

ATTESTATION ENGAGEMENT

District Court 38-1-28
Montgomery County, Pennsylvania
For the Period
January 1, 2010 to December 31, 2012

August 2014



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 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 38-1-28, Montgomery County, Pennsylvania (District Court), for the period January 1, 2010 to December 31, 2012, 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*.

Independent Auditor's Report (Continued)

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, 2010 to December 31, 2012, 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. 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:

- Civil Case Filing Fees Were Not Always Receipted And Deposited Timely.

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.



Eugene A. DePasquale
Auditor General

May 14, 2014

CONTENTS

	<u>Page</u>
Financial Section:	
Statement Of Receipts And Disbursements.....	1
Notes To The Statement Of Receipts And Disbursements.....	2
Finding And Recommendation:	
Finding - Civil Case Filing Fees Were Not Always Received And Deposited Timely	3
Report Distribution	5

DISTRICT COURT 38-1-28
MONTGOMERY COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2012

Receipts:

Department of Transportation	
Title 75 Fines	\$ 249,542
Motor Carrier Road Tax Fines	1,075
Overweight Fines	1,142
Commercial Driver Fines	500
Littering Law Fines	488
Child Restraint Fines	275
Department of Revenue Court Costs	254,271
Crime Victims' Compensation Bureau Costs	45,241
Crime Commission Costs/Victim Witness Services Costs	32,434
Domestic Violence Costs	10,229
Emergency Medical Service Fines	84,928
CAT/MCARE Fund Surcharges	255,750
Judicial Computer System Fees	105,145
Access to Justice Fees	30,132
Criminal Justice Enhancement Account Fees	8,829
Judicial Computer Project Surcharges	40,203
Constable Service Surcharges	15,341
Miscellaneous State Fines and Costs	<u>2,239</u>
 Total receipts (Note 2)	 1,137,764
 Disbursements to Commonwealth (Note 3)	 <u>(1,137,764)</u>
 Balance due Commonwealth (District Court) per settled reports (Note 4)	 -
 Examination adjustments	 <u>-</u>
 Adjusted balance due Commonwealth (District Court) for the period January 1, 2010 to December 31, 2012	 <u><u>\$ -</u></u>

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

DISTRICT COURT 38-1-28
MONTGOMERY COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2012

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	\$ 1,137,740
Turnpike Commission	<u>24</u>
Total	<u><u>\$ 1,137,764</u></u>

4. Balance Due Commonwealth (District Court) For The Period January 1, 2010 To December 31, 2012

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

5. Magisterial District Judge Serving During Examination Period

Harold D. Borek served at District Court 38-1-28 for the period January 1, 2010 to December 31, 2012.

DISTRICT COURT 38-1-28
MONTGOMERY COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2012

Finding - Civil Case Filing Fees Were Not Always Received And Deposited Timely

Our examination of civil case procedures in the district court disclosed that civil case filing fees were not receipted or deposited on the same day as collected. In all ten civil cases tested, the date the initial filing costs were collected differed from the date the funds were receipted and subsequently deposited. The time lapse from the date of collection to the subsequent receipt date ranged from 3 days to 24 days.

The Magisterial District Justice Automated Office Clerical Procedures Manual (Manual) establishes the uniform written internal control policies and procedures for all district courts. The Manual states that “In civil actions, the fees for filing and service of the complaint shall be paid at the time of filing, except as otherwise provided by law, i.e., proceedings in forma pauperis.”

Good internal accounting controls require that all monies collected be receipted at the time of collection and deposited in the bank at the end of each day. Additionally, the Manual requires that:

All money, including partial payments received by the Magisterial District Judge office (e.g. cash, checks, and money orders), must be deposited in the bank at the end of every business day. A bank night depository may be used by all (night) courts as well as by any court that cannot get to the bank during banking hours. Money should not be taken home, left in the office overnight, or unattended. The Daily Cash Balancing procedure must be completed every day.

Without a good system of internal control over funds received by the office, the potential is increased that funds could 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 civil case collections.

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

Recommendations

We recommend that the district court review and incorporate the procedures outlined in the Manual for collecting filing fees for civil costs. We further recommend that the district court deposit all receipts at the end of each day as required by good internal accounting controls and the Manual.

DISTRICT COURT 38-1-28
MONTGOMERY COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2012

Finding - Civil Case Filing Fees Were Not Always Received And Deposited Timely -
(Continued)

Management's Response

The Magisterial District Judge responded as follows:

The finding that initial costs for civil cases were not always receipted and deposited timely is disappointing. It initially appears to be a practice that should not be possible if the Administrative Office of Pennsylvania Courts (AOPC) Magisterial District Justice System Automated System required same day reconciliation of civil filings to deposit and receipt of required filing fees. A complete internal review of this breakdown of magisterial district operations has been conducted by this court. Contributing to the problem with the civil case procedures was the loss of Magisterial Court Chief Clerk on May 15, 2009 and the delay in making appointment of a replacement Chief Clerk on November 15, 2011. Also, ongoing attempts to affect cross training of all clerks in the case operations resulted in the assignment of one clerk to civil operations from February 27, 2009 to July 1, 2010. This single clerk was the sole cause of breakdown in compliance with AOPC Uniform Internal Control Policies and Procedures. This clerk has been counseled on the importance of internal accounting controls by the present Chief Clerk and the County Administrator for the Special Courts. It is believed that this breakdown has been resolved.

Auditor's Conclusion

During our next examination we will determine if the court complied with our recommendations.

DISTRICT COURT 38-1-28
MONTGOMERY COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2012

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 Harold D. Borek	Magisterial District Judge
The Honorable Josh Shapiro	Chairman of the Board of Commissioners
The Honorable Stewart J. Greenleaf, Jr.	Controller
Michael R. Kehs, Esquire	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 Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@auditorgen.state.pa.us.