, including case numbers, not maintained or monitored.*

Criteria

Per Ohio Revised Code (ORC) 2335.25, the Clerk of Courts is required to maintain accurate and complete records of all court costs and fees received and disbursed. These records must allow for full accountability of all amounts held in trust or pending distribution stating in part:

> *"Each clerk of a court of record shall enter in a journal or cashbook, provided at the expense of the county, an accurate account of all moneys collected or received in the clerk's official capacity, on the days of the receipt, and in the order of time so received, with a minute of the date and suit, or other matter, on account of which the money was received. The cashbook shall be a public record of the office, and shall, on the expiration of the term of each such officer, be delivered to the officer's successor. The clerk shall be the receiver of all moneys payable into the clerk's office, whether collected by public officers of court or tendered by other persons, and, on request, shall pay the moneys to the persons entitled to receive them."*

Fiduciary funds are used to account for resources held by the County for the benefit of individuals, organizations, or other governments. Custodial funds are a classification of fiduciary funds. The Clerk of Courts' collection of fines and fees is a custodial fund.

Under Governmental Auditing Standards Board (GASB) Statement No. 84, the County is required to report a fiduciary net position (fund balance) for custodial funds. To accurately report this net position detailed records must be maintained to support the custodial fund activity. These records should include, at a minimum:

- Receipt and disbursement journals, including date, source, payee, and purpose of each transaction
- Ledger records that track the source of all deposited funds
- Identification of individuals or entities for whom the funds are held
- The amount held for each party

Root Cause

It was not known if the Clerk Office's case management system had the ability to generate reports that show the complete makeup of their book balance.

Risk to the County if Not Corrected

Without adequate supporting documentation for the book balance, the Clerk's Office cannot demonstrate the accuracy or validity of the reported open case balances. This lack of documentation increases the risk of undetected errors, misstated financial reporting, or potential misuse of public funds. It also impairs accountability and may limit the ability to reconcile or return funds appropriately to entitled parties.

Additionally, the failure to maintain complete records or support for all funds collected may result in noncompliance with ORC 2335.25. This deficiency could also lead to audit findings from the Auditor of State of Ohio and impact compliance with GASB standards for custodial funds reported in the County's financial statements, potentially resulting in restatements of the financial statements.

Recommendations

1 – (**P2**) The Clerk's Office should implement procedures to ensure comprehensive and accurate recordkeeping for custodial fund activity. This includes working with their case management system vendor to develop or enhance system-generated reports that clearly support the recorded book balance. These reports should provide sufficient detail to identify the payor of the funds and the specific case to which the funds were applied.

Management's Response:
The Clerk will work with their Case Management Vendor to determine if it's possible to generate a report detailing the funds being held on open cases. If possible, the report would be similar to the current reports detailing the funds being held on closed cases.

Target Date of Completion: 3/31/2026

FINDING Unapplied Funds on Deposit Should Have Been Applied or Refunded

During the audit, DIA identified several instances of unapplied funds on deposit that should have either been applied to case balances or refunded.

The table below outlines the balance of unapplied funds for the Clerk's Office as of 12/31/24:

Case Type	Case Count	Unapplied Balance Amount
Appeals	1,004	$39,583
Criminal	7,067	$1,051,168
Domestic Relations	2,574	$254,466
Civil*	48,399	$2,412,892
Total*	**59,044**	**$3,758,109**

**Note* - The total excludes $15,203,716 in Civil Foreclosure unapplied funds, which the Clerk's Office is required to hold.

DIA selected a sample of 25 cases with unapplied balances that also had checks issued by the Clerk's Office in 2024. These cases were reviewed to assess whether the remaining unapplied funds should have been applied or refunded. The results are summarized in the following table:

	Case Count	Unapplied Balance
Cases where funds should of been previously applied.	20	$2,008
Unapplied funds were correctly unapplied or already refunded.	5	$58,660

Criteria

Unapplied funds refer to monies received by the Clerk's Office that have not been applied to a court case balance or refunded to the payor. Upon case closure, Clerk's Office staff are responsible for reviewing all final cost entries issues by the Court. If unapplied funds exceed the total costs due, the excess should be refunded to the appropriate party.

Ohio Revised Code (ORC) 2303.08 requires the Clerk's Office to *"...pay over to the proper parties all moneys coming into the clerk's hands as clerk."* This statute establishes a legal obligation to disburse funds accurately and in a timely manner.

