

ATTESTATION ENGAGEMENT

District Court 15-4-03
Chester County, Pennsylvania
For the Period
January 1, 2010 to December 31, 2014

January 2016



Commonwealth of Pennsylvania
Department of the Auditor General
Eugene A. DePasquale • Auditor General



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EUGENE A. DEPASQUALE
AUDITOR GENERAL

Independent Auditor's Report

The Honorable Eileen McNulty
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 15-4-03, Chester County, Pennsylvania (District Court), for the period January 1, 2010 to December 31, 2014, pursuant to the requirements of Section 401(c) of *The Fiscal Code*, 72 P.S. § 401(c). The District Court's management is responsible for this Statement. Our responsibility is to express an opinion on this Statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the Statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

We are mandated by Section 401(c) of *The Fiscal Code* to audit the accounts of each district court to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported and promptly remitted. *Government Auditing Standards* issued by the Comptroller General of the United States include attestation engagements as a separate type of audit. An attestation engagement performed pursuant to *Government Auditing Standards* involves additional standards that exceed the standards provided by the American Institute of Certified Public Accountants. Accordingly, this attestation engagement complies with both *Government Auditing Standards* and Section 401(c) of *The Fiscal Code*.

In our opinion, the Statement referred to above presents, in all material respects, the operations of the District Court as it pertains to receipts made on behalf of the Commonwealth for the period January 1, 2010 to December 31, 2014, in conformity with the criteria set forth in Note 1.

Independent Auditor's Report (Continued)

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Statement; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the Statement. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Statement is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on internal control over reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.

Our consideration of internal control over reporting on the Statement was for the limited purpose of expressing an opinion on whether the Statement is presented in accordance with the criteria described above and was not designed to identify all deficiencies in internal control over reporting on the Statement that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Statement will not be prevented, or detected and corrected on a timely basis.

As part of obtaining reasonable assurance about whether the Statement is free from material misstatement, we performed tests of the District Court's 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 Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

- Local Ordinance Code Improperly Utilized In Lieu Of Related State Statute.

This report is intended solely for the information and use of the Pennsylvania Department of Revenue, the Administrative Office of Pennsylvania Courts, and the District Court and is not intended to be and should not be used by anyone other than these specified parties.

Independent Auditor's Report (Continued)

We appreciate the courtesy extended by the District Court 15-4-03, Chester County, to us during the course of our examination. If you have any questions, please feel free to contact Michael B. Kashishian, CPA, CGAP, CFE, Director, Bureau of County Audits, at 717-787-1363.

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

December 8, 2015

Eugene A. DePasquale
Auditor General

CONTENTS

	<u>Page</u>
Financial Section:	
Statement Of Receipts And Disbursements.....	1
Notes To The Statement Of Receipts And Disbursements.....	2
Finding and Recommendation:	
Finding - Local Ordinance Code Improperly Utilized In Lieu Of Related State Statute	4
Exhibit 1 - Schedule Of Reporting Errors And Examination Adjustments	6
Report Distribution	7

DISTRICT COURT 15-4-03
 CHESTER COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2010 TO DECEMBER 31, 2014

Receipts:

Department of Transportation	
Title 75 Fines	\$ 778,317
Motor Carrier Road Tax Fines	550
Overweight Fines	4,780
Commercial Driver Fines	1,500
Littering Law Fines	1,852
Child Restraint Fines	2,202
Department of Revenue Court Costs	481,766
Crime Victims' Compensation Bureau Costs	36,726
Crime Commission Costs/Victim Witness Services Costs	26,209
Domestic Violence Costs	9,754
Emergency Medical Service Fines	253,999
CAT/MCARE Fund Surcharges	792,983
Judicial Computer System Fees	233,004
Access to Justice Fees	61,939
Criminal Justice Enhancement Account Fees	7,814
Judicial Computer Project Surcharges	37,872
Constable Service Surcharges	24,125
Miscellaneous State Fines and Costs	<u>107,466</u>
 Total receipts (Note 2)	 2,862,858
 Disbursements to Commonwealth (Note 3)	 <u>(2,869,270)</u>
 Balance due Commonwealth (District Court) per settled reports (Note 4)	 (6,412)
 Examination adjustments (Note 5)	 <u>15,090</u>
 Adjusted balance due Commonwealth (District Court) for the period January 1, 2010 to December 31, 2014	 <u>\$ 8,678</u>

Notes to the Statement of Receipts and Disbursements are an integral part of this report.

