



DISTRICT COURT 23-1-03

BERKS 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 23-1-03, Berks 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.

We are concerned in light of the District Court's failure to correct a previously reported finding regarding bank deposit slips not being validated. 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.

March 13, 2008

JACK WAGNER
Auditor General

DISTRICT COURT 23-1-03
 BERKS COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2004 TO DECEMBER 31, 2006

Receipts:

Department of Transportation			
Title 75 Fines	\$	191,737	
Commercial Driver Fines		2,500	
Littering Law Fines		325	
Child Restraint Fines		3,338	
Department of Revenue Court Costs		355,575	
Crime Victims' Compensation Bureau Costs		22,167	
Crime Commission Costs/Victim Witness Services Costs		16,515	
Domestic Violence Costs		4,685	
Emergency Medical Service Fines		43,222	
CAT/MCARE Fund Surcharges		132,699	
Judicial Computer System Fees		159,574	
Access to Justice Fees		31,871	
Constable Service Surcharges		74,723	
Firearm Education and Training Costs		5	
Miscellaneous State Fines		300	
Total receipts (Note 2)			\$ 1,039,236
Disbursements to Department of Revenue (Note 3)			<u>(1,039,236)</u>
Balance due Department of Revenue (District Court) per settled reports (Note 4)			-
Examination adjustments			<u>-</u>
Adjusted balance due Department of Revenue (District Court) for the period January 1, 2004 to December 31, 2006			<u><u>\$ -</u></u>

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

DISTRICT COURT 23-1-03
BERKS 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:

District Court checks issued to:

Department of Revenue	<u>\$ 1,039,236</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 Judge Serving During Examination Period

Wally Scott served at District Court 23-1-03 for the period January 1, 2004 to December 31, 2006.

DISTRICT COURT 23-1-03
BERKS COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2006

Finding - Bank Deposit Slips Were Not Validated

Our review of the district court's accounting records disclosed that the office copy of the bank deposit slip was not validated for cash by the bank. The district court received a validated receipt from the bank, but this only confirmed the total amount deposited and not the actual make up of the deposit (i.e. cash and check mix).

Good internal accounting controls require that the deposit slip should identify each check and the total amount of cash deposited. The office copy of each deposit should be brought to the bank to be validated.

The failure to follow these procedures leads to a lack of internal control over bank accounts and could increase the potential for misappropriation.

This finding was cited in the prior audit period ending December 31, 2003.

Recommendation

We again recommend that the district court secure the bank's validation on the court's copy of the deposit slip.

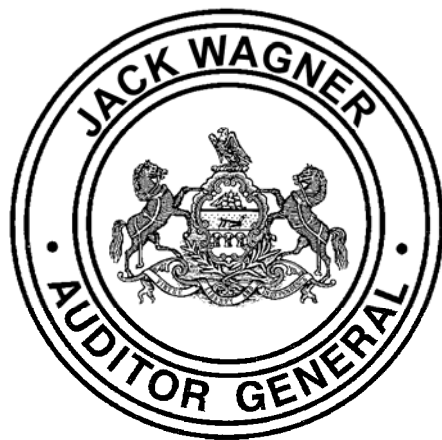
Management's Response

The Magisterial District Judge responded as follows:

We will keep on bank to validate on a daily basis.

Auditor's Conclusion

We appreciate the Magisterial District Judge's effort to correct this condition. Validated deposit slips are needed to maintain good internal control over receipts.



DISTRICT COURT 23-1-03
BERKS 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 23-1-03
Berks County
101 North Ninth Street
Reading, PA 19601

The Honorable Wally Scott	Magisterial District Judge
The Honorable Judith L. Schwank	Chairwoman of the Board of Commissioners
The Honorable Sandy Graffius	Controller
Mr. Stephen A. Weber	District Court Administrator

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.