DISTRICT COURT 32-1-28

DELAWARE COUNTY

AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2003 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 District Court 32-1-28, Delaware County, Pennsylvania (District Court), for the period January 1, 2003 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 District Court's management. Our responsibility is to express an opinion on this statement based on our audit.

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 District Court, in conformity with accounting principles generally accepted in the United States.

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 District Court, as of December 31, 2005, the changes in its financial position, or where applicable, its cash flows for the period then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the operations of the District Court as it pertains to receipts made on behalf of the Department of Revenue and other state agencies for the period January 1, 2003 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 August 2, 2006, on our consideration of the District 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 District Court and is not intended to be and should not be used by anyone other than these specified parties.

August 2, 2006

JACK WAGNER
Auditor General

DISTRICT COURT 32-1-28
DELAWARE COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CASH BASIS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2005

Receipts:		
Department of Transportation		
Title 75 Fines	$ 130,869	
Littering Law Fines	225	
Child Restraint Fines	373	
Department of Revenue Court Costs	170,329	
Crime Victims' Compensation Bureau Costs	31,873	
Crime Commission Costs/Victim Witness Services Costs	24,210	
Department of Public Welfare		
Domestic Violence Costs	8,735	
Attend Care Fines	745	
Department of Conservation and Natural Resources Fines	42	
Emergency Medical Service Fines	47,719	
CAT/MCARE Fund Surcharges	144,484	
Judicial Computer System Fees	91,394	
Access to Justice Fees	15,674	
Constable Service Surcharges	17,142	
Total receipts (Note 2)		$ 683,814
Disbursements to Department of Revenue (Note 3)		(683,814)
Balance due Department of Revenue (District Court) per settled reports (Note 4)		-
Audit adjustments		-
Adjusted balance due Department of Revenue (District Court) for the period January 1, 2003 to December 31, 2005		$ -

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

DISTRICT COURT 32-1-28
DELAWARE COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD
JANUARY 1, 2003 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 District 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 District Court.

3. Disbursements

Total disbursements are comprised as follows:

Checks issued to the Department of Revenue	$ 683,814

4. Balance Due Department Of Revenue (District Court) For The Period January 1, 2003 To December 31, 2005

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

5. Magisterial District Judge Serving During Audit Period

Stephanie H. Klein, Esquire, served at District Court 32-1-28 for the period January 1, 2003 to December 31, 2005.

JACK WAGNER

AUDITOR GENERAL

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 District Court 32-1-28, Delaware County, Pennsylvania (District Court), for the period January 1, 2003 to December 31, 2005, and have issued our report thereon dated August 2, 2006. 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 District 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 District 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 financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 District Court's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. The reportable condition described in the finding is as follows:

- Inadequate Arrest Warrant Procedures.

A material weakness is a condition 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. However, we believe the reportable condition described above is not a material weakness.

We are concerned in light of the District Court's failure to correct a previously reported audit finding. The District Court should strive to implement the recommendations and corrective actions noted in this audit report. We noted several significant weaknesses in the internal controls over warrants that need corrective action. These significant deficiencies could result in uncollected fines and unpunished offenders.

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.

August 2, 2006

JACK WAGNER
Auditor General

Finding - Inadequate Arrest Warrant Procedures

Warrants 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.

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 Magisterial District Judge did not consistently issue warrants when required. Of 33 warrants required to be issued, 9 warrants were not issued timely. The time of issuance ranged from 64 days to 352 days.

In addition, of 28 warrants required to be returned or recalled, 3 were not returned or recalled, and 6 were not returned timely. The time of issuance to the time of return ranged from 237 days to 909 days.

The Manual establishes the uniform written internal control policies and procedures for all district courts.

Warrant Issuance Procedures: The Manual states that 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.

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.

Finding - Inadequate Arrest Warrant Procedures (Continued)

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 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.

The failure to follow warrant 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.

These conditions were also cited in our prior audit report for the period ending December 31, 2002.

Recommendations

We again recommend that the district court review the tickler reports for warrants 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.

Finding - Inadequate Arrest Warrant Procedures (Continued)

Auditee Response

The Magisterial District Judge responded as follows:

> Thank you for affording me the opportunity to respond to your findings in your audit reported to me at our conference. After consultation with my court coordinator we instituted a policy where we are assigning one member of my staff to review the warrant reports to keep the issuance of warrants on a timely basis.
>
> Return warrants by constables has been a perennial problem due to the volume of filings. On April 28, 2006, we sent a memorandum to the constables requiring them to return all warrants on June 30th and December 20th each year or else we will withhold paychecks and forthcoming work. Since that time the constables have been much more diligent about returning warrants and we plan to reinforce this message periodically.

JACK WAGNER

AUDITOR GENERAL

DISTRICT COURT 32-1-28
DELAWARE COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2005

This report was initially distributed to:

The Honorable Gregory C. Fajt
Secretary
Department of Revenue

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

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Delaware County
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P.O. Box 97
Media, PA 19063

Gerald C. Montella, Esquire	Court Administrator
The Honorable Stephanie H. Klein	Magisterial District Judge
The Honorable Cynthia F. Leitzell	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. 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.