

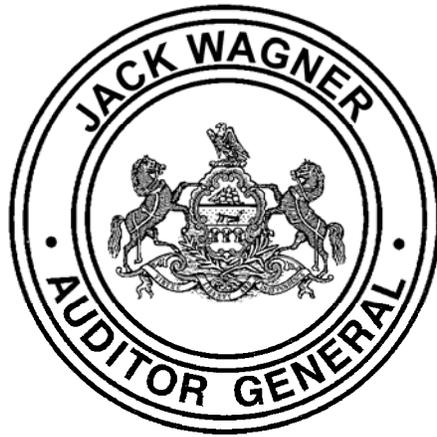
TRAFFIC COURT 06-0-02

ERIE COUNTY

AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2002 TO DECEMBER 31, 2005



TRAFFIC COURT 06-0-02

ERIE COUNTY

AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2002 TO DECEMBER 31, 2005

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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 Traffic Court 06-0-02, Erie County, Pennsylvania (Traffic Court), for the period January 1, 2002 to December 31, 2005, 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 Traffic Court's management. Our responsibility is to express an opinion on this statement based on our audit.

Except as discussed in the fifth paragraph, 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 Traffic 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 Traffic Court, as of December 31, 2005, the changes in its financial position, or where applicable, its cash flows for the period then ended.

As discussed in the Findings and Recommendations section of the audit report, there were significant internal control weaknesses that led to a substantial misappropriation of funds. Because of the severity of these conditions, we were not able to apply other auditing procedures to satisfy ourselves that the misappropriated funds are not substantially more than reported in this report.

In our opinion, except for the effects of such adjustments of the matters discussed in the preceding paragraph, the financial statement referred to above presents fairly, in all material respects, the operations of the Traffic 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, 2005, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2006, on our consideration of the Traffic 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 Traffic Court and is not intended to be and should not be used by anyone other than these specified parties.

April 5, 2006

JACK WAGNER
Auditor General

TRAFFIC COURT 06-0-02
 ERIE COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS - CASH BASIS
 FOR THE PERIOD
 JANUARY 1, 2002 TO DECEMBER 31, 2005

Department of Transportation		
Title 75 Fines	\$	1,306,256
Motor Carrier Road Tax Fines		50
Overweight Fines		3,147
Commercial Driver Fines		1,000
Littering Law Fines		1,520
Child Restraint Fines		2,868
Department of Revenue Court Costs		652,120
Department of Public Welfare		
Attend Care Fines		48
Emergency Medical Service Fines		333,536
CAT/MCARE Fund Surcharges		1,033,380
Judicial Computer System Fees		353,180
Access to Justice Fees		53,795
Constable Service Surcharges		11,466
		<hr/>
Total receipts (Note 2)	\$	3,752,366
Disbursements to Department of Revenue (Note 3)		<hr/> (3,752,366)
Balance due Department of Revenue (District Court) per settled reports (Note 4)		-
Audit adjustments		<hr/> -
Adjusted balance due Department of Revenue (District Court) for the period January 1, 2002 to December 31, 2005	\$	<hr/> <hr/> -

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

TRAFFIC COURT 06-0-02
ERIE COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2005

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 Traffic 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 Traffic Court.

3. Disbursements

Total disbursements are comprised as follows:

Checks issued to the Department of Revenue	\$ 3,752,366
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TRAFFIC COURT 06-0-02
ERIE COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2005

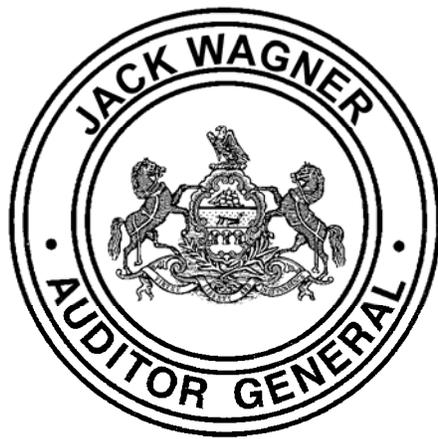
4. Balance Due Department Of Revenue (Traffic Court) For The Period January 1, 2002 To December 31, 2005

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 from within the City of Erie served at Traffic Court 06-0-02 for the period January 1, 2002 to December 31, 2005.

On March 1, 2006, all new business that would have been filed at the City of Erie Traffic Court will be filed at the appropriate district courts in the City of Erie. On July 1, 2006, the City of Erie Traffic Court will be closed permanently.



