

ATTESTATION ENGAGEMENT

District Court 06-3-01
Erie County, Pennsylvania
For the Period
January 1, 2011 to December 31, 2013

July 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 Eileen H. McNulty
Acting Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 06-3-01, Erie County, Pennsylvania (District Court), for the period January 1, 2011 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, 2011 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.

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 material weaknesses.

- Escrow Monies Not Always Disbursed Timely.

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 06-3-01, Erie 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.

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

April 13, 2015

Eugene A. DePasquale
Auditor General

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DISTRICT COURT 06-3-01
 ERIE COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2011 TO DECEMBER 31, 2013

Receipts:

Department of Transportation		
Title 75 Fines	\$	303,932
Motor Carrier Road Tax Fines		475
Overweight Fines		16,967
Commercial Driver Fines		500
Littering Law Fines		1,051
Child Restraint Fines		1,173
Department of Revenue Court Costs		173,080
Crime Victims' Compensation Bureau Costs		28,245
Crime Commission Costs/Victim Witness Services Costs		20,197
Domestic Violence Costs		7,506
Department of Agriculture Fines		3,135
Emergency Medical Service Fines		82,240
CAT/MCARE Fund Surcharges		254,286
Judicial Computer System Fees		91,812
Access to Justice Fees		25,213
Criminal Justice Enhancement Account Fees		5,108
Judicial Computer Project Surcharges		23,282
Constable Service Surcharges		6,903
Miscellaneous State Fines and Costs		50,379
		<hr/>
Total receipts (Note 2)		1,095,484
Disbursements to Commonwealth (Note 3)		<hr/> (1,095,484)
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, 2013	\$	<hr/> <hr/> -

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

DISTRICT COURT 06-3-01
ERIE COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2011 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	\$ 1,094,790
Commonwealth of Pennsylvania	364
Pennsylvania State Police	<u>330</u>
Total	<u>\$ 1,095,484</u>

4. Balance Due Commonwealth (District Court) For The Period January 1, 2011 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

Mark R. Krahe served at District Court 06-3-01 for the period January 1, 2011 to December 31, 2013.

DISTRICT COURT 06-3-01
ERIE COUNTY
FINDING, OBSERVATION AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2013

Finding - Escrow Monies Not Always Disbursed Timely

Our examination of the undisbursed funds report indicated that escrow funds collected from June 20, 2012 to April 25, 2013, totaling \$548, were not disbursed as of December 31, 2013.

The district court's bank account is essentially an escrow account on behalf of the Commonwealth and other participating parties. The court collects bail, security for motor vehicle trials, and other funds that must be held in escrow until disposition of the case. Once a case has been disposed, funds held in escrow should be transferred to the appropriate account or disbursed immediately.

Good internal accounting controls require that funds be disbursed timely. The failure to follow this procedure could result in monies not being paid to whom they are due.

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 failed to review the undisbursed funds report on a monthly basis and take appropriate action.

Recommendation

We recommend that the district court review the undisbursed funds report on a monthly basis and take appropriate action and disburse funds to whom they are due.

Management's Response

The Magisterial District Judge responded as follows:

This court has experienced a large change in staff over the last several years. In addition to having to train new employees and operating with said inexperienced staff, this court has experienced a large percentage increase in cases and has not been granted any additional employees to handle the increased workload. To prevent this from occurring again this court has set a calendar event for the undisbursed report to be printed and all escrow monies be examined to determine any action necessary.

Auditor's Conclusion

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

DISTRICT COURT 06-3-01
ERIE COUNTY
FINDING, OBSERVATION AND RECOMMENDATIONS
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Observation - Improper Assessment of Costs

Our examinations of the Erie County District Courts revealed that the courts were assessing flat rate postage fee of \$8 for criminal filings and \$10 for civil filings to cover additional administrative costs related to miscellaneous mailers as outlined in an Erie County Court of Common Pleas Administrative Order effective January 1, 2003. The Erie County Office of Court Administration clarified this order to state that the fee is charged to all summary and traffic cases except when the defendant pleads guilty and pays by mail. Also the fee is charged in all civil cases except when payment is made for constable services. In criminal cases, postage would be added if charges are reduced and disposed at the district justice level.

Because the Judicial Code (42 Pa.C.S.A. § 1725.1) provides an itemized list of expenses to be paid for the various causes of action, and it carves out exceptions for the postage costs and which party shall pay the postage costs, Erie County should be charging the proper party with actual postage costs, and not a blanket postage charge of \$8 or \$10 to defendants. Actual postage costs are known the moment documents are mailed and, therefore, are easily attainable and billable to the proper party to a cause of action.

Recommendation

We recommend that the Erie County District Courts discontinue assessing the above-cited fee. We further recommend that Erie County Courts assess fees and costs as intended by the appropriate state statutes.

Management's Response

The Magisterial District Judge responded as follows:

The court has recently received a court order from the Erie County Court of Common Pleas stating that beginning immediately (April 27, 2015) all Magisterial District Court Offices were to stop charging blanket postage on all dockets.

Therefore this court will begin charging postage on Non-traffic citations and complaints as it is incurred. The court has previously made the change to traffic citations.

DISTRICT COURT 06-3-01
ERIE COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2013

This report was initially distributed to:

The Honorable Eileen H. 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 Mark R. Krahe	Magisterial District Judge
The Honorable Fiore Leone	Chair of County Council
The Honorable Mary E. Schaaf	Controller
Mr. Peter E. Freed	Court Administrator

This report is a matter of public record and is available online at <http://www.PaAuditor.gov>. 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@PaAuditor.gov.