

ATTESTATION ENGAGEMENT

District Court 48-1-01
McKean County, Pennsylvania
For the Period
January 1, 2010 to December 31, 2013

February 2015



Commonwealth of Pennsylvania
Department of the Auditor General
Eugene A. DePasquale • Auditor General



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Department of the Auditor General
Harrisburg, PA 17120-0018
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EUGENE A. DePASQUALE
AUDITOR GENERAL

Independent Auditor's Report

The Honorable Eileen McNulty
Acting Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 48-1-01, McKean County, Pennsylvania (District Court), for the period January 1, 2010 to December 31, 2013, 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, 2010 to December 31, 2013, 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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. Given these limitations, during our engagement we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the finding listed below, that we consider to be a significant deficiency.

- Inadequate Outstanding Check Procedures.

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*.

Independent Auditor's Report (Continued)

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 48-1-01, McKean 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

November 25, 2014

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DISTRICT COURT 48-1-01
MCKEAN COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2013

Receipts:

Department of Transportation		
Title 75 Fines	\$	76,053
Motor Carrier Road Tax Fines		200
Overweight Fines		70
Littering Law Fines		25
Child Restraint Fines		302
Department of Revenue Court Costs		99,222
Crime Victims' Compensation Bureau Costs		40,922
Crime Commission Costs/Victim Witness Services Costs		29,642
Domestic Violence Costs		10,359
Department of Agriculture Fines		3,555
Emergency Medical Service Fines		17,758
CAT/MCARE Fund Surcharges		53,291
Judicial Computer System Fees		44,587
Access to Justice Fees		13,262
Criminal Justice Enhancement Account Fees		5,102
Judicial Computer Project Surcharges		23,247
Constable Service Surcharges		7,930
Miscellaneous State Fines and Costs		18,421
		<hr/>
Total receipts (Note 2)		443,948
Disbursements to Commonwealth (Note 3)		<hr/> (443,948) <hr/>
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments		<hr/> -
Adjusted balance due Commonwealth (District Court) for the period January 1, 2010 to December 31, 2013	\$	<hr/> <hr/> -

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

DISTRICT COURT 48-1-01
MCKEAN COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2013

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	\$	435,598
Department of Labor and Industry		8,350
 Total	 \$	 <u><u>443,948</u></u>

4. Balance Due Commonwealth (District Court) For The Period January 1, 2010 To December 31, 2013

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.

5. Magisterial District Judge Serving During Examination Period

Dominic A. Cercone, Jr. served at District Court 48-1-01 for the period January 1, 2010 to December 31, 2013.

DISTRICT COURT 48-1-01
MCKEAN COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2013

Finding - Inadequate Outstanding Check Procedures

Our examination of the court's checking account disclosed that the district court was carrying 27 outstanding checks totaling \$811 dated from May 13, 2010, to April 26, 2013, that were still outstanding as of December 31, 2013.

The *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual) establishes the uniform written internal control policies and procedures for all district courts. The Manual requires that if a check issued by the Magisterial District Judge is outstanding (not cashed) after 60 days, the check must be marked stale. The court should first make an attempt to contact the recipient of the check. Only checks that are 60 days old or older can be marked stale. The amount of the check should be reinstated (added) to the district court checking account and remitted at the end of the month to the county treasurer for deposit into an escheat account.

The failure to follow these procedures results in a weakening of internal control over the cash account and inefficiency caused by the needless record-keeping of long outstanding checks.

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 outstanding checks.

The court did not review or take appropriate follow-up action on long outstanding checks.

Recommendations

We recommend that the district court establish and implement a procedure whereby outstanding checks are reviewed monthly to determine if there are any long outstanding checks. The court should reinstate the amount of outstanding checks to the court's checking account and remit this money to the county treasurer for deposit into an escheat account.

We further recommend that the district court comply with the procedures outlined in the Manual relating to outstanding check procedures.

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

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

DISTRICT COURT 48-1-01
MCKEAN COUNTY
SUMMARY OF PRIOR EXAMINATION FINDING
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2013

Summary of Prior Examination Finding

During our prior examination, we recommended:

- That the district court reviews the tickler reports for warrants and DL-38s daily and take appropriate action as required by the manual. We further recommended that the court review warrant control reports and notify police or other officials to return warrants that are unserved for 60 days for summary traffic and non-traffic cases as required by the manual.

During our current examination, we noted that the office complied with our recommendation.

DISTRICT COURT 48-1-01
MCKEAN COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2010 TO DECEMBER 31, 2013

This report was initially distributed to:

The Honorable Eileen McNulty
Acting Secretary
Pennsylvania Department of Revenue

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

The Honorable Dominic A. Cercone, Jr.	Magisterial District Judge
The Honorable Joseph C. DeMott, Jr.	Chairperson of the Board of Commissioners
The Honorable Thomas Ball	Controller
Ms. Joanne L. Bly	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.