

ATTESTATION ENGAGEMENT

District Court 12-1-05
Dauphin County, Pennsylvania
For the Period
January 1, 2010 to December 31, 2014

August 2016



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



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen

EUGENE A. DePASQUALE
AUDITOR GENERAL

Independent Auditor's Report

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

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 12-1-05, Dauphin 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). This Statement is the responsibility of the District Court's management. 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*.

As discussed in Finding No. 1, there were case files that were missing and unavailable for examination. As a result of this issue, we could not perform our standard examination procedures. As such, the scope of our examination of the District Court's Statement was limited, and we were unable to satisfy ourselves by other examination procedures.

Independent Auditor's Report (Continued)

In our opinion, except for the effects, if any, of the matters noted in the preceding paragraph, 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.

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 and significant deficiencies.

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. We consider the deficiencies listed below to be material weaknesses.

- Missing Case Files.
- Inadequate Voided Receipt Procedures.

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 by those charged with governance. We consider the deficiency listed below to be a significant deficiency.

- Inadequate Arrest Warrant Procedures - Recurring.

Independent Auditor's Report (Continued)

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We are concerned in light of the District Court's failure to correct previously reported finding regarding inadequate arrest warrant procedures. During our current examination, we noted that there were missing case files, inadequate voided receipt procedures and inadequate arrest warrant procedures. These deficiencies could result in uncollected fines and unpunished offenders and increase the risk for funds to be lost or misappropriated. The District Court should strive to implement the recommendations and corrective actions noted in this examination report.

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.

We appreciate the courtesy extended by the District Court 12-1-05, Dauphin 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.



Eugene A. DePasquale
Auditor General

June 16, 2016

CONTENTS

	<u>Page</u>
Financial Section:	
Statement Of Receipts And Disbursements.....	1
Notes To The Statement Of Receipts And Disbursements.....	2
Findings And Recommendations:	
Finding No. 1 - Missing Case Files	3
Finding No. 2 - Inadequate Voided Receipt Procedures	4
Finding No. 3 - Inadequate Arrest Warrant Procedures - Recurring.....	6
Summary of Prior Examination Recommendation	9
Report Distribution	10

DISTRICT COURT 12-1-05
 DAUPHIN COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2010 TO DECEMBER 31, 2014

Receipts:

Department of Transportation		
Title 75 Fines	\$	128,166
Littering Law Fines		200
Child Restraint Fines		966
Department of Revenue Court Costs		327,787
Crime Victims' Compensation Bureau Costs		30,347
Crime Commission Costs/Victim Witness Services Costs		22,364
Domestic Violence Costs		8,544
Emergency Medical Service Fines		21,842
CAT/MCARE Fund Surcharges		67,704
Judicial Computer System Fees		128,199
Access to Justice Fees		39,100
Criminal Justice Enhancement Account Fees		16,022
Judicial Computer Project Surcharges		78,237
Constable Service Surcharges		55,382
Miscellaneous State Fines and Costs		<u>4,208</u>
 Total receipts (Note 2)		 929,068
 Disbursements to Commonwealth (Note 3)		 <u>(929,024)</u>
 Balance due Commonwealth (District Court) per settled reports (Note 4)		 44
 Examination adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (District Court) for the period January 1, 2010 to December 31, 2014	 \$	 <u>44</u>

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

DISTRICT COURT 12-1-05
DAUPHIN 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	<u>\$ 929,024</u>
-----------------------	-------------------

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.

5. Magisterial District Judge Serving During Examination Period

George A. Zozos served at District Court 12-1-05 for the period January 1, 2010 to December 31, 2014.

DISTRICT COURT 12-1-05
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2014

Finding No. 1 - Missing Case Files

Our examination of the district court required that certain case files be examined. We encountered considerable difficulty in finding a number of case files. There were 51 out of 138 case files needed for testing that could not be located.

In order for an entity to have an efficient record-keeping system, each court document must be filed timely and properly. Additionally, the *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual) outlines the proper filing procedures for all district courts to follow.

The failure to follow these guidelines could result in case file documents being lost, misfiled, or intentionally destroyed. Additionally, collections associated with missing case files and documents could be misappropriated.

Adherence to the uniform internal control policies and procedures, as set forth in the Manual, would have ensured that there were adequate internal controls over case files.

