

ATTESTATION ENGAGEMENT

District Court 03-2-09
Northampton County, Pennsylvania
For the Period
January 1, 2011 to December 31, 2014

September 2016



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Independent Auditor's Report

The Honorable Eileen H. McNulty
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 03-2-09, Northampton County, Pennsylvania (District Court), for the period January 1, 2011 to December 31, 2014, 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*.

As discussed in Finding No. 1, there were paid traffic/non-traffic citations that were destroyed and not available for the examination. As a result of this issue, we could not perform our standard examination procedures. As such, the scope of our examination of the District Court's Statement was limited, and we were unable to satisfy ourselves by other examination procedures.

Independent Auditor's Report (Continued)

In our opinion, except for the effects, if any, of the matters noted in the preceding paragraph, 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 January 1, 2011 to December 31, 2014, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Statement; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the Statement. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. 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 internal control over reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.

Our consideration of internal control over reporting on the Statement was for the limited purpose of expressing an opinion on whether the Statement is presented in accordance with the criteria described above and was not designed to identify all deficiencies in internal control over reporting on the Statement that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies listed below to be material weaknesses.

- Failure To Follow *The Supreme Court Of Pennsylvania Administrative Office Of Pennsylvania Courts Record Retention & Disposition Schedule With Guidelines Procedures*.
- Civil Case Filing Fees Were Not Always Received and Deposited Timely.
- Inadequate Internal Controls Over Voided Receipts.

Independent Auditor's Report (Continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency listed below to be a significant deficiency.

- Inadequate Arrest Warrant And DL-38 Procedures.

As part of obtaining reasonable assurance about whether the Statement is free from material misstatement, we performed tests of the District Court's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion. 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.

We appreciate the courtesy extended by the District Court 03-2-09, Northampton County, to us during the course of our examination. If you have any questions, please feel free to contact Michael B. Kashishian, CPA, CGAP, CFE, Director, Bureau of County Audits, at 717-787-1363.



Eugene A. DePasquale
Auditor General

July 27, 2016

DISTRICT COURT 03-2-09
NORTHAMPTON COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2014

Receipts:

Department of Transportation		
Title 75 Fines	\$	402,450
Motor Carrier Road Tax Fines		113
Overweight Fines		4,415
Commercial Driver Fines		3,570
Littering Law Fines		1,688
Child Restraint Fines		3,537
Department of Revenue Court Costs		291,458
Crime Victims' Compensation Bureau Costs		18,296
Crime Commission Costs/Victim Witness Services Costs		13,051
Domestic Violence Costs		3,654
Department of Agriculture Fines		4,610
Emergency Medical Service Fines		118,584
CAT/MCARE Fund Surcharges		350,845
Judicial Computer System Fees		124,965
Access to Justice Fees		34,514
Criminal Justice Enhancement Account Fees		6,979
Judicial Computer Project Surcharges		34,299
Constable Service Surcharges		16,788
Miscellaneous State Fines and Costs		<u>103,650</u>
 Total receipts (Note 2)		 1,537,466
 Disbursements to Commonwealth (Note 3)		 <u>(1,537,466)</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, 2011 to December 31, 2014	 \$	 <u>-</u>

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

DISTRICT COURT 03-2-09
NORTHAMPTON COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2014

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	\$ 1,537,402
Department of Transportation	<u>64</u>
Total	<u>\$ 1,537,466</u>

4. Balance Due Commonwealth (District Court) For The Period January 1, 2011 To December 31, 2014

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 Judges Serving During Examination Period

Jacqueline M. Taschner served at District Court 03-2-09 for the period January 1, 2011 to December 31, 2014.

DISTRICT COURT 03-2-09
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2014

Finding No. 1 - Failure To Follow *The Supreme Court Of Pennsylvania Administrative Office Of Pennsylvania Courts Record Retention & Disposition Schedule With Guidelines Procedures*

Our examination disclosed that traffic/non-traffic citations paid between January 1, 2011 and December 31, 2011 were not available for examination and were destroyed in August 2015 by the district court without being in compliance with the procedures described in the *Supreme Court of Pennsylvania Administrative Office of Pennsylvania Courts Record Retention & Disposition Schedule with Guidelines* (Schedule).

The Schedule outlines the proper procedures for the destruction of non-permanent court records. Disposal request procedures include:

A request to destroy non-permanent scheduled records must be submitted by the record custodian requesting permission to dispose of the record(s) to the Record Retention Officer utilizing a Unified Judicial System Disposal Log for Non-Permanent Records form adopted by the AOPC as provided in Pa.R.J.A. No. 507. The Record Retention Officer shall review the Records Disposal Log Form for completeness and shall grant written permission to dispose of such non-permanent records upon ascertaining that the applicable retention period as set forth in the schedule has been met. Written approval from the AOPC is not necessary before destroying non-permanent records as identified in the schedule. A log of individual disposition actions involving non-permanent records must be maintained. Copies of the Records Disposal Log Form shall be submitted on an annual basis to the AOPC. (See §4.5 Form Retention)

Although the Schedule identifies traffic and non-traffic citations as records that may be destroyed after three years, the Schedule also states in part:

Records subject to audit must be retained for the periods listed in the schedule and must be audited and all findings resolved before such records may be destroyed. [Emphasis added.]

The failure to maintain these records resulted in an unclear examination trail. Additionally, collections associated with missing case files and documents could be lost or misappropriated.

