

MUNICIPAL COURT 05-0-01

ALLEGHENY COUNTY

AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2002 TO DECEMBER 31, 2004

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Independent Auditor's Report

The Honorable Gregory C. Fajt
Secretary
Department of Revenue
Harrisburg, PA 17128

We have audited the accompanying statement of receipts and disbursements – cash basis of Municipal Court 05-0-01, Allegheny County, Pennsylvania (Municipal Court), for the period January 1, 2002 to December 31, 2004, pursuant to the requirements of Section 401(c) of *The Fiscal Code*, Act of April 9, 1929, P.L. 343. This financial statement is the responsibility of the Municipal Court's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the accompanying financial statement was prepared using accounting practices prescribed by the Pennsylvania Department of Revenue, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The financial statement presents only the Commonwealth portion of cash receipts and disbursements and is not intended to present fairly the financial position and results of operations of the Municipal Court, in conformity with accounting principles generally accepted in the United States.

Independent Auditor's Report (Continued)

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Municipal Court, as of December 31, 2004, the changes in its financial position, or where applicable, its cash flows for the period then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the operations of the Municipal Court as it pertains to receipts made on behalf of the Department of Revenue and other state agencies for the period January 1, 2002 to December 31, 2004, on the basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the financial statement of the Municipal Court taken as a whole. The accompanying Schedule 1 for the period January 1, 2002 to December 31, 2004 is supplemental information required by the Department of Revenue and is not a required part of the financial statement. The information in that schedule has been subjected to the procedures applied in the audit of the financial statement, and in our opinion, is fairly stated in all material respects in relation to the financial statement taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2006, on our consideration of the Municipal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Pennsylvania Department of Revenue, the Administrative Office of Pennsylvania Courts, and the Municipal Court and is not intended to be and should not be used by anyone other than these specified parties.

October 25, 2006

JACK WAGNER
Auditor General

MUNICIPAL COURT 05-0-01
 ALLEGHENY COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS - CASH BASIS
 FOR THE PERIOD
 JANUARY 1, 2002 TO DECEMBER 31, 2004

Receipts:

Judicial Computer System Fees	\$ 39,313
Access to Justice Fees	3,215
Department of Revenue Court Costs	26
Crime Victims' Compensation Bureau Costs	122,651
Crime Commission Costs/Victim Witness Services Costs	105,316
Domestic Violence Costs	<u>58,463</u>

Total receipts (Note 2) \$ 328,984

Disbursements to Department of Revenue (Note 3) (329,187)

Balance due Department of Revenue (Municipal Court)
 per settled reports (Note 4) (203)

Audit adjustments -

Adjusted balance due Department of Revenue (Municipal Court)
 for the period January 1, 2002 to December 31, 2004 \$ (203)

Notes to the financial statement are an integral part of this report.

MUNICIPAL COURT 05-0-01
ALLEGHENY COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2004

1. Summary Of Significant Accounting Policies

Basis Of Presentation

The financial statement was prepared in accordance with the requirements of the Pennsylvania Department of Revenue. This financial statement is not intended to present either financial results of operations or financial position in conformity with generally accepted accounting principles.

Basis Of Accounting

The financial statement was prepared on the cash basis of accounting. Under this method, revenues were recognized when received and expenditures were recognized when paid.

Audit Requirement

The financial presentation has been prepared in accordance with Title 72 P.S. Section 401 (c) of *The Fiscal Code*, which requires the Department of the Auditor General to determine whether all money collected on behalf of the Commonwealth has been remitted properly and to provide the Department of Revenue with a report to enable them to settle an account covering any delinquency. A statement of assets and liabilities was not a required part of the financial presentation because of the limited reporting scope by the Municipal Court. Therefore, a statement of assets and liabilities was not audited and is not a part of this report.

2. Receipts

Receipts are comprised of fines, costs, fees, surcharges, and restitution collected on behalf of the Department of Revenue and other state agencies. These fines, costs, fees, surcharges, and restitution represent collections made on traffic, non-traffic, civil, and criminal cases filed with the Municipal Court.