The Clerk of Courts Finance Handbook calls for regular reconciliation of case accounts and prompt resolution of any excess or unapplied balances stating:

> *"The Finance Manager or his/her designee runs CCJIS Report CMSS4002 monthly to make sure all available funds on a case are applied. This allows us to bill the case, issue a refund check to the appropriate party or hold the funds until further order of court. The start date of this report is at least 6 months prior to the current date. Each case on the list must be researched to determine if and to whom funds are owed."*

Root Cause

The Clerk's Office Finance division lacks sufficient staffing or resources to effectively monitor and reconcile the large volume of court cases with unapplied funds. This limitation has contributed to delays in identifying and resolving residual balances on closed cases. It should be noted that the Clerk's Office maintains a public listing of unapplied/excess funds being held which is publicly posted on their website. The website also provides instruction to seek recovery of funds believed to be owed.

Risk to the County if Not Corrected

Retaining unapplied funds indefinitely without appropriate reconciliation or refund may result in noncompliance with the statutory obligation to remit those funds to the proper parties.

Recommendations

1 – (**P2**) The Clerk's Office should assess its current staffing and operational capacity and take appropriate steps to align available resources with its documented procedures for regular review of unapplied funds. This will help ensure that all available funds are properly applied to case balances or refunded to the appropriate parties in a timely manner.

Management's Response:
The Clerk agrees with the IA recommendation. This issue is currently being addressed. Reports of cases with unapplied/excess funds have been provided to staff. Cases are being processed and any funds that can be refunded are being refunded. The Staff has been re-trained and reminded to apply/refund any funds that can be refunded and or applied when working closed cases. However, because of current budgetary restrictions to hire additional staff, the target date of completion is unknown. However, we will strive to do so by the date listed below.

Target Date of Completion: 7/31/2026

FINDING Closed Cases Require Review for Potential Billing

When a case is closed, a member of the Finance division is responsible for reviewing it to determine whether any outstanding costs need to be billed. While the review is performed regularly, there is currently no documented process to verify that all closed cases are consistently reviewed for potential billing.

During the audit, DIA identified several Civil cases in Proware's Closed Case workflow that had not resulted in any current billing activity. The following table outlines the number of closed cases by year:

Disposition Year	Number of Cases
2023	87
2024	214

Proware lacks sufficient reporting capabilities to efficiently identify whether the costs associated with closed cases exceed the deposits received. As a result, DIA was unable to determine the total value of potential outstanding billings. It should be noted that there may be valid reasons for some closed cases to remain in the billing queue without further action, including cases under appeal.

Criteria

Monitoring accounts receivable and issuing timely bills are critical components of the revenue collection process. According to the Finance Handbook, closed cases should be reviewed monthly to ensure that all applicable cases have been billed.

Root Cause

The Clerk's Office periodically reviews closed cases to identify those requiring billing; however, there is no reporting functionality in place to assist with identifying unbilled cases that were not reviewed in a timely manner. Currently, the Clerk's Office has to navigate through Proware's Closed Case workflow to review cases.

Risk to the County if Not Corrected

Without a consistent and systematic review process, the backlog of closed cases may grow, increasing the risk of lost revenue due to billing delays or omissions within the Closed Case workflow.

Recommendations

1 – (P2) There should be regular documented review of the closed case workflow to ensure that all available cases have been properly billed, in accordance with the Finance Handbook.

Management's Response:
The Clerk agrees with the IA recommendation. The COC will create a documented process.

Target Date of Completion: 7/31/2025

2 – (P4) The Clerk's Office should work with their case management system vendor to develop reporting capabilities that identify cases, closed or specific case types, where costs exceed deposits.

Management's Response:
The Clerk will work with their Case Management Vendor to determine the possibility of generating this type of report.

FINDING Lack of Regular and Approved Bank Reconciliations

The Clerk's Office Finance division performed a year-end bank-to-book reconciliation using the Proware system. During the audit, DIA noted the following concerns:

- Lack of Monthly Reconciliations: The bank reconciliation is not performed on a monthly basis.
- Lack of Independent Reviews: The bank reconciliation is not approved by a responsible party independent from its preparation.
- Outstanding Checks: 20 checks totaling $1,930 outstanding have remained outstanding for over two years. These checks should have been identified and processed as unclaimed funds.