This condition existed because the district court failed to establish and implement an adequate system of internal controls over the accountability of case files.

Recommendation

We recommend that the district court initiate procedures to ensure that all cases are properly filed and contain appropriate documents as outlined in the Manual.

Management's Response

The Magisterial District Judge responded as follows:

It was discovered that there were 51 case files that could not be located for review. We fully believe that this is the result of prematurely and erroneously sending closed case files to the county warehouse. Court Administration has provided us with instructions regarding our internal policies and procedures for transmitting files ready for storage. We have also been provided with a copy of the Supreme Court of Pennsylvania, Administrative Office of Pennsylvania Courts, Record Retention & Disposition Schedule with Guidelines and will strictly adhere to the minimum retention periods.

Auditor's Conclusion

During our next examination, we will determine if the office complied with our recommendation.

DISTRICT COURT 12-1-05
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2014

Finding No. 2 - Inadequate Voided Receipt Procedures

Our examination disclosed that voided receipt procedures were not always followed. Of 38 receipts tested, we noted the following:

- There were five receipts that had no documentation as to the reason why the receipt was voided.
- There were two instances in which office staff stated that they accepted a cash payment from the defendant at the window. The defendant subsequently changed their mind about paying so the office staff returned the cash to the defendant and voided the receipt. However, there was no documentation in the case file regarding the returned cash and voided receipt.
- There were two instances in which office staff accepted a check or money order payment from a defendant. A review of the case files found that the receipt was later voided and never replaced even though the payment was deposited into the office's bank account. Therefore, the office deposited a payment without crediting the applicable cases.

Good internal controls require that if a receipt must be voided, proper documentation is maintained with the case file to explain the reason for the void. In addition, all payments received should be credited to the applicable case.

Without a good system of internal control over voids made by the office, the potential is increased that funds could be lost, stolen, or misappropriated.

Adherence to the uniform internal control policies and procedures, as set forth in the *Magisterial District Judge Automated Office Clerical Procedures Manual*, would have ensured that there were adequate internal controls over collections and voided receipts.

Recommendation

We recommend that the district court implement procedures to ensure that voided receipt procedures required by the *Magisterial District Judge Automated Office Clerical Procedures Manual* are followed. Specifically, all voided receipts should be properly accounted for and maintained. All case files should contain proper documentation explaining the reason for the voids.

DISTRICT COURT 12-1-05
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2014

Finding No. 2 - Inadequate Voided Receipt Procedures (Continued)

Management's Response

The Magisterial District Judge responded as follows:

There were 5 instances where a receipt was voided and no reason was entered into the system. There were an additional 4 instances where no receipt was provided. We have discussed this finding with all employees in the office to explain the importance of following good internal controls. We have implemented a policy wherein any time that a receipt is voided that the employee must print out the document showing that a payment was voided. A second employee must then witness and initial that receipt. The voided receipt will then be housed in a file in the Office Manager's office until such time that he/she runs the voided receipts report out of the MDJS for comparison. All voided receipts will then be filed in the appropriate case file. All employees have also been educated on the value of entering clear, concise and descriptive reasons in the computer system.

Auditor's Conclusion

During our next examination, we will determine if the office complied with our recommendation.

DISTRICT COURT 12-1-05
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2014

Finding No. 3 - Inadequate Arrest Warrant Procedures - Recurring

We cited the issue of inadequate arrest warrant and DL-38 procedures in our prior examination report for the period January 1, 2006 to December 31, 2009. Our current examination found that the office did not correct this issue. Warrants are used to enforce the collection of monies on traffic and non-traffic cases in which defendants failed to make payments when required. A Warrant of Arrest (AOPC 417) is used to authorize an official to arrest a defendant, to collect fines and costs from the defendant after a disposition, or to collect collateral for a trial. If the defendant does not respond within ten days to a citation or summons, a Warrant of Arrest may be issued.

During our testing of warrant procedures, we noted that warrant procedures established by the *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual) were not always followed. The Magisterial District Judge did not consistently issue warrants when required. We tested 69 instances in which a warrant was required to be issued. Our testing disclosed that 15 were not issued timely and 2 were not issued at all. The time of issuance ranged from 61 days to 260 days.

In addition, of 67 warrants required to be returned or recalled, 18 were not returned or recalled, and 21 were not returned timely. The time of issuance to the time of return ranged from 153 days to 1,001 days.