MUNICIPAL COURT 05-0-01
ALLEGHENY COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2004

3. Disbursements

Total disbursements are comprised as follows:

Checks issued to the Department of Revenue	\$ 331,385
Payment made for the prior audit period:	
January 1, 1999 to December 31, 2001	<u>(2,198)</u>
Total	<u><u>\$ 329,187</u></u>

4. Balance Due Department Of Revenue (Municipal Court) For The Period January 1, 2002 To December 31, 2004

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

5. Magisterial District Judges Serving During Audit Period

Various Magisterial District Judges served at Municipal Court 05-0-01 for the period January 1, 2002 to December 31, 2004.

MUNICIPAL COURT 05-0-01
 ALLEGHENY COUNTY
 SCHEDULE 1
 FOR THE PERIOD
 JANUARY 1, 2002 TO DECEMBER 31, 2004

Schedule 1 - Reconciliation Of Settled Reports

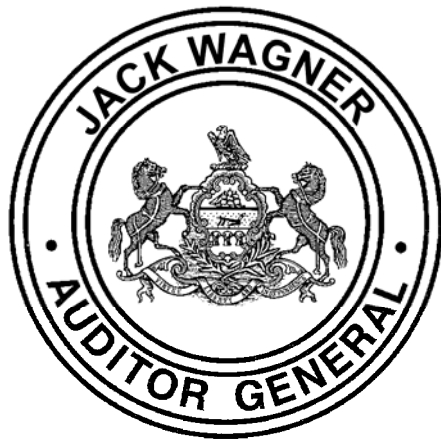
Date of Summary of Collections Report	Balance Due Settled Reports Dept. of Revenue (Municipal Court)	Payment Credited for a Prior Month	Payment Not Credited for Current Month	Adjustments	Adjusted Balance Due Dept. of Revenue (Municipal Court)
2002					
January	\$ 583	\$ -	\$ -	\$ 2,198 *	\$ 2,781
February	(747)	-	-	-	(747)
March	2,737	-	-	-	2,737
April	(2,862)	-	-	-	(2,862)
May	2,698	-	-	-	2,698
June	(4,606)	-	-	-	(4,606)
July	913	-	-	-	913
August	996	-	-	-	996
September	581	-	-	-	581
October	1,702	-	-	-	1,702
November	2,010	-	-	-	2,010
December	(1,563)	-	-	-	(1,563)
2003					
January	(111)	-	-	-	(111)
February	779	-	-	-	779
March	(2,802)	-	-	-	(2,802)
April	679	-	-	-	679
May	(3,184)	-	-	-	(3,184)
June	9,222	-	-	-	9,222
July	(3,509)	-	-	-	(3,509)
August	(4,850)	-	-	-	(4,850)
September	2,026	-	-	-	2,026
October	(320)	-	-	-	(320)
November	(1,940)	-	-	-	(1,940)
December	(728)	-	-	-	(728)

MUNICIPAL COURT 05-0-01
 ALLEGHENY COUNTY
 SCHEDULE 1
 FOR THE PERIOD
 JANUARY 1, 2002 TO DECEMBER 31, 2004

Schedule 1 - Reconciliation Of Settled Reports (Continued)

Date of Summary of Collections Report	Balance Due Settled Reports Dept. of Revenue (Municipal Court)	Payment Credited for a Prior Month	Payment Not Credited for Current Month	Adjustments	Adjusted Balance Due Dept. of Revenue (Municipal Court)
2004					
January	\$ (105)	\$ -	\$ -	\$ -	\$ (105)
February	-	-	-	-	-
March	-	-	-	-	-
April	-	-	-	-	-
May	-	-	-	-	-
June	-	-	-	-	-
July	-	-	-	-	-
August	-	-	-	-	-
September	-	-	-	-	-
October	-	-	-	-	-
November	-	-	-	-	-
December	-	-	-	-	-
Balance due Department of Revenue (Municipal Court) per settled reports					(203)
Audit adjustments					-
Adjusted balance due Department of Revenue (Municipal Court) for the period January 1, 2002 to December 31, 2004					<u>\$ (203)</u>

* Amount represents a prior audit payment for the period January 1, 1999 to December 31, 2001.