Criteria

Bank reconciliations should be performed on a monthly basis to ensure the accuracy of the financial system to the bank balance. Having procedures and adequate documentation in place during monthly bank reconciliations is essential to improve the accuracy and timeliness of financial reporting.

It is important to monitor the age of outstanding checks as part of the bank reconciliation process. Stale or long-outstanding checks should be flagged for follow-up. This requires the periodic initiation of the unclaimed funds process to ensure compliance with Ohio Revised Code (ORC) 9.39, which states in part:

"All money received or collected by a public official under color of office and not otherwise paid out according to law shall be paid into the treasury of the public office with which the public official is connected to the credit of a trust fund and shall be retained there until claimed by its lawful owner. If not claimed within a period of five years, the money shall revert to the general fund of the public office."

Root Cause

There were insufficient policies and procedures in place for performing and approving a monthly bank to book reconciliation. Additionally, there may have been a system error in the case management system that prevented these checks from being processed for unclaimed funds, unlike other checks over two years old. *(See Policies and Procedures finding)*

Risk to the County if Not Corrected

A lack of effective internal controls over the monthly reconciliation process, combined with delays in addressing long-outstanding checks, increases the risk of errors going undetected and delay the identification of discrepancies in the Clerk Office's financial records. This could potentially lead to the misappropriation of public funds. Furthermore, failure to routinely monitor and resolve stale-dated checks may result in non-compliance with Ohio's unclaimed funds laws.

Recommendations

1 – (**P2**) A bank to book reconciliation should be performed on a monthly basis.

Management's Response:
The Clerk agrees with the IA recommendation. The Clerks Office will continue a monthly bank to book reconciliation as was the process prior to 2024.

Target Date of Completion: 12/31/2025

2 – (**P2**) The monthly bank reconciliation should be approved by a supervisor that is independent from the preparation of the bank reconciliation.

Management's Response: Same as above

Target Date of Completion: Same as above

3 – (**P3**) The Clerk's Office should collaborate with their case management vendor to identify and resolve any system issues that may have that prevented older outstanding checks from being processed through the unclaimed funds process. Alternatively, the Clerk's Office should implement a manual review process on an annual basis to ensure that checks outstanding from the previous year are properly submitted for unclaimed funds.

Management's Response: Same as above

Target Date of Completion: Same as above

4 – (**P2**) The Clerk's Office should initiate the unclaimed funds process for the identified 20 long-outstanding checks totaling $1,930.

Management's Response: The Clerk agrees with the IA recommendation. The identified 20 outstanding checks will be submitted with next batch of unclaimed funds.

Target Date of Completion: Same as above

FINDING Lack of Documented Review of Cashier Voids

Clerk's Office does not conduct documented regular reviews of cashier voids. During the audit, DIA obtained a report documenting all voids for a period. Upon inquiry, Clerk's Office management stated they reviewed the void report however it is not completed on a set frequency nor is it documented.

Criteria

The Finance Handbook states, *"Supervisors should review the void/deletion report on a weekly basis and address excessive voids/deletions or a pattern of voids/deletions."*

Review of the void/deletion report is a vital function that allows management to identify suspicious patterns and training opportunities. It also is an important process to ensure that each cashier void is necessary and proper, as voids do not require supervisor approval within Proware.

Root Cause

The Finance Handbook references supervisor review of the void/deletion report; however, it does not require documentation of the review. Additionally, management does not consistently document any reviews that may be taking place.

Risk to the County if Not Corrected

Without documented review of the void/deletion report, there is an increased risk that improper cashier voids may not be detected in a timely manner, leading to fraudulent activity or misappropriation of monies.

Recommendations

1 – (**P2**) Management should review the cashier void/deletion report on a regular basis (i.e. weekly) and sign off as evidence of review, per the Finance Handbook.

> ***Management's Response:***
> ***The Clerk agrees with the IA recommendation. This recommendation has already been implemented. Prior to April 2025, the void/deletion reports were reviewed but not on a regular basis. Voided receipts show on cash out reports which are reconciled daily. Void/deletion reports will be approved and documented monthly.***
>
> ***Target Date of Completion: 4/30/2025***

FINDING Policies and Procedures Require Revision

The Clerk's Office had Policy and Procedures manuals or handbooks for various divisions. However, DIA determined that the following practices were not included within the manuals:

- Monthly bank to book reconciliation (with secondary approval).
- Voiding of checks.
- Periodic review of petty or stored cash amounts.
- Documented custody transfer of monies between divisions.
- Periodic review of Proware user access.

