

# ATTESTATION ENGAGEMENT

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District Court 05-3-09  
Allegheny County, Pennsylvania  
For the Period  
January 1, 2011 to December 31, 2012

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September 2014



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 05-3-09, Allegheny County, Pennsylvania (District Court), for the period January 1, 2011 to December 31, 2012, 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 this Statement. 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 and, accordingly, included 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, 2011 to December 31, 2012, 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 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 certain deficiencies in internal control that we consider to be material weaknesses.

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*.

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.

Independent Auditor's Report (Continued)

We appreciate the courtesy extended by the District Court 05-3-09, Allegheny 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

August 13, 2014

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DISTRICT COURT 05-3-09  
 ALLEGHENY COUNTY  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 FOR THE PERIOD  
 JANUARY 1, 2011 TO DECEMBER 31, 2012

Receipts:

Department of Transportation		
Title 75 Fines	\$	70,343
Motor Carrier Road Tax Fines		82
Child Restraint Fines		196
Department of Revenue Court Costs		109,064
Crime Victims' Compensation Bureau Costs		22,051
Crime Commission Costs/Victim Witness Services Costs		15,954
Domestic Violence Costs		6,238
Department of Agriculture Fines		238
Emergency Medical Service Fines		21,204
CAT/MCARE Fund Surcharges		64,963
Judicial Computer System Fees		41,995
Access to Justice Fees		13,252
Criminal Justice Enhancement Account Fees		6,310
Judicial Computer Project Surcharges		28,750
Constable Service Surcharges		5,702
Miscellaneous State Fines and Costs		1,796
		<hr/>
Total receipts (Note 2)		408,138
Disbursements to Commonwealth (Note 3)		<hr/> (408,138)
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments		<hr/> -
Adjusted balance due Commonwealth (District Court) for the period January 1, 2011 to December 31, 2012	\$	<hr/> <hr/> -

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

DISTRICT COURT 05-3-09  
ALLEGHENY COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2011 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	\$ <u>408,138</u>
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2011 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

Armand A. Martin served at District Court 05-3-09 for the period January 1, 2011 to December 31, 2012.

DISTRICT COURT 05-3-09  
ALLEGHENY COUNTY  
FINDING AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2011 TO DECEMBER 31, 2012

**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 disclosed that a copy of an official receipt was not returned to the court by constables to account for monies collected. Therefore, on the face of the source documentation, we could not determine if these collections were remitted timely to either the district court or to the participating governmental agencies.

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 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.

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.



DISTRICT COURT 05-3-09  
ALLEGHENY COUNTY  
FINDING AND RECOMMENDATIONS  
FOR THE PERIOD  
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**Finding - Lack Of Internal Controls Over Third Party Collections (Continued)**

Recommendations

We recommend that the district court request that the constables it engages for service of process for 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 and document its attempts to ensure that unserved warrants are returned when recalled, in accordance with the Manual.

Management's Response

The Magisterial District Judge responded as follows:

I did not know that constables were not filling out warrants returned. Fee sheets were always required and I assumed this was adequate. Constables are now aware of the problem and will not be paid until properly returned.

Auditor's Conclusion

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

DISTRICT COURT 05-3-09  
ALLEGHENY COUNTY  
COMMENT  
FOR THE PERIOD  
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Comment - Compliance With Prior Examination Recommendation

During our prior examination, we recommended that the office review tickler reports for warrants and DL-38s daily and take appropriate action as required by the Manual.

Our current examination found that the office substantially complied with our prior examination recommendation. Insignificant instances of noncompliance were verbally communicated to the office.

DISTRICT COURT 05-3-09  
ALLEGHENY COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2011 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 Armand A. Martin    Magisterial District Judge

The Honorable Rich Fitzgerald    Allegheny County Executive of the Board of Commissioners

The Honorable Chelsa Wagner    Controller

Ms. Claire Capristo    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](mailto:news@auditorgen.state.pa.us).