

# ATTESTATION ENGAGEMENT

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District Court 18-3-01  
Clarion County, Pennsylvania  
For the Period  
January 1, 2012 to December 31, 2015

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August 2017



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 C. Daniel Hassell  
Secretary  
Pennsylvania Department of Revenue  
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 18-3-01, Clarion County, Pennsylvania (District Court), for the period January 1, 2012 to December 31, 2015, 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 presenting this Statement in accordance with the criteria set forth in Note 1. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Statement is prepared in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the statement of receipts and disbursements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the Statement, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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*.

## Independent Auditor's Report (Continued)

In our opinion, the Statement referred to above, for the period January 1, 2012 to December 31, 2015, is presented in accordance with the criteria set forth in Note 1, in all material respects.

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 a certain deficiency in internal control that we consider to be a material weakness.

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 deficiency listed below to be a material weakness:

- Lack Of Internal Controls Over Third Party Collections.

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*.

Independent Auditor's Report (Continued)

The purpose of this report is to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported and promptly remitted. This report is not suitable for any other purposes.

We appreciate the courtesy extended by the District Court 18-3-01, Clarion 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

July 19, 2017

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DISTRICT COURT 18-3-01  
 CLARION COUNTY  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 FOR THE PERIOD  
 JANUARY 1, 2012 TO DECEMBER 31, 2015

Receipts:

|   |    |                          |
|---|----|--------------------------|
| Department of Transportation  |    |                          |
| Title 75 Fines  | \$ | 162,961                  |
| Motor Carrier Road Tax Fines  |    | 175                      |
| Overweight Fines  |    | 6,950                    |
| Littering Law Fines   |    | 209                      |
| Child Restraint Fines   |    | 749                      |
| Department of Revenue Court Costs   |    | 155,303                  |
| Crime Victims' Compensation Bureau Costs  |    | 41,371                   |
| Crime Commission Costs/Victim Witness Services Costs  |    | 29,479                   |
| Domestic Violence Costs   |    | 11,307                   |
| Department of Agriculture Fines   |    | 2,811                    |
| Emergency Medical Service Fines   |    | 67,121                   |
| CAT/MCARE Fund Surcharges   |    | 209,199                  |
| Judicial Computer System Fees   |    | 77,967                   |
| Access to Justice Fees  |    | 22,243                   |
| Criminal Justice Enhancement Account Fees   |    | 4,747                    |
| Judicial Computer Project Surcharges  |    | 28,194                   |
| Constable Service Surcharges  |    | 3,005                    |
| Miscellaneous State Fines and Costs   |    | 199,213                  |
|   |    | <hr/>                    |
| Total receipts (Note 2)   |    | 1,023,004                |
| Disbursements to Commonwealth (Note 3)  |    | <hr/> <u>(1,023,004)</u> |
| Balance due Commonwealth (District Court)<br>per settled reports (Note 4)                                 |    | -                        |
| Examination adjustments   |    | <hr/> -                  |
| Adjusted balance due Commonwealth (District Court)<br>for the period January 1, 2012 to December 31, 2015 | \$ | <hr/> <u>-</u>           |

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

DISTRICT COURT 18-3-01  
CLARION COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2012 TO DECEMBER 31, 2015

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>\$ 1,023,004</u> |
|-----------------------|---------------------|

4. Balance Due Commonwealth (District Court) For The Period January 1, 2012 To December 31, 2015

This balance reflects the summary of monthly transmittal reports as settled by the Department of Revenue.

5. Magisterial District Judge Serving During Examination Period

Duane L. Quinn served at District Court 18-3-01 for the period January 1, 2012 to December 31, 2015.

DISTRICT COURT 18-3-01  
CLARION COUNTY  
FINDING AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2012 TO DECEMBER 31, 2015

**Finding - Lack Of Internal Controls Over Third Party Collections**

During our review of warrant procedures at the district court, we noted that the constables, when serving warrants issued by the Magisterial District Judge, were collecting fines and costs on behalf of the court. Our examination of 25 warrants disclosed several significant internal control weaknesses as follows:

- Four warrants with field collections made by the Constables were not remitted to the district court timely. Time lapses from the date of collection to the date of receipt at the district court ranged from 9 to 222 days.
- Four warrants with field collections were not properly signed by the defendant.
- Two warrants did not have the amount of the field collection properly documented.

Good internal accounting controls and the *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual), which establishes the uniform written internal control policies and procedures for all district courts, require that the court maintain complete accountability over all citations and subsequent collections. The court should not delegate these functions to constables or any other independent contractor or third party.

Official receipts should be issued by the constables upon the collection of fines and costs and copies of these receipts, signed by the defendant, should accompany payments turned over to the court. All checks and money orders collected by the constables should be payable to the court and should be remitted to the court immediately upon collection.

Adherence to good internal accounting controls and the uniform internal control policies and procedures, as set forth in the Manual, would have ensured that there were adequate internal controls over third party collections.

Magisterial District Judges have the power to choose constables to perform services on behalf of the court. Because constables are independent contractors the court has the authority to dictate minimum standards of satisfactory performance, so long as said standards are not inconsistent with pertinent statutes and Rules of Court. Such standards include the requirement that constables or other third parties who collect money on behalf of district courts prepare and maintain the documentation which is necessary to maintain effective internal controls as well as to establish an adequate examination trail with respect to said funds.



DISTRICT COURT 18-3-01  
CLARION COUNTY  
FINDING AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2012 TO DECEMBER 31, 2015

**Finding - Lack Of Internal Controls Over Third Party Collections (Continued)**

Without a good system of internal control over funds over third party collections, the possibility of funds being lost or misappropriated increases significantly.

This condition existed because the district court failed to establish and implement an adequate system of internal controls over third party collections.

**Recommendations**

We recommend that the district court request that the constables it engages for service of process or warrants complete the back of warrants in their entirety, which serve as official receipts, and submit the warrants, along with collections, immediately to the district court.

Further, we recommend that the court consider discontinuing its use of constables who refuse to voluntarily comply with the court's request. The court should account for all collections, including constable fees, and document its attempts to ensure that unserved warrants are returned when recalled, in accordance with the Manual.

Additionally, we recommend that the district court authorize payment of only allowable and correctly documented costs and fees for constables.

**Management's Response**

The Magisterial District Judge responded as follows:

We will take the necessary steps to ensure that constable warrants are properly completed and timely submitted to the office.

**Auditor's Conclusion**

It is imperative that the court maintain complete accountability over all citations and subsequent collections. The Constables should issue official receipts when collection of fines and costs occur and copies of these receipts, signed by the defendant, should accompany payments turned over to the court. The district court should ensure that all checks and money orders collected are remitted to the court immediately upon collection. During our next examination, we will determine if the office complied with our recommendations.

DISTRICT COURT 18-3-01  
CLARION COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2012 TO DECEMBER 31, 2015

This report was initially distributed to:

**The Honorable C. Daniel Hassell**  
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 Duane L. Quinn**  
Magisterial District Judge

**The Honorable Theodore W. (Ted) Tharan**  
President/Chairperson of the Board of Commissioners

**Tammy J. Slike**  
District Court Administrator

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://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](mailto:news@PaAuditor.gov).