

DISTRICT COURT 11-2-01

LUZERNE COUNTY

EXAMINATION REPORT

FOR THE PERIOD

MARCH 1, 2004 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 - Escrow Monies Not Always Disbursed Timely	7
Report Distribution	9

Independent Auditor's Report

The Honorable Thomas W. Wolf
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 11-2-01, Luzerne County, Pennsylvania (District Court), for the period March 1, 2004 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:

- Escrow Monies Not Always Disbursed Timely.

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.

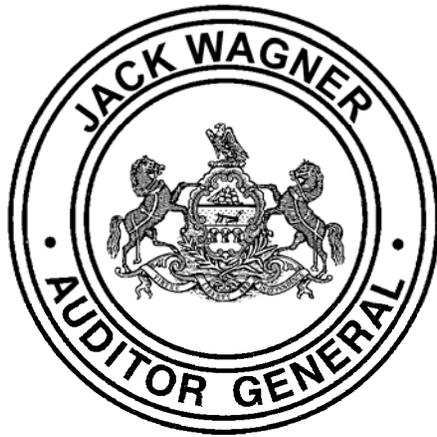
The results of our tests also did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We are concerned in light of the District Court's failure to correct a previously reported finding regarding escrow monies not always being disbursed timely. The District Court should strive to implement the recommendation and corrective action noted in this examination report. This significant deficiency increases the risk for funds to be lost, stolen, or misappropriated.

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.

April 23, 2008

JACK WAGNER
Auditor General



DISTRICT COURT 11-2-01
 LUZERNE COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 MARCH 1, 2004 TO DECEMBER 31, 2007

Receipts:

Department of Transportation		
Title 75 Fines	\$	100,619
Overweight Fines		302
Littering Law Fines		64
Child Restraint Fines		325
Department of Revenue Court Costs		132,234
Crime Victims' Compensation Bureau Costs		20,358
Crime Commission Costs/Victim Witness Services Costs		15,444
Domestic Violence Costs		5,139
Department of Conservation and Natural Resources Fines		47
Department of Agriculture Fines		863
Fish and Boat Commission Fines		2,978
Game Commission Fines		400
Emergency Medical Service Fines		46,601
CAT/MCARE Fund Surcharges		141,204
Judicial Computer System Fees		62,622
Access to Justice Fees		13,583
Constable Service Surcharges		12,959
Department of Labor and Industry Fines		18
Firearm Education and Training Costs		25
Miscellaneous State Fines		400
		<hr/>
Total receipts (Note 2)	\$	556,185
Disbursements to Commonwealth (Note 3)		<hr/> <u>(556,185)</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 March 1, 2004 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 11-2-01
LUZERNE COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
MARCH 1, 2004 TO DECEMBER 31, 2007

1. Criteria

The Statement of Receipts and Disbursements (Statement) has been prepared in accordance with Section 401(c) of *The Fiscal Code*, 72 P.S § 401(c), which requires the Department of the Auditor General to determine whether all money collected on behalf of the Commonwealth has been remitted promptly and to provide the Pennsylvania Department of Revenue (Department of Revenue) with a report to enable them to settle an account covering any delinquency.

The Statement was prepared in accordance with reporting requirements prescribed by the 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>\$ 556,185</u>

4. Balance Due Commonwealth (District Court) For The Period March 1, 2004 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

Joseph J. Carmody, Esquire, served at District Court 11-2-01 for the period March 1, 2004 to December 31, 2007.

DISTRICT COURT 11-2-01
LUZERNE COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
MARCH 1, 2004 TO DECEMBER 31, 2007

Finding - Escrow Monies Not Always Disbursed Timely

Our examination of the undisbursed funds report indicated that escrow funds collected from March 1, 2000 to March 8, 2007 totaling \$770, were not disbursed as of December 31, 2007. We further noted that 217 receipts, totaling \$4,259, for partial serving costs, received from April 5, 2001 to June 25, 2007 were still undisbursed as of December 31, 2007.

The district court failed to review the undisbursed funds report on a monthly basis and take appropriate action.

The district court's bank account is essentially an escrow account on behalf of the Commonwealth and other participating parties. The court collects bail, security for motor vehicle trials, and other funds that must be held in escrow until disposition of the case. Once a case has been disposed, funds held in escrow should be transferred to the appropriate account or disbursed immediately.

Good internal accounting controls require that funds be disbursed timely. The failure to follow this procedure could result in monies not being paid to whom they are due.

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.

This finding was cited in the prior audit for the period ending February 29, 2004.

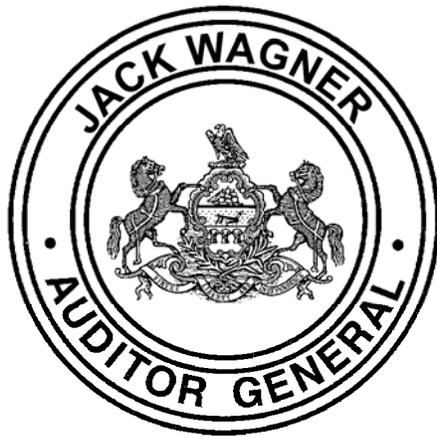
Recommendation

We again recommend that the district court review the undisbursed funds report on a monthly basis and disburse funds to whom they are due.

Management's Response

The Magisterial District Judge responded as follows:

Since approximately March 8, 2008, the partial serving costs for constables have been corrected and will be disbursed with monthly checks in May. Also, some constable undisbursed funds had been listed under the name or social security number. They will also be printed with the monthly checks in May.



DISTRICT COURT 11-2-01
LUZERNE COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
MARCH 1, 2004 TO DECEMBER 31, 2007

This report was initially distributed to:

The Honorable Thomas W. Wolf
Secretary
Pennsylvania Department of Revenue

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

District Court 11-2-01
Luzerne County
Municipal Building
555 Exeter Avenue
West Pittston, PA 18643

The Honorable Joseph J. Carmody	Magisterial District Judge
The Honorable Maryanne C. Petrilla	Chairwoman of the Board of Commissioners
Mr. Anthony Martinelli	Acting Controller
Ms. Kathleen L. Hubbard	Special Courts Administrator
Jerome Matlowski, CPA	Consultant to the Special Courts

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.