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 Traffic Court 06-0-02, Erie County, Pennsylvania (Traffic Court), for the period January 1, 2002 to December 31, 2005, and have issued our report thereon dated April 5, 2006. In our report, our opinion was qualified because there were significant internal control weaknesses that led to a substantial misappropriation of funds. Because of the severity of these conditions, we were not able to apply other auditing procedures to satisfy ourselves that the misappropriated funds are not substantially more than reported in this report.

Except as discussed in the preceding paragraph, 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 Traffic 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 Traffic 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

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

financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 Traffic Court's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. The reportable conditions described in the findings are as follows:

- Misappropriated Funds Of At Least \$272,207.53.
- Inadequate Segregation Of Duties.
- Required Computer Downtime Manual Receipt Procedures Were Not Always Followed.
- Inadequate Arrest Warrant And DL-38 Procedures.
- Certification Of Disposition Section On Certain Traffic Citations Was Not Always Completed.

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. We consider all the reportable conditions described above to be material weaknesses.

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

April 5, 2006

JACK WAGNER
Auditor General

TRAFFIC COURT 06-0-02
ERIE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2005

Finding No. 1 - Misappropriated Funds Of At Least \$272,207.53

Our audit of Traffic Court 06-0-02 disclosed that at least \$272,207.53 had been misappropriated during the period of January 1, 2002 through July 31, 2005. Schedule A on page 11 provides a distribution by entity for the amount misappropriated.

The method used to misappropriate monies from the traffic court was a lapping scheme, swapping checks for cash. A lapping scheme is a term used to describe a method where an individual misappropriates cash from a day's collection. The amount of total cash misappropriated is replaced by using checks that were collected on a previous day and not recorded. Replacing the cash with the checks allows the day's collections to equal the total amount of the deposit. This allows the perpetrator to cover their fraud by showing that the books superficially balance for the day. The amount of cash misappropriated, that we were able to determine, totaled \$272,207.53.

To facilitate the lapping scheme, monthly postage checks issued by the County of Erie were used to reimburse the City of Erie for postage used. The postage checks were deposited and an equal amount of cash was removed.

An additional significant weakness was the filing procedures of the City of Erie Police. The police department did not keep a copy of the citations filed with the traffic court. The traffic court maintained both copies of any citation issued by the City of Erie Police. Consequently, there was no ability to cross-check citations filed by the police with the citations that were entered into the computer system by the Erie Traffic Court. Because of this lack of control, we could not determine if all citations filed by the City of Erie Police were actually entered and processed using the office's computer system.

The amount of money stolen and the pervasiveness of the fraud scheme demonstrated the total disregard for state, county and city policies. Consequently, we cannot certify that the actual misappropriation is not significantly larger than the amount reported. The employee who allegedly misappropriated these funds no longer works for the office.

Good internal accounting controls ensure that:

- All cash and checks received are properly recorded and deposited intact as received on a daily basis.
- The daily cash balancing report, which summarizes total cash and total checks for the day, is reviewed and compared to the deposit slip by the Magisterial District Judge or someone other than the employee preparing the deposit slip.

TRAFFIC COURT 06-0-02
ERIE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2005

Finding No. 1 - Misappropriated Funds Of At Least \$272,207.53 (Continued)

- The City of Erie Police Department maintains a copy of all citations filed in a separate and secure area from the traffic court. Personnel from the traffic court should not have any access to the police department's copies.

The condition of Inadequate Segregation Of Duties, as stated in Finding No. 2 of this report, contributed to the fraud scheme to occur and not being detected timely.

Recommendations

We recommend that Erie County and Erie City Officials determine what action(s) should be taken to recover these funds. Further, we recommend that the traffic court establish and implement adequate internal controls over receipts as noted above.

Auditee Response

Magisterial District Judge Joseph R. Lefaiver responded as follows:

Misappropriation of funds is completely unacceptable to this administrator. The perpetrator of this fraud had to use a lot of thought and time to steal this money. This administrator took steps to disband Traffic Court at the City of Erie level. As of March 1, 2006, the traffic citations are now filed in each city District Justice Office. The citations are entered on a daily basis. If payment is made, it is recorded immediately through the District Justice System. At the end of the day, a daily balancing is done for each secretary. The head secretary verifies the amount, fills out a deposit slip, and the deposit is made by the Judge.

Checks and balances at each District Court will prevent any future mishandling of funds for traffic citations and warrants would be issued on a more efficient basis.