The following were noted within the policy and procedure manuals but were not consistently performed or required revisions:

- Review of write-off costs for reasonableness.
- Monthly review of unapplied funds.
- Documenting supervisor review of voids.
- Recording and tracking of overages/shortages.
- Review of closed cases workflow for potential billings.

Criteria

Comprehensive written policies and procedures are important tools to ensure the effectiveness and efficiency of operations, accuracy of financial reporting, and compliance with regulations.

They also reinforce management's expectations for the agency, promote consistency in operations, provide a source of training, and pass knowledge of operations onto future employees.

Root Cause

The Clerk's Office is a large agency with numerous divisions that perform different functions. It is difficult to ensure that all processes or work performed is documented.

Risk to the County if Not Corrected

Failure to have a comprehensive form of internal guidance may result in undefined procedures that can lead to inconsistency in the operations of the agency as well as actions that are inconsistent with the intentions of management. It also makes it more difficult for new employees to learn job responsibilities and department processes after employee turnover or new hires.

Recommendations

1 – (**P2**) The Clerk's Office should revise policies and procedures to match current or desired processes. At a minimum, the following should be included:

- Performance and approval of monthly bank to book reconciliation;
- Regular documented review of receipt voids;
- Documentation of overages and shortages noted during daily reconciliation;
- Procedures related to voiding checks;
- Procedures relating to review of petty or stored cash;
- Documentation of chain of custody for money moved between buildings;
- Regular documented review of closed cases for potential billings;
- Periodic review of Proware user access to ensure least restrictive access.

Management's Response:
The Clerk agrees with the IA recommendation. The Clerk will update the policy and procedure manuals to reflect new processes and procedures.

Target Date of Completion: 9/30/2025

Cash Management

FINDING Daily Reconciliation - Lack of Segregation of Duties and Overage/Shortage Tracking

There was a lack of segregation of duties during the daily reconciliation process. DIA reviewed 30 daily reconciliations during the audit period and identified 18 instances (60%) in which the reviewer also processed transactions.

In addition, the Finance division did not consistently track overages and shortages identified during the daily reconciliation nor do they document the reason for the differences. Of the 30 daily reconciliations tested, DIA identified:

- Four (13%) in which an identified overage/shortage was not properly documented in the Clerk's Office overage/shortage tracking spreadsheet.
- Five instances (17%) in which there was a difference between the Proware report and daily revenue; however, the reviewer did not identify the difference or document the reason for the difference. These differences ranged between $30 and $1,238. The Clerk's Office was unable to provide supporting documentation to substantiate the $1,238 difference between the daily revenue count of cash/checks and the daily Proware report.

Criteria

Best practice for effective controls over collections involves:

- Segregating collection, recording/depositing, and reconciling responsibilities. This ensures accountability, detection of errors, and prevents theft or misuse. Ideally, individuals should not be responsible for more than one process. Whenever segregating duties is not feasible, secondary review should be present to maintain oversight.
- Consistent tracking of overages and shortages to ensure funds are properly accounted for, accurate financial reporting, and to ensure management awareness of any potential recurring problems.

Additionally, the Clerk's Office Finance Handbook states in part:

> *" All cashier outages are investigated by a Deputy Clerk from the Finance Department and tracked in an over/short report. Also, any discrepancy must be documented on the daily balance sheet and must be entered in CCJIS as either a positive or negative adjustment".*

Root Cause

The Clerk's Office finance division lacked sufficient staffing and resources to ensure the daily reconciliation reviewer does not also process transactions. The Clerk's Office advised that all overages and shortages may not be documented. Some differences may be resolved in following reconciliations (i.e. timing differences).

Risk to the County if Not Corrected

Lack of internal controls over daily reconciliations increases the risk of unauthorized activity and misappropriation of monies.

Recommendations

1 – (**P2**) The Clerks Office should implement segregation of duties over the daily reconciliations process ensuring no one person handles multiple aspects of the revenue process. The reviewer should not process transactions. Or, implement a documented secondary review/sign off if it is not possible for reviewer to be separate from previous day collections.

> ***Management's Response: The Clerk agrees with the IA recommendation. This recommendation has already been implemented. The Finance Department Supervisor performs the daily cash count and no longer processes cash or check payments.***
>
> ***Target Date of Completion: 4/30/2025***

2 – (**P2**) All overages/shortages and differences between revenue and system balance should be consistently noted and tracked, per the Finance Handbook. This should include as much information as possible such as amount, reason for overage/shortage, attributable party, and date of correction.

