



DISTRICT COURT 12-2-01

DAUPHIN COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2004 TO DECEMBER 31, 2006

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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 12-2-01, Dauphin County, Pennsylvania (District Court), for the period January 1, 2004 to December 31, 2006, 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 Pennsylvania Department of Revenue and other state agencies for the period ended December 31, 2006, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of 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 the Statement or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed a certain finding that is required to be reported under *Government Auditing Standards* and this finding, along with the views of management, is described in the Finding and Recommendation section of the report.

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 30, 2007

JACK WAGNER
Auditor General

DISTRICT COURT 12-2-01
 DAUPHIN COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2004 TO DECEMBER 31, 2006

Receipts:

Department of Transportation		
Title 75 Fines	\$	493,522
Motor Carrier Road Tax Fines		213
Overweight Fines		37,392
Commercial Driver Fines		3,000
Littering Law Fines		1,650
Child Restraint Fines		1,586
Department of Revenue Court Costs		273,591
Crime Victims' Compensation Bureau Costs		61,057
Crime Commission Costs/Victim Witness Services Costs		44,267
Department of Public Welfare		
Domestic Violence Costs		17,829
Attend Care Fines		411
Fish and Boat Commission Fines		225
Game Commission Fines		68
Emergency Medical Service Fines		137,805
CAT/MCARE Fund Surcharges		434,990
Judicial Computer System Fees		149,749
Access to Justice Fees		31,444
Constable Service Surcharges		17,082
Firearm Education and Training Costs		90
State Police Crime Lab Fees		210
Miscellaneous State Fines		500
		<hr/>
Total receipts (Note 2)	\$	1,706,681
Disbursements to Department of Revenue (Note 3)		<hr/> (1,706,681)
Balance due Department of Revenue (District Court) per settled reports (Note 4)		-
Examination adjustments		<hr/> -
Adjusted balance due Department of Revenue (District Court) for the period January 1, 2004 to December 31, 2006	\$	<hr/> <hr/> -

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

DISTRICT COURT 12-2-01
DAUPHIN COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2006

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 Department of Revenue and other state agencies. 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:

Checks issued to the Department of Revenue	<u>\$ 1,706,681</u>
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4. Balance Due Department Of Revenue (District Court) For The Period January 1, 2004 To December 31, 2006

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

5. Magisterial District Judges Serving During Examination Period

Bob Janis Yanich served at District Court 12-2-01 for the period January 1, 2004 to July 1, 2005.

Michael J. Smith served at District Court 12-2-01 for the period July 2, 2005 to December 31, 2006.

DISTRICT COURT 12-2-01
DAUPHIN COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2006

Finding - Unsecured Payment Drop-Off Utilized By The District Court

Our examination disclosed that monies are being dropped off after office hours and on weekends in the mail slot in the door of the district court.

If the district court accepts payments after office hours, the court should install a locked, secured, drop-off box, which can only be accessed by authorized personnel. Additionally, the court should notify defendants that only payments made by check will be accepted in the drop-off box.

The office was not aware of the poor internal controls arising from receiving monies in a mail slot after business hours.

Good internal accounting controls require that all monies collected be adequately safeguarded 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 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 that there were adequate internal controls over collections.

Recommendation

We recommend that the district court take measures to ensure that monies are not dropped off after hours and on weekends in the mail slot in the door of the district court. If monies are accepted after office hours, the court should install a locked, secured, drop-off box, which can only be accessed by authorized personnel. Additionally, the court should notify defendants that only checks will be accepted in the drop-off box.

DISTRICT COURT 12-2-01
DAUPHIN COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2006

Finding - Unsecured Payment Drop-Off Utilized By The District Court (Continued)

Management's Response

The Magisterial District Judge responded as follows:

Past audits addressed the mail slot issue. Court Administration (past) was advised and failed to follow through with resolution.

Auditor's Conclusion

It is imperative that corrective action is taken to comply with our recommendation. The failure to implement the recommended procedure increases the potential for funds to be lost, stolen, or misappropriated.

DISTRICT COURT 12-2-01
DAUPHIN COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2006

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 12-2-01
Dauphin County
1281 South 28th Street
Harrisburg, PA 17111

Carolyn Crandall Thompson, Esquire	District Court Administrator
The Honorable Michael J. Smith	Magisterial District Judge
The Honorable Jeff Haste	Chairman of the Board of Commissioners
The Honorable Marie E. Rebuck	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. 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.