TRAFFIC COURT 06-0-02
 ERIE COUNTY
 FINDINGS AND RECOMMENDATIONS
 FOR THE PERIOD
 JANUARY 1, 2002 TO DECEMBER 31, 2005

Finding No. 1 – Misappropriated Funds Of At Least \$272,207.53 (Continued)

SCHEDULE A

DISTRIBUTION OF MISAPPROPRIATED FUNDS

This schedule allocates the cash that was misappropriated by entity classification. The rate of distribution is based upon a percentage of collections for each entity for the period January 1, 1998 to December 31, 2004.

The misappropriated funds have been allocated as follows:

Government Entity	Percentage Of Distribution Without Postage Checks	Misappropriated Cash Due Entity Without Postage Checks	Misappropriated Postage Checks	Total Misappropriated Due Entity
Commonwealth of Pennsylvania	51%	\$ 72,745.39	\$ -	\$ 72,745.39
County of Erie	18%	25,674.84	-	25,674.84
City of Erie	31%	44,217.79	129,569.51	173,787.30
	<u>100%</u>	<u>\$ 142,638.02</u>	<u>\$ 129,569.51</u>	<u>\$ 272,207.53</u>

TRAFFIC COURT 06-0-02
ERIE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2005

Finding No. 2 - Inadequate Segregation Of Duties

Our audit disclosed that one employee in the traffic court was responsible for performing the following functions:

- Opening mail.
- Collecting cash, entering collection information into the computer system, and issuing receipts.
- Preparing deposit slips.
- Reconciling the bank account.
- Summarizing accounting records.
- Issuing DL-38s (Suspension Notices) and warrants.

Adequate segregation of duties ensures that the office's system of internal control is followed and not evaded.

In order to achieve adequate segregation of duties, one employee should not have custody of cash and at the same time maintain the accounting records for the cash and follow-up activity on citations. These duties should be segregated and rotated daily. As an alternative control, someone independent from maintaining the accounting records and handling cash should review the employee's work daily. The reviewer should sign and date the records and documents reviewed. These documents should also include the tickler reports generated by the computer system to investigate why certain citations have not been issued DL-38s or warrants.

Without adequate segregation of duties, internal controls can be circumvented yielding to the possibility of significant irregularities. In this audit, inadequate segregation of duties created an environment to allow a significant amount of funds to be misappropriated.

Recommendations

We recommend that the traffic court provide for greater segregation of duties within the office. This can be done by cross-training personnel and rotating job functions that include the handling of cash and maintaining the accounting records for the cash and monitoring follow-up procedures on citations. As an alternative and/or additional control, someone independent from the handling of cash, the accounting records, and the review of tickler reports related to follow-up procedures on citations, should review the employee's work at the end of each day. The reviewer should sign and date the records and documents reviewed.

TRAFFIC COURT 06-0-02
ERIE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2005

Finding No. 2 - Inadequate Segregation Of Duties (Continued)

Auditee Response

Magisterial District Judge Joseph R. Lefaiver responded as follows:

Since Traffic Court has been eliminated, citations are being filed in each District Justice Office. The Traffic Clerk at each District Office inputs all citations into the District Justice System. The head secretary opens mail and distributes it to the appropriate clerk. Payments are deposited daily. The bank statement is reconciled monthly and books are summarized according to AOPC regulations. The DL 38's are issued according to the management manual.

Checks and balances at each District Court will prevent any future mishandling of funds for traffic citations and warrants would be issued on a more efficient basis.

TRAFFIC COURT 06-0-02
ERIE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2005

Finding No. 3 - Required Computer Downtime Manual Receipt Procedures Were Not Always Followed

Computer downtime manual receipts (CDMR) are available to be issued in the event of a temporary power loss to the traffic court's computer system. When the computer system is operating again, the computer downtime manual receipt is replaced by an official computer-generated receipt and included in the daily receipts.

Our audit disclosed that required computer downtime manual receipt procedures were not always followed. Of 32 receipts tested, we noted the following:

- There were 25 instances in which the computer receipt was not generated timely after the issuance of the corresponding CDMR. The time lapse from the date of the downtime manual receipt to the corresponding computer receipt ranged from 2 to 22 days.
- In four instances, the CDMR was not in the case file.
- In five instances, the computer-generated receipt amount did not agree with the amount recorded on the CDMR.
- In all instances, the CDMR log was not properly completed. There were variations where certain fields were incorrect or not completed.
- There were three instances in which the downtime manual receipt number was not entered into the computer when the corresponding computer receipt was generated.