The Manual establishes the uniform written internal control policies and procedures for all district courts.

Warrant Issuance Procedures: The Manual states that on October 1, 1998, new warrant procedures took effect for summary cases. Amendments were made to Pa.R.Crim.P. Rules 430, 431, 454, 455, 456, 460, 461, and 462. To comply with the new changes, the Notice of Impending Warrant (AOPC A418) was created with the purpose of informing the defendant that failure to pay the amount due or to appear for a Payment Determination Hearing will result in the issuance of an arrest warrant. The defendant is also informed that his/her response must be made within ten days of the date of the notice.

According to Pa.R.Crim.P. Rule 430, a Notice of Impending Warrant may be issued in a post-disposition summary case for any of the following reasons:

- A guilty disposition is recorded and no payment is made or a time payment schedule is not created.
- A guilty disposition is recorded and a previously deposited collateral payment, when applied, does not pay the case balance in full.

DISTRICT COURT 12-1-05
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2014

Finding No. 3 - Inadequate Arrest Warrant Procedures - Recurring (Continued)

- A guilty disposition is recorded and the defendant defaults on a time payment schedule.

According to Pa.R.Crim.P. 430, a warrant SHALL be issued in a summary case for any of the following reasons (a Notice of Impending Warrant is not necessary for the following):

- The defendant has failed to respond to a citation or summons that was served either personally or by certified mail, return receipt requested.
- The citation or summons is returned undeliverable.
- The Magisterial District Judge has reasonable grounds to believe that the defendant will not obey a summons.

Warrant Return Procedures: The Manual states that the Administrative Office of Pennsylvania Courts (AOPC) recommends that those in possession of arrest warrants should be notified to return warrants that have not been served. For summary traffic and non-traffic cases, outstanding warrants should be returned to the Magisterial District Judge's office within 60 days of issuance. Returned warrants can either be recorded in the Magisterial District Judge System (MDJS) as unserved, if the defendant is unable to be located; or they can be recalled for reissue, if the server has not exhausted all means of finding the defendant.

The failure to follow warrant procedures could result in uncollected fines and unpunished offenders. Additionally, the risk is increased for funds to be lost or misappropriated.

This condition occurred because the district court failed to review tickler reports as recommended in our prior examination report. Adherence to the uniform internal control policies and procedures, as set forth in the Manual, would have ensured that there were adequate internal controls over warrants.

Recommendations

We recommend that the district court review the tickler reports for warrants daily and take appropriate action as required by the Manual. We further recommend that the court review warrant control reports and notify police or other officials to return warrants that are unserved for 60 days for summary traffic and non-traffic cases as recommended by the Manual.

DISTRICT COURT 12-1-05
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2014

Finding No. 3 - Inadequate Arrest Warrant Procedures - Recurring (Continued)

Management's Response

The Magisterial District Judge responded as follows:

The court is making it a point to more closely monitor the "warrants to issue" tickler report and all employees will be required to take the appropriate action in the system when warranted. All employees in this court have also been directed to more closely monitor reports that show the length of time that warrant is in the possession of a constable. The court fully intends to take a more active role in monitoring the length of time that warrants are in the control of the constables and will take appropriate action within the suggested timelines. We are implementing a policy that all unserved warrants are to be returned to the office after the AOPC's recommended 60 day period in order to maintain proper control.

Auditor's Conclusion

This is a recurring finding. We strongly recommend that the district court take corrective action to comply with our recommendations. During the next examination, we will determine if the office complied with our recommendations.

DISTRICT COURT 12-1-05
DAUPHIN COUNTY
SUMMARY OF PRIOR EXAMINATION RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2014

Summary of Prior Examination Recommendation

During our prior examination, we recommended that the office review the tickler reports for warrants daily and take appropriate action as required by the *Magisterial District Judge Automated Office Clerical Procedures Manual*.

During our current examination, we noted that the office did not comply with the recommendation above. Please see the current year Finding No. 3 for additional information.

DISTRICT COURT 12-1-05
DAUPHIN 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 George A. Zozos
Magisterial District Judge

The Honorable Jeff Haste
Chairperson of the Board of Commissioners

The Honorable Timothy L. DeFoor
Controller

Deborah S. Freeman, Esquire
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.