



DISTRICT COURT 41-3-02

JUNIATA COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2003 TO DECEMBER 31, 2005

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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 41-3-02, Perry 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*, 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, 2005, 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 certain findings that are required to be reported under *Government Auditing Standards* and those findings, along with the views of management, are described in the Findings and Recommendations section of the report. The results of our examination disclosed no 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 inadequate internal controls over the bank account. The District Court should strive to implement the recommendations and corrective actions noted in this examination report. During our current examination, we noted several significant weaknesses in the internal controls over the bank account, and warrants and DL-38s that need corrective action. These significant deficiencies increase the risk for funds to be lost, stolen, or misappropriated and 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 7, 2007

JACK WAGNER
Auditor General

DISTRICT COURT 41-3-02
 JUNIATA COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2003 TO DECEMBER 31, 2005

Receipts:

Department of Transportation		
Title 75 Fines	\$	180,720
Motor Carrier Road Tax Fines		121
Overweight Fines		1,950
Littering Law Fines		600
Child Restraint Fines		50
Department of Revenue Court Costs		62,434
Crime Victims' Compensation Bureau Costs		16,352
Crime Commission Costs/Victim Witness Services Costs		12,201
Domestic Violence Costs		4,892
Department of Conservation and Natural Resources Fines		200
Department of Agriculture Fines		4,730
Fish and Boat Commission Fines		3,373
Game Commission Fines		14,444
Emergency Medical Service Fines		32,776
CAT/MCARE Fund Surcharges		110,862
Judicial Computer System Fees		37,161
Access to Justice Fees		6,395
Constable Service Surcharges		1,997
Department of Labor and Industry Fines		50
Miscellaneous State Fines		900
		<hr/>
Total receipts (Note 2)	\$	492,208
Disbursements to Department of Revenue (Note 3)		<hr/> (492,208)
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, 2003 to December 31, 2005	\$	<hr/> <hr/> -

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

DISTRICT COURT 41-3-02
JUNIATA COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2005

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>\$ 492,208</u>
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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 Examination Period

Jacqueline T. Leister served at District Court 41-3-02 for the period January 1, 2003 to December 31, 2005.

DISTRICT COURT 41-3-02
JUNIATA COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2005

Finding No. 1 - Inadequate Internal Controls Over The Bank Account

Our review of the accounting records revealed the following deficiencies:

- Bank reconciliations were not performed properly or in a timely manner.
- When we attempted to reconcile the district court's bank statement to its book balance as of December 31, 2005, we noted a difference of \$86.98 between the bank statement balance and the book balance.

These conditions existed because the district court failed to establish adequate internal controls over its bank account.

A good system of internal control ensures that bank statements are reconciled to the book balance on a monthly basis and any discrepancies are immediately investigated and resolved.

Without a good system of internal controls over the bank account, the potential is increased that funds could be lost, stolen, or misappropriated.

This finding was cited in the prior audit for the period ending December 31, 2002.

Recommendation

We again recommend that the office prepare the bank reconciliations accurately and on a monthly basis and any discrepancies are immediately investigated and resolved.

Management's Response

The Magisterial District Judge responded as follows:

In response to this finding, I realize that we have been carrying this \$86.98 on our bank statement for sometime and have been aware of it. It should belong to a constable that used to work here but failed to turn in his proper paper work. I will now turn this amount over to our County to place in an account in case it is needed later.

DISTRICT COURT 41-3-02
JUNIATA COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 2 - Inadequate Arrest Warrant And DL-38 Procedures

Warrants and Requests For Suspension Of Operating Privileges (DL-38s) 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, 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. A Request for Suspension of Driving Privileges for Failure to Respond to a Citation or Summons or Pay Fines and Costs Imposed (AOPC 638A) is used to notify the defendant in writing that his/her license will be suspended if he/she fails to respond to the traffic citation or summons. A DL-38 cannot be issued for a parking violation.

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. We sampled 32 instances in which a warrant was required to be issued. Our testing disclosed that 2 were not issued timely and 13 were not issued at all. The time of issuance ranged from 241 days to 560 days.

Furthermore, we sampled 14 instances in which a DL-38 was required to be issued. Our testing disclosed that 13 were not issued.

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

Warrant Issuance Procedures: The Manual states that on 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.

DISTRICT COURT 41-3-02
JUNIATA COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2005

Finding No. 2 - Inadequate Arrest Warrant And DL-38 Procedures (Continued)

- 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.

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.

DL-38 Procedures: The Manual states that once a citation is given to the defendant or a summons is issued, the defendant has ten days to respond. If on the eleventh day, the defendant has not responded, 75 Pa.C.S.A. §1533 requires that the defendant be notified that he/she has fifteen days from the date of notice to respond to the citation/summons before his/her license is suspended. In accordance with Section 1533 of the *Pennsylvania Vehicle Code*, the defendant has 15 days to respond to the defendant's copy of the DL-38. If the defendant does not respond by the fifteenth day, the Magisterial District Judge's office shall notify the Pennsylvania Department of Transportation by issuing the appropriate License Suspension Request (AOPC 638B,D,E).

In addition, 75 Pa.C.S.A. §1533 also requires a post-disposition DL-38 (AOPC 638B/E) be issued if the defendant neglects to pay fines and costs imposed at the time of disposition, or fails to make a scheduled time payment.

The failure to follow warrant and DL-38 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 that there were adequate internal controls over warrants and DL-38s.

DISTRICT COURT 41-3-02
JUNIATA COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2005

Finding No. 2 - Inadequate Arrest Warrant And DL-38 Procedures (Continued)

Recommendation

We recommend that the district court review the tickler reports for warrants and DL-38s daily and take appropriate action as required by the Manual.

Management's Response

The Magisterial District Judge responded as follows:

In answer to this finding of DL-38 and warrant procedures, my former secretary had some physical problems and failed to take care of this. I realize that I should have been more involved and the problem is now corrected.

DISTRICT COURT 41-3-02
JUNIATA COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2005

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 41-3-02
Juniata County
Fourth Street
Community Building
Port Royal, PA 17082

Ms. Robin L. Lehman

District Court Administrator

The Honorable Jacqueline T. Leister

Magisterial District Judge

The Honorable Teresa O'Neil

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.