

COMPLIANCE AUDIT

District Court 41-3-04
Perry County, Pennsylvania
For the Period
January 1, 2019 to December 31, 2022

January 2024



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

The Honorable Pat Browne
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have conducted a compliance audit of the District Court 41-3-04, Perry County, Pennsylvania (District Court), for the period January 1, 2019 to December 31, 2022, pursuant to the requirements of Section 401(c) of *The Fiscal Code*, 72 P.S. § 401(c).

The objective of the audit was to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted and to provide a report to the Department of Revenue to allow the Department of Revenue to state and settle the District Court's account. Our audit was limited to areas related to the objective identified above and was not conducted, nor was it required to be, in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

The District Court is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted. The District Court is also responsible for complying with those laws and regulations. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that our audit provides a reasonable basis for our conclusions.

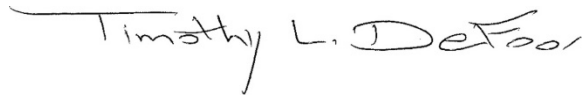
Based on our audit procedures, we conclude that, for the period January 1, 2019 to December 31, 2022, the District Court, in all significant respects, complied with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted, except as noted in the findings listed below and discussed later in this report:

- Inadequate Internal Controls Over Receipts - Recurring.
- Inadequate Arrest Warrant Procedures.

This report includes a summary of the District Court's receipts and disbursements of funds collected on behalf of the Commonwealth (summary). We obtained data representing the District Court's receipts and disbursements from the Pennsylvania Department of Revenue, which obtains data from each of the Commonwealth's district courts and used the data to create the summary in the format required by the Department of Revenue. We also evaluated the accuracy of the data as part of our audit to conclude on the District Court's compliance with certain state laws and regulations as described in the previous paragraph. Any adjustments that we considered necessary based on our audit work are disclosed in the *Audit Adjustments* line of the summary; however, the scope of our audit does not include the issuance of an opinion on the accuracy of the amounts reported in the summary.

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.

The contents of this report were discussed with the District Court's management. We appreciate the courtesy extended by the District Court 41-3-04, Perry County, to us during the course of our audit. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor
Auditor General

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DISTRICT COURT 41-3-04
PERRY COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

The Department of Auditor General is mandated by Article IV, Section 401(c) of *The Fiscal Code* (Act of April 9, 1929, P.L.343, No. 176), 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.

District Court 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.

Total disbursements during the audit period are comprised as follows:

District Court checks issued to:

Department of Revenue	\$ 1,129,697
Department of Labor and Industry	50
Department of General Services	<u>8</u>
Total	<u>\$ 1,129,755</u>

This balance reflects the summary of monthly transmittal reports as settled by the Department of Revenue. The balance also reflects a summary of any receipts disbursed directly to other state agencies.

Michael Schechterly served at District Court 41-3-04 for the period January 1, 2019 to November 2, 2020.

Various Senior Judges served at District Court 41-3-04 for the period November 3, 2020 to July 8, 2022.

Jeffrey J. Wood served at District Court 41-3-04 for the period July 9, 2022 to December 31, 2022.

The summary of receipts and disbursements on the following page 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 summary 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.

DISTRICT COURT 41-3-04
PERRY COUNTY
SUMMARY OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Receipts:

Department of Transportation		
Title 75 Fines	\$	330,896
Overweight Fines		1,240
Commercial Driver Fines		1,072
Littering Law Fines		285
Child Restraint Fines		3,737
Department of Revenue Court Costs		141,864
Crime Victims' Compensation Bureau Costs		11,803
Crime Commission Costs/Victim Witness Services Costs		8,221
Domestic Violence Costs		3,056
Department of Agriculture Fines		5,908
Emergency Medical Service Fines		85,346
CAT/MCARE Fund Surcharges		239,195
Judicial Computer System Fees		63,784
Access to Justice Fees		34,761
Criminal Justice Enhancement Account Fees		3,692
Judicial Computer Project Surcharges		95,279
Constable Service Surcharges		8,908
Miscellaneous State Fines and Costs		<u>90,708</u>
 Total receipts		 1,129,755
 Disbursements to Commonwealth		 <u>(1,129,755)</u>
 Balance due Commonwealth (District Court) per settled reports		 -
 Audit adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (District Court) for the period January 1, 2019 to December 31, 2022		 <u><u>\$ -</u></u>

DISTRICT COURT 41-3-04
PERRY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Finding No. 1 - Inadequate Internal Controls Over Receipts - Recurring

We cited the issue of inadequate internal controls over receipts in the prior audit for the period January 1, 2015 to December 31, 2018. Our current audit found that this district court did not correct this issue.

