

DISTRICT COURT 42-3-01

BRADFORD COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2007 TO DECEMBER 31, 2009

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**Department of the Auditor General
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120-0018**

**JACK WAGNER
AUDITOR GENERAL**

Independent Auditor's Report

The Honorable Daniel P. Meuser
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 42-3-01, Bradford County, Pennsylvania (District Court), for the period January 1, 2007 to December 31, 2009, 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, 2009, 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:

- Required Computer Downtime Manual Receipt Procedures Were Not Always Followed.

Independent Auditor's Report (Continued)

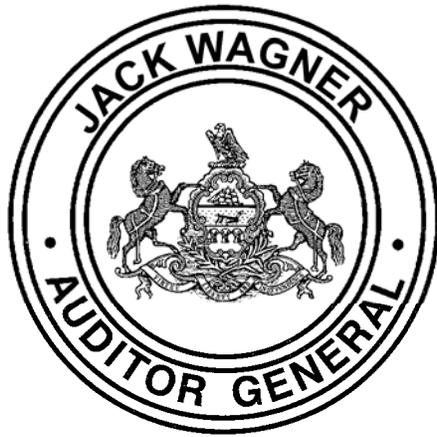
A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statement will not be prevented or detected by the District Court's internal control. Our consideration of the internal control 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

January 10, 2011

JACK WAGNER
Auditor General



DISTRICT COURT 42-3-01
 BRADFORD COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2007 TO DECEMBER 31, 2009

Receipts:

Department of Transportation		
Title 75 Fines	\$ 187,490	
Overweight Fines	11,663	
Commercial Driver Fines	75	
Littering Law Fines	2,097	
Child Restraint Fines	961	
Department of Revenue Court Costs	92,644	
Crime Victims' Compensation Bureau Costs	18,312	
Crime Commission Costs/Victim Witness Services Costs	13,107	
Domestic Violence Costs	4,443	
Department of Agriculture Fines	2,594	
Emergency Medical Service Fines	35,507	
CAT/MCARE Fund Surcharges	107,656	
Judicial Computer System Fees	46,113	
Access to Justice Fees	11,519	
Criminal Justice Enhancement Account Fees	32	
Judicial Computer Project Surcharges	144	
Constable Service Surcharges	4,293	
Game Commission Costs	7,682	
Miscellaneous State Fines	<u>45,408</u>	
 Total receipts (Note 2)		 \$ 591,740
 Disbursements to Commonwealth (Note 3)		 <u>(591,740)</u>
 Balance due Commonwealth (District Court) per settled reports (Note 4)		 -
 Examination adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (District Court) for the period January 1, 2007 to December 31, 2009		 <u><u>\$ -</u></u>

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

DISTRICT COURT 42-3-01
BRADFORD COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2009

1. Criteria

The Statement of Receipts and Disbursements provides a summary of receipts and disbursements by category. The categories and the amounts of fines, costs, fees, and surcharges assessed are based on Pennsylvania laws and regulations.

The Statement was prepared in accordance with reporting requirements prescribed by the Pennsylvania 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	\$ 584,058
Game Commission	<u>7,682</u>
Total	<u><u>\$ 591,740</u></u>

4. Balance Due Commonwealth (District Court) For The Period January 1, 2007 To December 31, 2009

This balance reflects the summary of monthly transmittal reports as settled by the Department of Revenue. The balance also reflects a summary of any receipts disbursed directly to other state agencies.

5. Magisterial District Judge Serving During Examination Period

Jonathan Wilcox served at District Court 42-3-01 for the period January 1, 2007 to December 31, 2009.

DISTRICT COURT 42-3-01
BRADFORD COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2009

Finding - Required Computer Downtime Manual Receipt Procedures Were Not Always Followed

The Administrative Office of Pennsylvania Courts' (AOPC) policies require computer downtime manual receipts to be issued in the event of a temporary power loss to the district court's computer system. When the computer system is operating again, the computer downtime manual receipt is replaced by an official computer-generated receipt and included in the daily receipts. When the AOPC's policies are not followed, the possibility that funds received by the District Court could be lost or misappropriated increases significantly.

Our examination disclosed that required computer downtime manual receipt procedures were not always followed. Of seven receipts tested, we noted the following:

- The date issued, source, method of payment, and remitter's name were not recorded on three computer downtime manual receipts.
- There was one instance in which the computer downtime manual receipt number was not entered into the computer system when the corresponding computer receipt was generated.