DISTRICT COURT 15-4-03
CHESTER COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2014

1. Criteria

The Statement of Receipts and Disbursements provides a summary of receipts and disbursements by category. The categories and the amounts of fines, costs, fees, and surcharges assessed are based on Pennsylvania laws and regulations.

The Statement was prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Revenue. Under this method, only the Commonwealth portion of cash receipts and disbursements are presented, revenues are recognized when received, and expenditures are recognized when paid.

2. Receipts

Receipts are comprised of fines, costs, fees, and surcharges collected on behalf of the Commonwealth. These fines, costs, fees, and surcharges represent collections made on traffic, non-traffic, civil, and criminal cases filed with the District Court.

3. Disbursements

Total disbursements are comprised as follows:

District Court checks issued to:

Department of Revenue	\$ 2,869,270
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2010 To December 31, 2014

This balance reflects the summary of monthly transmittal reports as settled by the Department of Revenue. It does not reflect adjustments disclosed by our examination. Refer to Exhibit 1.

5. Examination Adjustments

During our prior examination, January 1, 2007 to December 31, 2009, we determined that there was a balance due to the Commonwealth of \$6,412. This balance due was paid to the Department of Revenue in March 2011. During our current examination, we determined that there was a balance due to the Commonwealth of \$8,678 as shown in Exhibit 1. Therefore, the total adjustment for the examination is \$15,090.

DISTRICT COURT 15-4-03
CHESTER COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2014

6. Magisterial District Judges Serving During Examination Period

Larry E. Smith served at District Court 15-4-03 for the period January 1, 2010 to January 19, 2012.

John R. Bailey served at District Court 15-4-03 for the period January 20, 2012 to December 31, 2014.

DISTRICT COURT 15-4-03
 CHESTER COUNTY
 FINDING AND RECOMMENDATION
 FOR THE PERIOD
 JANUARY 1, 2010 TO DECEMBER 31, 2014

Finding - Local Ordinance Code Improperly Utilized In Lieu Of Related State Statute

During our examination, we noted that the East Whiteland Township Police Department withdrew overweight citations that were legitimately issued for violations for state statute. The police reissued citations as violations of a local ordinance and defendants were encouraged to plead to local ordinance violations. This impacted the split of fines between the Commonwealth and the local government. Our examination disclosed 19 cases in which this occurred. See Exhibit 1 on page 6 for details of all 18 cases in which payment was made.

<u>Municipality</u>	<u>Number of Cases Filed by Police</u>	<u>Number of Cases In Which Payment Was Made</u>	<u>Balance Due The Dept. of Revenue</u>
East Whiteland Township	19	18	\$8,677.90

According to the local district magistrate judge, the East Whiteland Township Police would pull over violators on a local road and cite them for overweight violations under Title 75, section 4902 of the Pennsylvania Motor Vehicle Code. The police would advise the defendant to plead not guilty and request a hearing. On the day of the hearing, the defendant was given the option to plead guilty to the lower, local overweight ordinance violation. When the local ordinance was cited in lieu of statute, the municipality thus retained 100 percent of all fines collected, rather than having split the revenue from fines with the Commonwealth for the motor vehicle code charges that were originally issued.

Because overweight traffic citations were issued under local ordinances and not under state statute, all fines that were assessed and collected were remitted to the local municipality whose police issued the citation. If these overweight traffic citations were issued under the state statute, the Commonwealth would have been entitled to 50 percent of the fines assessed and collected as indicated by Title 75 (*The Pennsylvania Motor Vehicle Code*). The amount of the fines assessed for violating the local overweight ordinance differs from the amount of fines assessed for overweight violations under Title 75. It should be noted that the balance due the Department of Revenue represents one half of the total amount collected on the local ordinance. Also, since the Catastrophic Fund (CAT Fund) Surcharges and the Emergency Medical Services (EMS) Fines are not assessed on local ordinances, there was an additional loss of revenue to the Commonwealth of approximately \$570 and \$190, respectively.

