

# ATTESTATION ENGAGEMENT

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District Court 05-2-26  
Allegheny County, Pennsylvania  
For the Period  
January 1, 2012 to December 31, 2013

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September 2015



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  
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**EUGENE A. DePASQUALE**  
**AUDITOR GENERAL**

### Independent Auditor's Report

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

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 05-2-26, Allegheny County, Pennsylvania (District Court), for the period January 1, 2012 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, 2012 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 a certain deficiency in internal control that we consider to be a material weakness.

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.

- Misappropriation of Funds Totaling \$1,550.

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 05-2-26, 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.

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.

July 30, 2015

Eugene A. DePasquale  
Auditor General

## 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 - Misappropriation Of Funds Totaling \$1,550 .....	3
Summary Of Prior Examination Recommendations.....	4
Report Distribution .....	5

DISTRICT COURT 05-2-26  
 ALLEGHENY COUNTY  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 FOR THE PERIOD  
 JANUARY 1, 2012 TO DECEMBER 31, 2013

Receipts:

Department of Transportation		
Title 75 Fines	\$	30,271
Overweight Fines		200
Littering Law Fines		125
Child Restraint Fines		297
Department of Revenue Court Costs		60,075
Crime Victims' Compensation Bureau Costs		3,437
Crime Commission Costs/Victim Witness Services Costs		2,459
Domestic Violence Costs		959
Emergency Medical Service Fines		9,087
CAT/MCARE Fund Surcharges		28,172
Judicial Computer System Fees		16,416
Access to Justice Fees		5,216
Criminal Justice Enhancement Account Fees		2,491
Judicial Computer Project Surcharges		11,337
Constable Service Surcharges		3,117
Miscellaneous State Fines and Costs		<u>3,317</u>
 Total receipts (Note 2)		 176,976
 Disbursements to Commonwealth (Note 3)		 <u>(176,976)</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, 2012 to December 31, 2013		 <u><u>\$ -</u></u>

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

DISTRICT COURT 05-2-26  
ALLEGHENY COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2012 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	\$ 176,976
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2012 To December 31, 2013

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

5. Magisterial District Judge Serving During Examination Period

Beth S. Mills served at District Court 05-2-26 for the period January 1, 2012 to December 31, 2013.

DISTRICT COURT 05-2-26  
ALLEGHENY COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2012 TO DECEMBER 31, 2013

**Finding - Misappropriation Of Funds Totaling \$1,550**

The Allegheny County District Attorney's Office conducted an investigation of the district court and found that a former constable misappropriated funds totaling \$1,550 between March 31, 2012 and December 5, 2013. The misappropriation of funds occurred when the former constable failed to remit funds collected on various warrants to the district court. In several instances, the former constable did not return both the warrant and the collected funds. The District Attorney's office is in possession of all relevant documents relating to the cases for which the constable received funds collected. Therefore, we could not determine the exact amount of Commonwealth funds misappropriated.

This condition existed because the district court failed to establish and implement an adequate system of internal controls over collections. There was a turnover of the entire district court staff during the period when the misappropriations occurred and the staff was unaware that the collections had not been remitted.

Good internal accounting controls ensure that funds received from third parties are properly safeguarded in order to prevent funds from being lost or stolen.

Without a good system of internal control over funds received from third party collections, the possibility of funds being lost or misappropriated increases significantly.

The former constable resigned from his position on April 29, 2014. He was charged with theft by failure to make the required distribution of funds received on June 11, 2014.

**Recommendation**

We recommend that the district court establish and implement an adequate system of internal controls over third party collections.

**Management's Response**

The Magisterial District Judge responded as follows:

All reasonable actions have been developed to resolve this issue. A template has been developed to prevent this and for tighter controls.

DISTRICT COURT 05-2-26  
ALLEGHENY COUNTY  
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2012 TO DECEMBER 31, 2013

Summary Of Prior Examination Recommendations

During our prior examination, we recommended:

- That the district court comply with the procedures listed in the *Supreme Court of Pennsylvania Administrative Office of Pennsylvania Courts Record Retention and Disposition Schedule*. We further recommended that the district court not destroy citations until after they have been subject to examination by the Department of the Auditor General.

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

DISTRICT COURT 05-2-26  
ALLEGHENY COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2012 TO DECEMBER 31, 2013

This report was initially distributed to:

The Honorable Eileen H. McNulty  
Secretary  
Pennsylvania Department of Revenue

The Honorable Thomas B. Darr  
Court Administrator of Pennsylvania  
Supreme Court of Pennsylvania  
Administrative Office of Pennsylvania Courts

The Honorable Beth S. Mills	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 [www.PaAuditor.gov](http://www.PaAuditor.gov). Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: [news@PaAuditor.gov](mailto:news@PaAuditor.gov).