

# ATTESTATION ENGAGEMENT

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## DISTRICT COURT 19-1-04

York County, Pennsylvania

For the Period

January 1, 2008 to February 28, 2014

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January 2015



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

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 19-1-04, York County, Pennsylvania (District Court), for the period January 1, 2008 to February 28, 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. An examination includes 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, 2008 to February 28, 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 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. 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 the internal control over reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.

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 finding below to be a significant deficiency in internal control over the reporting on the Statement:

- Misappropriated Commonwealth Funds Of \$749.

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. We consider the significant deficiency described above to be a material weakness.

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.

We appreciate the courtesy extended by District Court 19-1-04, York 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.



October 1, 2014

John M. Lori, CPA  
Deputy Auditor General for Audits

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DISTRICT COURT 19-1-04  
YORK COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2008 TO FEBRUARY 28, 2014

Receipts:

Department of Transportation		
Title 75 Fines	\$	240,798
Motor Carrier Road Tax Fines		250
Overweight Fines		104
Littering Law Fines		238
Child Restraint Fines		2,252
Department of Revenue Court Costs		366,924
Crime Victims' Compensation Bureau Costs		53,624
Crime Commission Costs/Victim Witness Services Costs		38,430
Domestic Violence Costs		12,130
Department of Agriculture Fines		600
Emergency Medical Service Fines		43,162
CAT/MCARE Fund Surcharges		128,060
Judicial Computer System Fees		175,400
Access to Justice Fees		49,947
Criminal Justice Enhancement Account Fees		13,872
Judicial Computer Project Surcharges		63,120
Constable Service Surcharges		44,959
Miscellaneous State Fines and Costs		9,334
		<hr/>
Total receipts (Note 2)		1,243,204
Disbursements to Commonwealth (Note 3)		<hr/> <u>(1,243,204)</u>
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments		<hr/> -
Adjusted balance due Commonwealth (District Court) for the period January 1, 2008 to February 28, 2014	\$	<hr/> <u>-</u>

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

DISTRICT COURT 19-1-04  
YORK COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2008 TO FEBRUARY 28, 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	\$ 1,243,204
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1,243,204

4. Balance Due Commonwealth (District Court) For The Period January 1, 2008 To February 28, 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

Ronald J. Haskell, Jr. served at District Court 19-1-04 for the period January 1, 2008 to February 28, 2014.

DISTRICT COURT 19-1-04  
YORK COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2008 TO FEBRUARY 28, 2014

**Finding - Misappropriated Commonwealth Funds Of \$749**

The Magisterial District Judge disclosed to us in February of 2014 that a district court clerk, who was responsible for civil case filings, had misappropriated funds from the court.

The misappropriation of funds occurred when the former clerk did not issue receipts and record filing fees (cash) collected for several tenant/landlord civil cases. Instead the former clerk kept the cash payments. Our examination found that \$2,351.80 in receipts should have been, but were not, applied to 18 cases because the receipts were misappropriated by the former court clerk. Of the amount misappropriated, we determined \$749.45 was Commonwealth funds.

The district court stated that the misappropriation occurred because the office's computer system did not require receipts to be issued for tenant/landlord civil case filings.

Good internal accounting controls ensure that funds received from third parties are properly safeguarded in order to prevent funds from being lost or stolen. It is the responsibility of the Magisterial District Judge to establish and implement procedures to ensure that all funds are properly recorded, receipted and remitted.

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

The former clerk confessed to taking money received for tenant/landlord civil case filings; her employment with the court was terminated. The County and the District Court conducted their own investigation to determine the extent of the misappropriation. Subsequent to the investigation, the County distributed funds to the District Court to be allocated to the cases in which the funds were misappropriated.

**Recommendation**

We recommend that the district court establish and implement an adequate system of internal controls over tenant/landlord receipts to ensure all payments are properly recorded, deposited and remitted.

DISTRICT COURT 19-1-04  
YORK COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2008 TO FEBRUARY 28, 2014

**Finding - Misappropriated Commonwealth Funds Of \$749 (Continued)**

Management's Response

The Magisterial District Judge responded as follows:

The computer system design and procedures are developed by and for the Administrative Office of the Pennsylvania Courts (AOPC). This court has no control over the computers, programs or procedures. In this instance, the court was following all procedures in existence at that time of misappropriation. The fraud was able to be perpetrated because the clerk found a loophole in the AOPC state-wide accounting procedures and not due to any lack of procedures at the court level.

The state and the AOPC are charged with the responsibility for designing financial controls for the courts. This court has little control over such matters because it does not have control over the computer. The only change the court could make would have to be a "low tech/ No tech" change. On its own the court decided that one way to "close the loophole" while AOPC worked on a long term solution, was to refuse to take cash on landlord-tenant filings. Accordingly the court instituted that policy and advised the AOPC that it was doing so. The court has required landlords to either pay by check or by money order, which creates a record of the payment. The court implemented this procedure while the state works on methods to address the loophole. However, the court is mindful that this is not a long term solution since, legally, one cannot refuse the legal tender of the US Treasury for the payment of debts.

Auditor's Conclusion

It the responsibility of the Magisterial District Judge to establish and implement procedures to ensure that all funds are properly recorded, receipted and remitted. It is imperative that all payments received by the Court are properly safeguarded to prevent them from being lost or misappropriated or to detect their loss or misappropriation in a timely manner. The AOPC system is designed to accommodate complaints that are filed by persons who are without the financial resources to pay the costs of litigation and who are permitted by the Magisterial District Judge to file a complaint without paying court costs or filing fees. This is known as proceeding "in forma pauperis". Therefore, the AOPC would not have the ability to program the system to prohibit the filing of cases without the collection of filing fees and costs. The court must establish internal controls to ensure that the only complaints filed in the court without payment of filing costs are the complaints the Magisterial District Judge approved to proceed in forma pauperis.

DISTRICT COURT 19-1-04  
YORK COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2008 TO FEBRUARY 28, 2014

This report was initially distributed to:

The Honorable Daniel P. Meuser  
Secretary  
Pennsylvania Department of Revenue

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

The Honorable Ronald J. Haskell, Jr.	Magisterial District Judge
The Honorable Steve Chronister	Chairperson of the Board of Commissioners
The Honorable Robb P. Green	Controller
Mr. Paul O. Crouse	District Court Administrator

This report is a matter of public record and is available online at <http://www.auditorgen.state.pa.us>. Media questions about the report can be directed to the Pennsylvania Department of the Deputy Auditor General for Audits, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: [news@auditorgen.state.pa.us](mailto:news@auditorgen.state.pa.us).