

DISTRICT COURT 07-3-03

BUCKS COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2005 TO DECEMBER 31, 2007

CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
Financial Section:	
Statement Of Receipts And Disbursements.....	5
Notes To The Statement Of Receipts And Disbursements.....	6
Finding And Recommendation:	
Finding - Inadequate Internal Controls Over The Facsimile Signature Stamp	7
Report Distribution	9

Independent Auditor's Report

The Honorable Stephen H. Stetler
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 07-3-03, Bucks County, Pennsylvania (District Court), for the period January 1, 2005 to December 31, 2007, 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, 2007, 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 The Facsimile Signature Stamp.

Independent Auditor's Report (Continued)

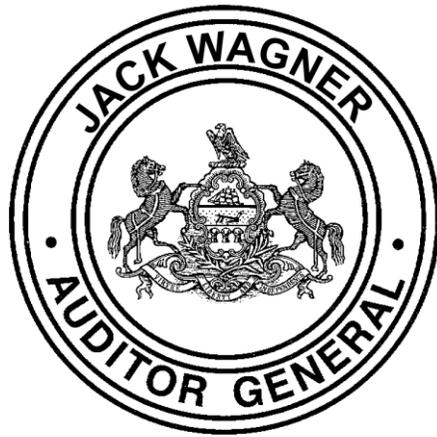
A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statement will not be prevented or detected by the District Court's internal control. Our consideration of the internal control 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.

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.

December 18, 2008

JACK WAGNER
Auditor General



DISTRICT COURT 07-3-03
BUCKS COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

Receipts:

Department of Transportation		
Title 75 Fines	\$	269,603
Motor Carrier Road Tax Fines		563
Overweight Fines		3,238
Commercial Driver Fines		1,000
Littering Law Fines		713
Child Restraint Fines		196
Department of Revenue Court Costs		149,811
Crime Victims' Compensation Bureau Costs		25,984
Crime Commission Costs/Victim Witness Services Costs		18,606
Department of Public Welfare		
Domestic Violence Costs		5,704
Attend Care Fines		333
Department of Agriculture Fines		1,130
Fish and Boat Commission Fines		44,192
Game Commission Fines		12,428
Emergency Medical Service Fines		77,536
CAT/MCARE Fund Surcharges		236,551
Judicial Computer System Fees		84,619
Access to Justice Fees		19,577
Constable Service Surcharges		10,024
Department of Labor and Industry Fines		860
Miscellaneous State Fines		500
		<hr/>
Total receipts (Note 2)	\$	963,168
Disbursements to Commonwealth (Note 3)		<hr/> <u>(963,168)</u>
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments		<hr/> <u>-</u>
Adjusted balance due Commonwealth (District Court) for the period January 1, 2005 to December 31, 2007	\$	<hr/> <u><u>-</u></u>

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

DISTRICT COURT 07-3-03
BUCKS COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

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	<u>\$ 963,168</u>
-----------------------	-------------------

4. Balance Due Commonwealth (District Court) For The Period January 1, 2005 To December 31, 2007

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

5. Magisterial District Judge Serving During Examination Period

M. Kay Dubree served at District Court 07-3-03 for the period January 1, 2005 to December 31, 2007.

DISTRICT COURT 07-3-03
BUCKS COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

Finding - Inadequate Internal Controls Over The Facsimile Signature Stamp

Our examination of the district court disclosed that a facsimile signature stamp was kept in a locked safe. However, the stamp is accessible to all employees.

Good internal controls ensure that effective measures are implemented to protect against the inappropriate use of the Magisterial District Judge's signature. Only the Magisterial District Judge should have access to the facsimile signature stamp and the stamp should be stored in a secured location.

This condition existed because the district court failed to establish and implement an adequate system of internal controls over the facsimile signature stamp.

Without a good system of internal control over the facsimile signature stamp by the office, the potential is increased that documents could be fraudulently authorized and that funds could be misappropriated.

Recommendation

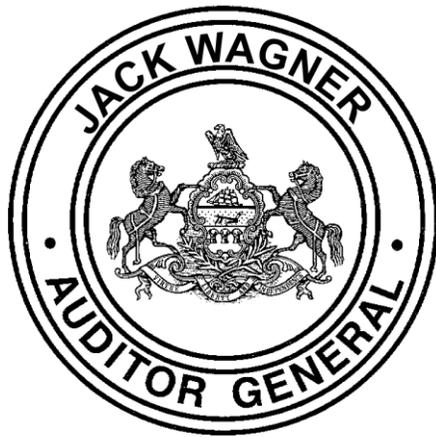
We recommend that the district court implement good internal controls over the access to the facsimile signature stamp by restricting the availability of the facsimile signature stamp to only the Magisterial District Judge.

Management's Response

The Magisterial District Judge responded as follows:

PA Rules of Court, specifically, Rule 113 of the Civil Procedure for District Justices, permits the use of facsimile signatures on certain documents. The note to Rule 113 further explains the use of facsimile signatures by both state and federal courts and references the use of a facsimile stamp by judges of traffic courts as provided by statute.

The court understands the need for limited access of the facsimile signature stamp. The Court will take steps to restrict and secure the stamp when not in use.



DISTRICT COURT 07-3-03
BUCKS COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

This report was initially distributed to:

The Honorable Stephen H. Stetler
Secretary
Pennsylvania Department of Revenue

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

District Court 07-3-03
Bucks County
276 Tabor Road
Ottsville, PA 18942

The Honorable M. Kay Dubree	Magisterial District Judge
Douglas R. Praul, Esquire	District Court Administrator
The Honorable Raymond McHugh	Controller
The Honorable James F. Cawley	Chairperson of the Board of Commissioners

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.