The *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual) establishes the uniform written internal control policies and procedures for all district courts and traffic court. The Manual requires that downtime manual receipts be issued in the event of a temporary power loss to the computer system. The receipt and log sheet should be filled out for each receipt number. The log should document the initials of the employee receiving the payment and the date the payment was entered on the system. The receipts should be used in numerical order, the log sheet should be filled out using the appropriate receipt number, a copy of that receipt should be given to the remitter and the second copy of the receipt should be attached to the new system-generated receipt and placed in the case file, and the receipts should be kept, along with the associated log, in a secure location. Additionally, the Manual requires that when a manual receipt number is issued, the manual receipt number should be entered in the manual receipt number field when creating the computer receipt. This will link the manual receipt to the computer receipt.

TRAFFIC COURT 06-0-02
ERIE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2005

Finding No. 3 - Required Computer Downtime Manual Receipt Procedures Were Not Always Followed (Continued)

Good internal accounting controls ensure that:

- Computer receipts are generated timely after the issuance of the corresponding computer downtime manual receipts.
- Computer downtime manual receipts are accounted for and maintained.
- The amount on the computer-generated receipt is in agreement with the amount recorded on the CDMR.
- All required docket information is properly recorded on the computer downtime manual receipts log sheet.
- Computer downtime manual receipt numbers are entered in the manual receipt number field on the computer when the corresponding computer receipts are generated.

These conditions existed because the traffic court failed to establish and implement an adequate system of internal controls over computer downtime manual receipts.

Without a good system of internal control over funds received by the office, the potential is increased that funds could be lost, stolen, or misappropriated.

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

Recommendation

We recommend that the traffic court establish and implement an adequate system of internal controls over computer downtime manual receipts as noted above.

TRAFFIC COURT 06-0-02
ERIE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2005

Finding No. 3 - Required Computer Downtime Manual Receipt Procedures Were Not Always
Followed (Continued)

Auditee Response

Magisterial District Judge Joseph R. Lefaiver responded as follows:

When the computer is down in the Magisterial Court, manual receipts are issued and then filed in the docket. Manual receipts would be entered as soon as possible and a computer receipt would be generated. When Traffic Court failed to follow the system that was established, the clerks should have issued temporary receipts; and a computer receipt should have been generated when the system was available.

Checks and balances at each District Court will prevent any future mishandling of funds for traffic citations and warrants would be issued on a more efficient basis.

TRAFFIC COURT 06-0-02
ERIE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2005

Finding No. 4 - Inadequate Arrest Warrant And DL-38 Procedures

Warrants and DL-38s 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. A DL-38 Request for Suspension of Driving Privileges for Failure to Respond to a Citation or Summons or Pay Fines and Costs Imposed (AOPC 638A) is used to notify the defendant in writing that his/her license will be suspended if he/she fails to respond to the traffic citation or summons. A DL-38 cannot be issued for a parking violation.

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 traffic court did not consistently issue warrants when required. Of our sample testing of 64 warrants required to be issued, 14 warrants were not issued timely and 42 warrants were not issued at all. The time of issuance ranged from 75 days to 555 days.

In addition, of the 22 warrants issued, 8 were not returned or recalled.

Furthermore, we noted that in 37 cases tested in which a DL-38 should have been issued, 19 were not issued timely and 3 were not issued at all. The time of issuance ranged from 62 days to 175 days.

The Manual establishes the uniform written internal control policies and procedures for all district courts (this includes traffic court).

Warrant Issuance Procedures: The Manual states that on 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.

TRAFFIC COURT 06-0-02
ERIE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2005

Finding No. 4 - Inadequate Arrest Warrant And DL-38 Procedures (Continued)

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.

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.

Warrant Return Procedures: The Manual states that the Administrative Office of Pennsylvania Courts (AOPC) recommends that those in possession of arrest warrants should be notified to return warrants that have not been served. For summary traffic and non-traffic cases, outstanding warrants should be returned to the Magisterial District Judge's office within 60 days of issuance. Returned warrants can either be recorded in the Magisterial District Judge System (MDJS) as unserved, if the defendant is unable to be located; or they can be recalled for reissue, if the server has not exhausted all means of finding the defendant.

DL-38 Procedures: The Manual states that once a citation is given to the defendant or a summons is issued, the defendant has ten days to respond. If on the eleventh day, the defendant has not responded, 75 Pa.C.S.A. §1533 requires that the defendant be notified that he/she has fifteen days from the date of notice to respond to the citation/summons before his/her license is suspended. In accordance with Section 1533 of the Pennsylvania Vehicle Code, the defendant has 15 days to respond to the defendant's copy of the DL-38. If the defendant does not respond by the fifteenth day, the Magisterial District Judge's office shall notify the Pennsylvania Department of Transportation by issuing the appropriate License Suspension Request (AOPC 638B,D,E).