DISTRICT COURT 03-2-09
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2014

Finding No. 1 - Failure To Follow *The Supreme Court Of Pennsylvania Administrative Office Of Pennsylvania Courts Record Retention & Disposition Schedule With Guidelines Procedures (Continued)*

The District Court stated that they destroyed these records because they thought that the records were already audited.

Recommendations

We recommend that the district court comply with the procedures listed in the Schedule. We further recommend that the district court not destroy citations until after they have been subject to examination by the Department of the Auditor General.

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

During our next examination, we will determine if the office complied with our recommendations.

DISTRICT COURT 03-2-09
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2014

Finding No 2 - Civil Case Filing Fees Were Not Always Received And Deposited Timely

Our examination of civil case procedures in the district court disclosed that civil case filing fees were not received or deposited at the time of filing. Of 15 filings tested, 12 were not received on the same day as the funds were received. The time lapse from the date of filing to the subsequent date of receipt ranged from two to 40 days.

The *Magisterial District Justice Automated Office Clerical Procedures Manual* (Manual) establishes the uniform written internal control policies and procedures for all district courts. The Manual states that:

In civil actions, the fees for filing and service of the complaint shall be paid at the time of filing, except as otherwise provided by law, i.e., proceedings in forma pauperis.

Good internal accounting controls require that all monies collected be recorded and deposited in the bank at the end of each day. Additionally, 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 or misappropriated.

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 civil case collections.

This condition existed because the district court failed to establish and implement an adequate system of internal controls over civil case collection procedures.

DISTRICT COURT 03-2-09
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2014

Finding No 2 - Civil Case Filing Fees Were Not Always Receipted And Deposited Timely
(Continued)

Recommendations

We recommend that the district court record and receipt all civil case filing fees at the time of filing as required in the Manual. We further recommend that the district court deposit all receipts at the end of each day as required by good internal accounting controls and the Manual.

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

During our next examination, we will determine if the office complied with our recommendations.

DISTRICT COURT 03-2-09
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2014

Finding No. 3 - Inadequate Internal Controls Over Voided Receipts

Our examination disclosed that voided receipt procedures were not always followed. We noted the following:

- One receipt that was originally recorded as a cash payment was voided and replaced with a receipt indicating that payment was made by check or money order. However, there were no checks or money orders deposited for this receipt.
- Two of 30 voided receipts that had no documentation as to the reason why the receipt was voided.

Good internal controls require that if a receipt must be voided, proper documentation is maintained with the case file to explain the reason for the void.

Without a good system of internal control over voided receipts made by the office, the potential is increased that funds could be lost, stolen, or misappropriated.

Adherence to the uniform internal control policies and procedures, as set forth in the *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual), would have ensured that there were adequate internal controls over collections and voided receipts.

Recommendations

We recommend that the district court implement procedures to ensure that voided receipt procedures required by the Manual are followed. Specifically, all voided receipts should be properly accounted for and maintained. All case files should have proper documentation explaining the reason for the voids.

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

During our next examination, we will determine if the office complied with our recommendations.

DISTRICT COURT 03-2-09
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2014

Finding No. 4 - 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 tested 72 instances in which a warrant was required to be issued. Our testing disclosed that 6 were not issued timely and 5 were not issued at all. The time of issuance ranged from 135 days to 544 days.

In addition, of 63 warrants required to be returned or recalled, 5 were not returned or recalled, and 26 were not returned timely. The time of issuance to the time of return ranged from 195 days to 554 days.

Furthermore, we tested 25 instances in which a DL-38 was required to be issued. Our testing disclosed that 8 were not issued timely and 1 was not issued at all. The time of issuance ranged from 65 days to 321 days.

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.

DISTRICT COURT 03-2-09
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2014

Finding No. 4 - Inadequate Arrest Warrant And DL-38 Procedures (Continued)

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.

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's 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.

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. §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).

DISTRICT COURT 03-2-09
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2014

Finding No. 4 - Inadequate Arrest Warrant And DL-38 Procedures (Continued)

In addition, 75 Pa.C. §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 could result in uncollected fines and unpunished offenders. Additionally, the risk is increased for funds to be lost or misappropriated.

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.

Recommendations

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. 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 recommended by the Manual.

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

During our next examination, we will determine if the office complied with our recommendations.

DISTRICT COURT 03-2-09
NORTHAMPTON COUNTY
SUMMARY OF PRIOR EXAMINATION RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2014

Summary Of Prior Examination Recommendation

During our prior examination, we recommended that the district court:

- Deposit all receipts at the end of each day as required by internal accounting controls and the *Magisterial District Judge Automated Office Clerical Procedures Manual*.

During our prior examination we found that the district court held cash in the office for approximately 800 days before depositing it in the bank, which differs from the current year finding regarding receipts. During our current examination, we noted that the office complied with our recommendation.

DISTRICT COURT 03-2-09
NORTHAMPTON COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2011 TO DECEMBER 31, 2014

This report was initially distributed to:

The Honorable Eileen H. McNulty
Secretary
Pennsylvania Department of Revenue

The Honorable Thomas B. Darr
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania
Administrative Office of Pennsylvania Courts

The Honorable Jacqueline M. Taschner
Magisterial District Judge

The Honorable Leonard (Scott) Parsons
County Council Member of the Board of Commissioners

The Honorable Stephen Barron
Controller

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