> ***Management's Response: The Clerk agrees with the IA recommendation. The Clerk's Office will accurately reflect and note any variation or difference on the daily cash out reports and create a method to document and track variations.***
>
> ***Target Date of Completion: 10/31/2025***

3 – (**P2**) The Clerk's Office should reconcile daily differences between the daily revenue count and Proware report to ensure all cash is accounted for. This documentation may require modifications to the daily reconciliation forms to include reasons for variances in cash counted vs. Proware reports.

> ***Management's Response: Same as above***
>
> ***Target Date of Completion: Same as above***

FINDING Lack of Periodic Counts of Petty/Stored Cash

The Clerk's Office maintains four small cash amounts in order to pay Witness and Grand Jury vouchers and for change purposes ("stored cash"). Per Clerk's Office management, periodic counts of stored cash occur; however, regular frequency was not established nor was it documented.

It should be noted, DIA conducted a surprise count of all stored cash drawers and identified minimal variances totaling $1.20.

Criteria

Periodic cash counts provide management the opportunity to reconcile physical cash on hand with recorded amounts to ensure funds are properly accounted for. Performing periodic cash counts is a critical component of an organization's internal control system, providing benefits such as theft prevention, accurate financial reporting and operational efficiency.

Root Cause

The Clerk's Office lacks documented policies and procedures for performing periodic counts of stored cash. Additionally, fluctuation in staffing and organizational changes interfered with assigned duties within the Finance division. *(See Polices and Procedures finding)*

Risk to the County if Not Corrected

A lack of consistent internal controls over stored cash increases the risk of errors going undetected and potential theft.

Recommendations

1 – (**P2**) The Clerk's Office should perform documented periodic counts of stored cash.

Management's Response:
The Clerk agrees with the IA recommendation. This recommendation has already been implemented. Previously, petty cash was counted/reconciled every 4-6 weeks. IA's recommendation is to document and count every 1-2 weeks.

Target Date of Completion: 4/30/2025

2 – (**P3**) Cash counts should be performed by someone that does not handle stored cash or by multiple employees to ensure adequate segregation of duties.

> ***Management's Response: The Clerk agrees with the IA recommendation. This recommendation has already been implemented. The Finance Department Supervisor performs the daily cash count and no longer processes cash or check payments.***
>
> ***Target Date of Completion: Same as above***

FINDING Lack of Cashier Adherence to Policies and Procedures

Cashiers do not acknowledge or document their drawer balance prior to cash balancing. DIA observed daily cash balancing while onsite at the Clerk of Courts. Cash drawers did not include a receipt tape or any signed document from cashiers.

Criteria

Cashiers are required to include a receipt tape of their cash and check total when they return their drawer at the end of the day. The Clerk of Courts Finance Handbook states in part:

"All cash bags should contain all cash/checks accepted the previous business day along with an adding machine tape or balance sheet with the total of the cash/checks received."

Root Cause

Management has not been enforcing the policy of including a cashier count of cash and checks at the end of the day. Management relies on the next day reconciliation to count previous day collections.

Risk to the County if Not Corrected

Failure to adhere to documented procedures, may result in inconsistent operations that lead to financial losses, non-compliance with regulations, and less than expected operational results. Documenting cash and check totals prior to next day balancing helps to establish a chain of custody of cash when changing hands between collector and reviewer.

Recommendations

1 – (P3) Clerk's Office should enforce its PPM to ensure all employees are including documented acknowledgment of cash and checks received.

Management's Response:
The Clerk agrees with the IA recommendation. This process has already been implemented. Cashiers are required to provide an adding machine tape totaling cash and checks turned in daily to the vault.

Target Date of Completion: 4/30/2025

2 – (P3) Clerk's Office management should provide any necessary training to ensure employees understand and adhere to policies and procedures.

Management's Response:

The Clerk agrees with the IA recommendation. This recommendation has already been implemented. Policy and procedure manuals are updated accordingly and available to all employees on a Clerk's Office shared drive. Managers and supervisors have been reminded to ensure all employees are familiar with the policies and procedures of the office and their specific departments.