Recommendation

We recommend that the East Whiteland Township Police issue all citations in accordance with the appropriate state statute.

DISTRICT COURT 15-4-03
CHESTER COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2014

**Finding - Local Ordinance Code Improperly Utilized In Lieu Of Related State Statute
(Continued)**

Management's Response

The Magisterial District Judge responded as follows:

Once District Court 15-4-03 became aware of the infractions concerning the overweight violations, I took immediate action to halt this practice. It would be entirely permissible for an officer to withdraw the overweight violation citation and substitute another section of Title 75. It is not permissible for an officer to withdraw an overweight citation and substitute a township ordinance of similar nature.

I further expect this issue to be resolved pending any further questions, and most importantly with this implementation as of 24 April 2013, to be in accordance with Pa Title 75 and with any state audits performed on District Court 15-4-03.

It should be noted that during the time period detailed involving this issue, the current Chester County President Judge, James MacElree, was notified in writing of my investigation, my findings as well as my corrective measures.

Auditor's Conclusion

We appreciate the Judge's efforts to correct this matter. During our next examination we will determine if the District Court continued to comply with our recommendation.

DISTRICT COURT 15-4-03
 CHESTER COUNTY
 EXHIBIT 1
 FOR THE PERIOD
 JANUARY 1, 2010 TO DECEMBER 31, 2014

Exhibit 1 - Schedule Of Reporting Errors And Examination Adjustments

	Docket Number		State or Local Arrest	Ordinance Cited Per Arresting Officer	Section Violated per State Statute	Total Balance Due
1	NT-226-2010	*	L	Section 189 Sub 17	4902 Sub A	\$ 1,499.50
2	NT-214-2011	*	L	Section 189 Sub 17	4902 Sub A	149.75
3	NT-100-2012	*	L	Section 189 Sub 17	4902 Sub A	595.93
4	NT-150-2012	*	L	Section 189 Sub 17	4902 Sub A	250.00
5	NT-278-2012	*	L	Section 189 Sub 17	4902 Sub A	197.50
6	NT-279-2012	*	L	Section 189 Sub 17	4902 Sub A	192.03
7	NT-292-2012	*	L	Section 189 Sub 17	4902 Sub A	105.70
8	NT-296-2012	*	L	Section 189 Sub 17	4902 Sub A	225.00
9	NT-297-2012	*	L	Section 189 Sub 17	4902 Sub A	600.00
10	NT-298-2012	*	L	Section 189 Sub 17	4902 Sub A	250.00
11	NT-299-2012	*	L	Section 189 Sub 17	4902 Sub A	899.50
12	NT-311-2012	*	L	Section 189 Sub 17	4902 Sub A	600.00
13	NT-335-2012	*	L	Section 189 Sub 17	4902 Sub A	418.60
14	NT-001-2013	*	L	Section 189 Sub 17	4902 Sub A	849.75
15	NT-062-2013	*	L	Section 189 Sub 17	4902 Sub A	524.14
16	NT-071-2013	*	L	Section 189 Sub 17	4902 Sub A	285.25
17	NT-072-2013	*	L	Section 189 Sub 17	4902 Sub A	500.00
18	NT-078-2013	*	L	Section 189 Sub 17	4902 Sub A	535.25
						\$ 8,677.90

* Citation was originally filed by local police under State Statute 4902 Sub A, then later withdrawn and reissued as a local ordinance for overweight violation.

DISTRICT COURT 15-4-03
CHESTER COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2014

This report was initially distributed to:

The Honorable Eileen H. McNulty
Secretary
Pennsylvania Department of Revenue

The Honorable Thomas B. Darr
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania
Administrative Office of Pennsylvania Courts

The Honorable John R. Bailey	Magisterial District Judge
The Honorable Terence E. Farrell	Chairperson of the Board of Commissioners
The Honorable Norman MacQueen	Controller
Ms. Patricia L. Norwood-Foden	District Court Administrator

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.