

DISTRICT COURT 03-2-09  
NORTHAMPTON COUNTY  
EXAMINATION REPORT  
FOR THE PERIOD  
JANUARY 1, 2008 TO DECEMBER 31, 2010

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**Department of the Auditor General  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120-0018**

**JACK WAGNER  
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 03-2-09, Northampton County, Pennsylvania (District Court), for the period January 1, 2008 to December 31, 2010, 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 ended December 31, 2010, 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:

- Inadequate Internal Controls Over Receipts.

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.

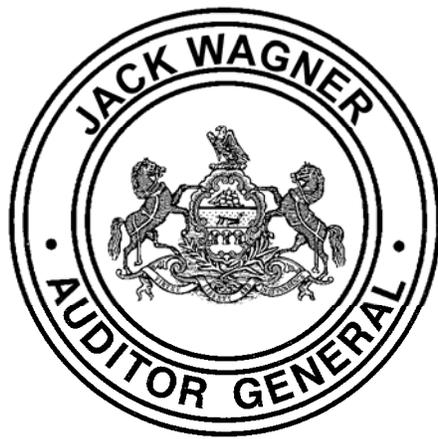
Independent Auditor's Report (Continued)

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.

November 22, 2011

JACK WAGNER  
Auditor General



DISTRICT COURT 03-2-09  
NORTHAMPTON COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2008 TO DECEMBER 31, 2010

Receipts:

Department of Transportation		
Title 75 Fines	\$	232,115
Motor Carrier Road Tax Fines		500
Overweight Fines		10,052
Commercial Driver Fines		3,500
Littering Law Fines		875
Child Restraint Fines		821
Department of Revenue Court Costs		232,424
Crime Victims' Compensation Bureau Costs		29,772
Crime Commission Costs/Victim Witness Services Costs		21,495
Domestic Violence Costs		4,464
Department of Agriculture Fines		2,186
Emergency Medical Service Fines		87,028
CAT/MCARE Fund Surcharges		266,253
Judicial Computer System Fees		100,130
Access to Justice Fees		26,096
Criminal Justice Enhancement Account Fees		2,597
Judicial Computer Project Surcharges		11,813
Constable Service Surcharges		16,141
Miscellaneous State Fines		<u>7,363</u>
 Total receipts (Note 2)	 \$	 1,055,625
 Disbursements to Commonwealth (Note 3)		 <u>(1,055,625)</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, 2008 to December 31, 2010	  \$	  <u><u>-</u></u>

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

DISTRICT COURT 03-2-09  
NORTHAMPTON COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2008 TO DECEMBER 31, 2010

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	\$ 1,055,625
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2008 To December 31, 2010

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

5. Magisterial District Judges Serving During Examination Period

Ralph W. Litzenberger served at District Court 03-2-09 for the period January 1, 2008 to January 2, 2010.

Jacqueline M. Taschner served at District Court 03-2-09 for the period January 3, 2010 to December 31, 2010.

DISTRICT COURT 03-2-09  
NORTHAMPTON COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2008 TO DECEMBER 31, 2010

Finding - Inadequate Internal Controls Over Receipts

Our examination disclosed that the district court did not always have good internal controls over receipts. Our examination noted one day in which total cash collected did not equal total cash receipted. The total cash on hand on June 30, 2008 was \$297.50 more than the total cash receipted. This cash overage was held in the office and not deposited into the bank until November 18, 2010. The time lapse from the date of collection to the subsequent date of deposit was 871 days.

Additionally, an employee borrowed and returned \$200.00 of the money prior to the money being deposited. This employee subsequently resigned after consultation with Court Administration.

Good internal accounting controls require that all monies collected be receipted and deposited in the bank at the end of every day. 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:

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 possibility of funds being lost or misappropriated increases significantly.

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 collections.

This condition existed because the district court failed to establish and implement an adequate system of internal controls over receipts. Additionally, per office staff, this money was forgotten about until November 13, 2010.

Recommendation

We 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 03-2-09  
NORTHAMPTON COUNTY  
FINDING AND RECOMMENDATION  
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Finding - Inadequate Internal Controls Over Receipts (Continued)

Management's Response

The Magisterial District Judge responded as follows:

This finding refers to an isolated incident which occurred prior to the time that I took office in January 2010. My staff has been instructed on proper procedures and protocols for handling unidentified remittances. In addition, I verify daily the receipts and deposits.

DISTRICT COURT 03-2-09  
NORTHAMPTON COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2008 TO DECEMBER 31, 2010

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 Jacqueline M. Taschner    Magisterial District Judge

The Honorable Ron Angle                      Commissioner of the Board of Commissioners

The Honorable Stephen Barron              Controller

Mr. James N. Onembo                         Court Administrator

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. To view this report online or to contact the Department of the Auditor General, please access our web site at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).