Target Date of Completion: 12/31/2025

FINDING Lack of Chain of Custody for Money

The Clerk's Office Finance division collects and reconciles cash and checks that are collected by the Clerk's Office Archives and Domestic Relations. The transfer of cash and checks is not documented when picked up and transported to the Clerk's Office Finance division.

Criteria

Having a strong chain of custody over cash and checks is an important control in ensuring the integrity of the revenue cycle. It also adds an extra layer of security and oversight to the transporting of money.

Root Cause

There were insufficient policies and procedures in place for the movement of money between divisions. *(See Policies and Procedures finding)*

Risk to the County if Not Corrected

There is an increased risk that money could be lost or misappropriated without a chain of custody when transporting monies.

Recommendations

1 – (**P3**) The transfer of cash and checks between divisions should be documented.

Management's Response:
The Clerk agrees with the IA recommendation. The COC will create a documented process.

Target Date of Completion: 7/31/2025

IT General Controls

FINDING Lack of User Access Level Monitoring/Control

The Clerk's Office does not have the capability to generate a complete and reliable report of system users and their associated access rights for Proware. As a result, periodic reviews of user access levels are not being conducted. User access levels can only be viewed by selecting individual employees and reviewing each system screen the user has access to. There is not an established periodic review that user access is maintained at correct levels.

Upon limited review, DIA noted the Clerk's Office appeared to be practicing user security principles by having limited accessibility to applications that could print checks, change costs and payment amounts, or issue bills.

It was also noted that Proware had the ability to require password security policies (e.g. length and complexity) but that it had not been implemented.

Criteria

Least Privileged Access (LPA) is a security principle that dictates users, applications, and systems should only have the minimum level of access necessary to perform their tasks. As recommended in IT governance and security frameworks, periodic user access reviews are essential for maintaining secure systems and are typically defined in conjunction with security standards and control frameworks like NIST SP 800-53 (Security and Privacy Controls for Information Systems) and ISO/IEC 27001 (Information Security Management).

Password policies outlines the rules and requirements for creating, managing, and using passwords within an organization. This may include such elements as password length, complexity, expiration, reuse, and authentication. Security standards and control frameworks, such as NIST 800-63B, recommend at least 8 characters for user-created passwords.

These are core concepts of cybersecurity, aiming to reduce risk of potential damage caused by a security breach, limits access to sensitive data, and prevents unauthorized users from making changes in system.

Root Cause

Having least restrictive access privilege and periodic review of user access was not noted as a procedure to regularly be performed in Polices and Procedures. Nor was implementation of all available password security features. *(See Policies and procedures finding)*

Risk to the County if Not Corrected

By not having comprehensive reporting available for user access, periodic review of access levels, or required password complexity there is an increased risk that employee access may not be appropriate for their job function. Additionally, there is an increased risk of security breach and/or unauthorized access.

Recommendations

1 – (**P4**) The Clerk's Office should work with the case management vendor to develop reports that can show all employee's user access to better facilitate user access review.

> ***Management's Response:***
> ***The Clerk's Office disagrees with this IA recommendation. The Clerk's Office has the ability to pull security access by User ID, by User Group, and by Screen. The Clerk's Office does not believe there is a beneficial operational necessity to produce an agency wide report for all users showing security access. Also, the Clerk's Office shares the Case Management System with the Court of Common Pleas. Any security changes would have to be agreed upon by the Court of Common Pleas and the Clerk of Courts.***

2 – (**P2**) Clerk's Office management should periodically review user access (i.e. once a year) to ensure that LPA is being practiced, employee roles are current, and that unnecessary access is being revoked. Reviewers should also understand user capabilities for each user role to determine whether access aligns with job responsibilities.

> ***Management's Response:***
> ***Although not documented in the Clerk SOP or other manuals, the Clerk of Courts does periodically review user access to ensure access for former employees is disabled in CCJIS, or if an employee is transferred to a different department, that employees access if updated.***
>
> ***Target Date of Completion: 3/31/2026***

3 – (**P3**) The Clerk's Office should inquire with the Court of Common Pleas to enable features that would require enhanced password security for their case management system (e.g. length, complexity, etc.).

> ***Management's Response:***
> ***The Clerk of Courts shares the Case Management System with the Court of Common Pleas. Any changes to the security would need to be agreed upon by the Court of Common Pleas and the Clerk of Courts Office. The Clerk will inquire about enhanced password security with the Court.***
>
> ***Target Date of Completion: 3/31/2026***