TRAFFIC COURT 06-0-02
ERIE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2005

Finding No. 4 - Inadequate Arrest Warrant And DL-38 Procedures (Continued)

In addition, 75 Pa.C.S.A. §1533 also requires a post-disposition DL-38 (AOPC 638B/E) be issued if the defendant neglects to pay fines and costs imposed at the time of disposition, or fails to make a scheduled time payment.

The failure to follow warrant and DL-38 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 and DL-38s.

These conditions were cited in the prior audit period ending December 31, 2001.

Recommendations

We again recommend that the traffic court review the tickler reports for warrants and DL-38s daily and take appropriate action as required by the Manual. We further recommend 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.

Auditee Response

Magisterial District Judge Joseph R. Lefaiver responded as follows:

Traffic Court was constantly advised by me to issue warrants. Since warrants were only issued by the head clerk at Traffic Court, this was accomplished on an infrequent basis. Warrants were to be served by the police department. Only 2 officers were originally assigned to that service. With the reduction of the number of officers on the police force, serving traffic warrants have become more difficult. Now that Traffic Court has been transferred to the District Courts, I feel there will be a better control of warrants; and they would be issued on a timelier basis according to the procedure manual. Constables will be serving traffic warrants for more efficiency.

Checks and balances at each District Court will prevent any future mishandling of funds for traffic citations and warrants would be issued on a more efficient basis.

TRAFFIC COURT 06-0-02
ERIE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2005

Finding No. 5 - Certification Of Disposition Section On Certain Traffic Citations Was Not
Always Completed

During our examination of the traffic court's case files, we noted that the certification of disposition section on certain traffic citations was not always completed. We tested citations that were disposed by hearings, dismissed, discharged, or withdrawn. Of 65 traffic citations tested in which the certification of disposition section was required to be signed, 34 were not signed by the Magisterial District Judge.

The *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual) establishes the uniform written internal control policies and procedures for all district courts (this includes traffic court).

The Manual requires that the Magisterial District Judge sign and seal the Certification of Disposition on traffic citations. The exception is on traffic citations where the defendant pleads guilty and is accompanied by a full payment. The Magisterial District Judge does not have to sign the certification of disposition on traffic citations where the defendant pleads guilty and payment is made in full.

The failure to perform these procedures results in a lack of evidence that the disposition was reviewed and authorized by the Magisterial District Judge.

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

Recommendation

We recommend that the Magisterial District Judge sign and seal the traffic citation certification of disposition section in accordance with the Manual.

Auditee Response

Magisterial District Judge Joseph R. Lefaiver responded as follows:

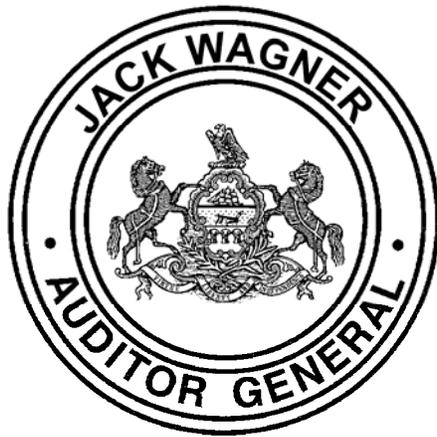
Disposition on traffic citations were not performed according to the manual. Magisterial District Judges should have been given the citations to sign unless full payment was received at the time of a guilty plea. Proper procedures will be followed for traffic citations now that they are being processed at the District Court level.

TRAFFIC COURT 06-0-02
ERIE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2005

Finding No. 5 - Certification Of Disposition Section On Certain Traffic Citations Was Not
Always Completed (Continued)

Auditee Response (Continued)

Checks and balances at each District Court will prevent any future mishandling of funds for traffic citations and warrants would be issued on a more efficient basis.



TRAFFIC COURT 06-0-02
ERIE COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2005

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

Traffic Court 06-0-02
Erie County
626 State Street
Erie, PA 16501

The Honorable Elizabeth K. Kelly	President Judge
The Honorable Joseph R. Lefaiver	Magisterial District Judge
Mr. Thomas C. Aaron	Court Administrator
The Honorable Sue Weber	Controller
The Honorable Joseph E. Sinnott	Mayor
Mr. Charles Bowers	Chief of Police, City of Erie Police Department

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.