Report On Compliance And On
Internal Control Over Financial Reporting

The Honorable Gregory C. Fajt
Secretary
Department of Revenue
Harrisburg, PA 17128

We have audited the statement of receipts and disbursements – cash basis of Municipal Court 05-0-01, Allegheny County, Pennsylvania (Municipal Court), for the period January 1, 2002 to December 31, 2004, and have issued our report thereon dated October 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Municipal Court’s financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Municipal Court’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over

Report On Compliance And On
Internal Control Over Financial Reporting (Continued)

financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Municipal Court's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. The reportable condition described in the finding is as follows:

- Inadequate Arrest Warrant Procedures.

Material weaknesses are conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the Pennsylvania Department of Revenue, the Administrative Office of Pennsylvania Courts, and the Municipal Court and is not intended to be and should not be used by anyone other than these specified parties.

October 25, 2006

JACK WAGNER
Auditor General

MUNICIPAL COURT 05-0-01
ALLEGHENY COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2004

Finding - Inadequate Arrest Warrant Procedures

Warrants are used to enforce the collection of monies on traffic and non-traffic cases in which defendants failed to make payments when required. A Warrant of Arrest (AOPC 417) is used to authorize an official to arrest a defendant, or to collect fines and costs from the defendant after a disposition, or to collect collateral for a trial. If the defendant does not respond within ten days to a citation or summons, a Warrant of Arrest may be issued.

During our testing of warrant procedures, we noted that warrant procedures established by the *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual) were not always followed. The Municipal Court did not issue warrants when required. We sampled 33 instances in which a warrant was required to be issued. Our testing disclosed that no warrants were issued at all.

The Manual establishes the uniform written internal control policies and procedures for all district courts.

Warrant Issuance Procedures: The Manual states that October 1, 1998, new warrant procedures took effect for summary cases. Amendments were made to Pa.R.Crim.P. Rules 430, 431, 454, 455, 456, 460, 461, and 462. To comply with the new changes, the Notice of Impending Warrant (AOPC A418) was created with the purpose of informing the defendant that failure to pay the amount due or to appear for a Payment Determination Hearing will result in the issuance of an arrest warrant. The defendant is also informed that his/her response must be made within ten days of the date of the notice.

According to Pa.R.Crim.P. Rule 430, a Notice of Impending Warrant may be issued in a post-disposition summary case for any of the following reasons:

- A guilty disposition is recorded and no payment is made or a time payment schedule is not created.
- A guilty disposition is recorded and a previously deposited collateral payment, when applied, does not pay the case balance in full.
- A guilty disposition is recorded and the defendant defaults on a time payment schedule.

MUNICIPAL COURT 05-0-01
ALLEGHENY COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2004

Finding - Inadequate Arrest Warrant Procedures (Continued)

According to Pa.R.Crim.P. 430, a warrant SHALL be issued in a summary case for any of the following reasons (A Notice of Impending Warrant is not necessary for the following.):

- The defendant has failed to respond to a citation or summons that was served either personally or by certified mail, return receipt requested.
- The citation or summons is returned undeliverable.
- The Magisterial District Judge has reasonable grounds to believe that the defendant will not obey a summons.

The failure to follow warrant procedures when required could result in uncollected fines and unpunished offenders.

Adherence to the uniform internal control policies and procedures, as set forth in the Manual, would have ensured an adequate internal control over warrants.

Recommendation

We recommend that the Municipal Court review the tickler reports for warrants daily and take appropriate action as required by the Manual.

Auditee Response

No formal response was offered at this time.

MUNICIPAL COURT 05-0-01
ALLEGHENY COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2004

This report was initially distributed to:

The Honorable Gregory C. Fajt
Secretary
Department of Revenue

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

Municipal Court 05-0-01
Allegheny County
Pittsburgh, PA

Mr. Raymond L. Billotte

Court Administrator

The Honorable Dan Onorato

Allegheny County Chief Executive

The Honorable Mark Patrick Flaherty

Controller

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. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at www.auditorgen.state.pa.us.