

DISTRICT COURT 45-1-03
LACKAWANNA COUNTY
EXAMINATION REPORT
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2010



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**Department of the Auditor General
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120-0018**

**JACK WAGNER
AUDITOR GENERAL**

Independent Auditor's Report

The Honorable Daniel P. Meuser
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We were engaged to examine the accompanying statement of receipts and disbursements (Statement) of District Court 45-1-03, Lackawanna County, Pennsylvania (District Court), for the period January 1, 2006 to December 31, 2010, to determine if the District Court reported and transmitted all monies payable by them to the Commonwealth 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.

As discussed in Finding No. 2, missing case files prevented auditors from determining whether or not the District Court properly recorded, remitted, and reported all monies received and due to the Commonwealth. We were unable to satisfy ourselves by other examination procedures; therefore, we determined that the missing case files restricted the scope of our examination of the Statement.

Because of the restriction on the scope of our examination discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether the Statement referred to above present, in all material respect, the operations of the District Court as it pertains to receipts made on behalf of the Commonwealth for the period ended December 31, 2010, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Statement and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. However, the purpose of this examination was not the expression of an opinion on the internal control over reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.



Independent Auditor's Report (Continued)

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District Court's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria such that there is more than a remote likelihood that a misstatement of the District Court's Statement that is more than inconsequential will not be prevented or detected by the District Court's internal control. We consider the deficiency described in the findings below to be significant deficiencies in internal control over the reporting on the Statement:

- Bank Deposit Slips Were Not Validated.
- Missing Case Files.
- Inadequate Arrest Warrant Procedures.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statement will not be prevented or detected by the District Court's internal control. Our consideration of the internal control over reporting on the Statement would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider the first two bulleted deficiencies to be material weaknesses.

Independent Auditor's Report (Continued)

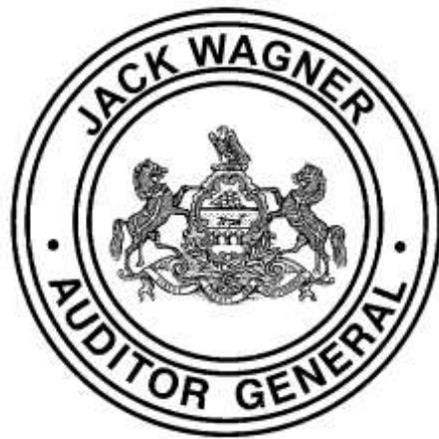
The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

A handwritten signature in cursive script that reads "Jack Wagner". The signature is written in black ink and is positioned above the printed name and title.

July 12, 2012

JACK WAGNER
Auditor General



DISTRICT COURT 45-1-03
LACKAWANNA COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2010

Department of Transportation		
Title 75 Fines	\$	234,970
Motor Carrier Road Tax Fines		513
Overweight Fines		1,151
Commercial Driver Fines		2,000
Littering Law Fines		971
Child Restraint Fines		2,555
Department of Revenue Court Costs		196,823
Crime Victims' Compensation Bureau Costs		37,430
Crime Commission Costs/Victim Witness Services Costs		27,023
Domestic Violence Costs		10,709
Emergency Medical Service Fines		53,883
CAT/MCARE Fund Surcharges		167,448
Judicial Computer System Fees		83,768
Access to Justice Fees		21,498
Criminal Justice Enhancement Account Fees		1,789
Judicial Computer Project Surcharges		8,131
Constable Service Surcharges		11,755
Miscellaneous State Fines		2,870
		<hr/>
Total receipts (Note 2)	\$	865,287
Disbursements to Commonwealth (Note 3)		<hr/> <u>(865,287)</u>
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments		<hr/> <u>-</u>
Adjusted balance due Commonwealth (District Court) for the period January 1, 2006 to December 31, 2010	\$	<hr/> <u><u>-</u></u>

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

DISTRICT COURT 45-1-03
LACKAWANNA COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2010

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	\$ 865,287
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2006 To December 31, 2010

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

5. Magisterial District Judge Serving During Examination Period

Robert Russell served at District Court 45-1-03 for the period January 1, 2006 to December 31, 2010.

DISTRICT COURT 45-1-03
LACKAWANNA COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2010

Finding No. 1 - Bank Deposit Slips Were Not Validated

Our examination of the district court's accounting records disclosed that the office copy of the bank deposit slip was not validated by the bank in 19 of the 75 deposits tested. The district court received a validated receipt from the bank, but this only confirmed the total amount deposited and not the actual make up of the deposit (i.e. cash and check mix).

Good internal accounting controls require 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.

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

The district court was not aware of the potential internal control weaknesses caused by not having a validated deposit slip.

Recommendation

We recommend that the district court secure the bank's validation on the court's copy of the deposit slip.

Management's Response

The Magisterial District Judge responded as follows:

The office operated during this audit period with a two person staff for most business days. Bank deposit tickets were not validated in 19 of 75 deposits tested. It appears this was an oversight that did not occur on a regular basis.

Currently bank validation is ensured on the court's copy of all deposit slips.

Auditor's Conclusion

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

DISTRICT COURT 45-1-03
LACKAWANNA COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2010

Finding No. 2 - 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 61 out of 85 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 obtained permission to have bug infested files destroyed.

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 is likely the missing case files noted were a result of the transient state the court found itself in at the time of this audit. The court records were stored in multiple sites at that time, including the uninhabitable office that was vacated. The staff were also given permission by the AOPC to destroy bug infested files that may have included those listed as missing.

Currently all files are kept in accordance with the procedures outlined in the Clerical Procedures Manual and staff are working diligently to maintain proper handling of all documents. Proper filing storage is being strictly adhered to.

Auditor's Conclusion

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

DISTRICT COURT 45-1-03
LACKAWANNA COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2010

Finding No. 3 - 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 warrants when required. We tested 37 instances in which a warrant was required to be issued. Our testing disclosed that 14 were not issued timely and 4 were not issued at all. The time of issuance ranged from 114 days to 420 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.
- A guilty disposition is recorded and the defendant defaults on a time payment schedule.

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FINDINGS AND RECOMMENDATIONS
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Finding No. 3 - Inadequate Arrest Warrant Procedures (Continued)

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.

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.

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.

Recommendation

We recommend that the district court review the tickler reports for warrants daily and take appropriate action as required by the Manual.

Management's Response

The Magisterial District Judge responded as follows:

During the time period at which this audit occurred the office procedures were disrupted by poor working conditions which ultimately led to the vacating of the office space. It is also my understanding that multiple staff changes occurred during this period due to retirements, leaves and transfers and temporary staff were employed to cover daily office operations. The procedures involving issuance of warrants were evidently negatively effected during this period.

Currently the office employs three office staff who have been working since January 1 to bring the office procedures up to a current status. The warrants list has been reviewed and all efforts are being made to address any unissued warrants in a timely fashion as per Manual recommendations.

Auditor's Conclusion

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

DISTRICT COURT 45-1-03
LACKAWANNA COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2010

This report was initially distributed to:

The Honorable Daniel P. Meuser
Secretary
Pennsylvania Department of Revenue

The Honorable Zygmunt Pines
Court Administrator of Pennsylvania
Administrative Office of Pennsylvania Courts

The Honorable Joanne Corbett	Magisterial District Judge
The Honorable Gary A. DiBileo	Controller
The Honorable Jim Wansacz	Chairman of the Board of Commissioners
Mr. Ronald Mackay	Court Administrator

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. To view this report online or to contact the Department of the Auditor General, please access our web site at www.auditorgen.state.pa.us.