Computer downtime manual receipts Nos. 990261 to 990280 and 990321 to 990340, plus the corresponding log sheets, could not be located and were not available for review.

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 downtime manual receipts be issued in the event of a temporary power loss to the computer system. When the computer system is not operational, the receipt and log sheet should be filled out for each receipt number and the initials of the employee receiving the payment should be documented on the log sheet. The receipts should be used in numerical order; the log sheet should be filled out using the appropriate receipt number; a copy of that receipt should be given to the remitter; and the second copy of the receipt should be kept, along with the associated log, in a secure location. When the computer system is running again, the second copy of the receipt should be attached to the new system-generated receipt and placed in the case file and the date the payment was entered into the system should be documented on the log sheet. Additionally, the Manual requires that when a manual receipt number is issued, the manual receipt number should be entered in the manual receipt number field when creating the computer receipt. This will link the manual receipt to the computer receipt.

DISTRICT COURT 42-3-01
BRADFORD COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2009

Finding - Required Computer Downtime Manual Receipt Procedures Were Not Always Followed (Continued)

We further noted that subsequent to the examination period in 2010, manual receipts Nos. 990292 to 990299 were each used twice to receipt payments. It appears that each was designated A or B and treated as an individual receipt.

Good internal accounting controls ensure that:

- All required information is recorded on the computer downtime manual receipt, including date issued, date filed, citation number, signature of the person receiving the payment, remitter name, docket number, payment source, and payment method.
- Computer downtime manual receipt numbers are entered in the manual receipt number field on the computer when the corresponding computer receipts are generated.
- All required docket information is recorded on the computer downtime manual receipts log sheet.
- Computer downtime manual receipts and receipt logs are accounted for and maintained.
- Computer downtime manual receipt numbers are only used once.

These conditions existed because the district court failed to establish and implement an adequate system of internal controls over computer downtime manual receipts.

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 establish and implement an adequate system of internal controls over computer downtime manual receipts as noted above.

DISTRICT COURT 42-3-01
BRADFORD COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2009

Finding - Required Computer Downtime Manual Receipt Procedures Were Not Always Followed (Continued)

Management's Response

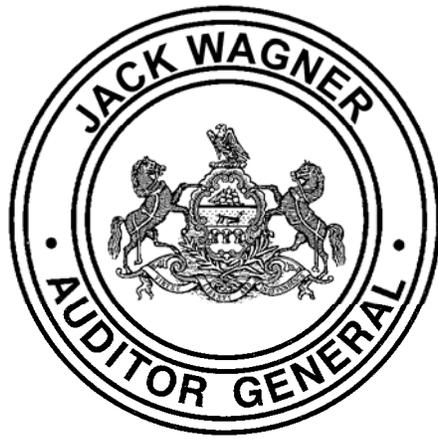
The Magisterial District Judge responded as follows:

According to [the auditor], Magisterial District Court 42-3-01 could not account for 40 manual receipts. Upon learning of this problem, I personally contacted AOPC to see if they could re-create the manual receipts to see if, when and who created them. I was contacted a couple days later by a technician, who stated that under the Legacy System, they could not retrieve the information that I had previously requested. Therefore my only answer to why these manual receipts could not be found, is that they were discarded (in error) by previous staff who are no longer employed at this Magisterial District Court.

In the future, I have instructed all employees of the importance to properly document and log the manual receipts to assure control over these documents in the hopes that the problem that occurred in the audit for January 1, 2007 through December 31, 2009 will not occur again.

Auditor's Conclusion

The missing receipts and corresponding logs were created during the current examination period. It could not be determined when the receipts became missing or if they were even issued. The Magisterial District Judge is responsible for implementing good internal controls within the office, which includes maintaining all manual receipts until audited by the Department of the Auditor General. During our next examination we will determine if the office complied with our recommendation.



DISTRICT COURT 42-3-01
BRADFORD COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2009

This report was initially distributed to:

The Honorable Daniel P. Meuser
Secretary
Pennsylvania Department of Revenue

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

The Honorable Jonathan Wilcox

Magisterial District Judge

The Honorable Mark W. Smith

Chairman of the Board of Commissioners

Ms. Mary Lou Vanderpool

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.