Our audit of the accounting records for the office disclosed the deficiencies in the internal controls over receipts. Of 60 receipts tested, the following was noted:

- There were 58 instances in which the office copy of the deposit slip was not properly validated by the bank as to the mix of cash and checks. The district court received a validated receipt from the bank, but this only confirmed the total amount deposited and not the actual makeup of the deposit (i.e., cash and check mix).
- There were two instances in which the office copy of the validated deposit slip was missing.
- There were four instances where the deposit was not made on the same day as collected. The time lapse from the date of receipt to the date of deposit ranged from two to five days.

District Court staff stated these conditions existed because they did not ensure the bank validated the deposit ticket for the mix of cash and checks for each deposit as recommended in our prior audit report. District Court staff did not provide a reason why two deposit slips were missing or why collections were deposited late on four occasions.

A good system of internal accounting controls ensures that:

- The amount of each check and the total amount of cash deposited are identified on the deposit slip. The office copy of each deposit should be brought to the bank to be validated. If the bank cannot validate the deposit slip, the district court should obtain a deposit ticket from the bank that validates total amount of cash and checks deposited.
- All validated deposit slips should be maintained until audited by the Department of the Auditor General.
- All monies collected are deposited intact at the bank on the same day as collected.

Without a good system of internal controls over funds received by the office, the possibility of funds being lost or misappropriated increases significantly.

DISTRICT COURT 41-3-04
PERRY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Finding No. 1 - Inadequate Internal Controls Over Receipts - Recurring (Continued)

Recommendation

We strongly recommend that the office establish and implement an adequate system of internal controls over receipts as noted above.

Management Response

No formal response was offered at this time.

Auditor Conclusion

This is a recurring finding. It is imperative that the district court take all steps necessary to comply with our recommendation. Without a good system of internal controls over funds received by the office, the possibility of funds being lost or misappropriated increases significantly. During our next audit, we will determine if the district court complied with our recommendation.

DISTRICT COURT 41-3-04
PERRY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Finding No. 2 - Inadequate Arrest Warrant Procedures

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 and return warrants when required.

We tested 31 instances in which a warrant was required to be issued under Pa.R.Crim.P. 430(b)(1). Our testing disclosed that three were not issued timely. The time of issuance ranged from 72 days to 166 days.

We also tested 20 instances in which a warrant may be issued under Pa.R.Crim.P. 430(b)(3). Our testing disclosed that one was not issued at all. These results do not include instances in which the Magisterial District Judge recently ordered a payment determination hearing, sentenced the defendant to jail time in lieu of payment, or sentenced the defendant to perform community service.

In addition, of 47 warrants required to be returned or recalled, two were not returned or recalled, and 19 were not returned timely. The time of issuance to the time of return ranged from 210 days to 918 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. 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.

DISTRICT COURT 41-3-04
PERRY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Finding No. 2 - Inadequate Arrest Warrant Procedures (Continued)

According to Pa.R.Crim.P. 430(b)(1), 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.

According to Pa.R.Crim.P. 430 (b)(3), 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.
- A guilty disposition is recorded and the defendant defaults on a time payment schedule.

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 120 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. Therefore, it is considered best business practice to issue warrants that fall under Pa.R.Crim.P. 430(b)(3) when other actions are not taken by the Magisterial District Judge to compel compliance by the defendant, such as ordering a payment determination hearing, sentencing to jail time in lieu of payment, or sentencing to perform community service.

DISTRICT COURT 41-3-04
PERRY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Finding No. 2 - Inadequate Arrest Warrant Procedures (Continued)

The Court stated that they have been short staffed, very busy, and, therefore, they were unable to review all warrants to determine status and follow-up. Also, they stated that the court had issues finding adequate constables to serve warrants in the area.

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 120 days for summary traffic and non-traffic cases as recommended by the Manual.

Management Response

No formal response was offered at this time.

Auditor Conclusion

During our next audit, we will determine if the district court complied with our recommendations.

DISTRICT COURT 41-3-04
PERRY COUNTY
SUMMARY OF PRIOR AUDIT RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Summary Of Prior Audit Recommendations

During our prior audit, we recommended that:

- All deposit slips are validated as to cash and total deposited on the court's copy of the deposit slip. The validations should be reconciled to receipts by someone other than the person preparing or making the deposit and deposit slips should be initialed/dated as to who/when the reconciliations was performed. We further recommended that all monies collected are deposited at the bank on the same day as collected. Lastly, we recommended all validated deposit slips are to be maintained by the court until audited by the Department of the Auditor General.

- There is evidence that the Magisterial District Judge authorized the disposition of cases and is available for examination.

During our current audit, we noted that the district court complied with our second bulleted recommendation. However, the court did not comply with our first bulleted recommendation. Please see Finding No. 1 for additional information.

DISTRICT COURT 41-3-04
PERRY COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

This report was initially distributed to:

The Honorable Pat Browne
Secretary
Pennsylvania Department of Revenue

The Honorable Andrea Tuominen
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania
Administrative Office of Pennsylvania Courts

The Honorable Jeffrey J. Wood
Magisterial District Judge

The Honorable Brian S. Allen
Chairperson of the Board of Commissioners

Ms. Christina Zook
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.