



**DISTRICT COURT 02-2-04
LANCASTER COUNTY
EXAMINATION REPORT
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2012**

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL



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EUGENE A. DePASQUALE
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 02-2-04, Lancaster County, Pennsylvania (District Court), for the period January 1, 2008 to December 31, 2012, 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 January 1, 2008 to December 31, 2012, 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 deficiencies described in the findings below to be significant deficiencies in internal control over the reporting on the Statement:

- Escrow Monies Not Always Disbursed Timely.
- Inadequate Arrest Warrant And DL-38 Procedures.

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. However, of the significant deficiencies described above, we consider the first bulleted deficiency 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.



September 23, 2013

EUGENE A. DEPASQUALE
Auditor General

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DISTRICT COURT 02-2-04
LANCASTER COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2012

Receipts:

Department of Transportation		
Title 75 Fines	\$	190,488
Motor Carrier Road Tax Fines		338
Commercial Driver Fines		1,000
Child Restraint Fines		1,105
Department of Revenue Court Costs		486,458
Crime Victims' Compensation Bureau Costs		63,546
Crime Commission Costs/Victim Witness Services Costs		45,781
Domestic Violence Costs		14,687
Department of Agriculture Fines		400
Emergency Medical Service Fines		56,260
CAT/MCARE Fund Surcharges		170,405
Judicial Computer System Fees		241,739
Access to Justice Fees		63,380
Criminal Justice Enhancement Account Fees		8,237
Judicial Computer Project Surcharges		37,522
Constable Service Surcharges		62,383
Miscellaneous State Fines and Costs		4,685
		<hr/>
Total receipts (Note 2)		1,448,414
Disbursements And Credits to Commonwealth (Note 3)		<hr/> <u>(1,448,414)</u>
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments		<hr/> -
Adjusted balance due Commonwealth (District Court) for the period January 1, 2008 to December 31, 2012	\$	<hr/> <hr/> <u>-</u>

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

DISTRICT COURT 02-2-04
LANCASTER COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2012

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 And Credits

Total disbursements are comprised as follows:

District Court checks issued to:

Department of Revenue	\$ 1,448,398
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Credit taken on the current examination for
the prior examination period:

January 1, 2005 to December 31, 2007	<u>16</u>
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Total	<u><u>\$ 1,448,414</u></u>
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2008 To December 31, 2012

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

5. Magisterial District Judge Serving During Examination Period

Janice Jimenez served at District Court 02-2-04 for the period January 1, 2008 to December 31, 2012.

DISTRICT COURT 02-2-04
LANCASTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2012

Finding No. 1 - Escrow Monies Not Always Disbursed Timely

Our examination of the undisbursed funds report indicated that escrow funds collected from October 4, 2011 to July 11, 2012, totaling \$663.00 were not disbursed as of December 31, 2012.

The district court's bank account is essentially an escrow account on behalf of the Commonwealth and other participating parties. The court collects bail, security for motor vehicle trials, and other funds that must be held in escrow until disposition of the case. Once a case has been disposed, funds held in escrow should be transferred to the appropriate account or disbursed immediately.

Good internal accounting controls require that funds be disbursed timely. The failure to follow this procedure could result in monies not being paid to whom they are due.

Without a good system of internal control over funds received by the office, the possibility of funds being lost or misappropriated increases significantly.

The district court failed to review the undisbursed funds report on a monthly basis and take appropriate action.

Recommendation

We recommend that the district court review the undisbursed funds report on a monthly basis and take appropriate action and disburse funds to whom they are due.

DISTRICT COURT 02-2-04
LANCASTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 1 - Escrow Monies Not Always Disbursed Timely (Continued)

Management's Response

The Magisterial District Judge responded as follows:

Collateral monies were occasionally not refunded timely due to office staff turnover, understaffing and office management turnover. During the time period in question, 2008 to 2012, Magisterial District Court 02-2-04 has had 21 different clerks, filling seven positions. We have had four separate, extended FMLA leaves, which left the office understaffed. One full-time position was left unfilled for over nine months. Many of the clerks who were working in the office at the time came from other Magisterial District Courts and were placed in the office by Court Administration. The clerks from other offices who were placed in MDJ 02-2-04 were accustomed to different procedures than are used in MDJ 02-2-04. The use of different office procedures led to the collateral on some cases not being refunded timely. There were also four different managers in charge during the time period of 2008-2012 due to retirement, medical leaves and promotions. During the turnover periods the new managers had to be trained and learn all of their new duties. Collateral money was not issued right away in these training periods. The multitude of different clerks in the office and office management turnover were factors beyond the Court's controls and led to collateral money not always being issued timely.

DISTRICT COURT 02-2-04
LANCASTER 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 tested 79 instances in which a warrant was required to be issued. Our testing disclosed that 15 were not issued timely. The time of issuance ranged from 63 days to 254 days.

Furthermore, we tested 19 instances in which a DL-38 was required to be issued. Our testing disclosed that six were not issued timely. The time of issuance ranged from 62 days to 121 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.

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 02-2-04
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FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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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 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.

DISTRICT COURT 02-2-04
LANCASTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2012

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:

Warrants and DL-38's were occasionally not issued timely due to the large case load of the office, staffing turnover and understaffing. The case load in 2008 was 13,592 cases. The case load in 2009 was 9,558 cases. The case load in 2010 was 10,037 cases. The case load for 2011 was 11,098 cases. The case load for 2012 was 10,376 cases. During the time period in question, 2008 to 2012, Magisterial District Court 02-2-04 has had 21 different clerks, filling seven positions. We have four separate, extended FMLA leaves, which left the office understaffed. One full-time position was left unfilled for over nine months. The large case load, staff turnover and understaffing made it impossible to issue warrants and DL-38's timely every time.

DISTRICT COURT 02-2-04
LANCASTER COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2012

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 Janice Jimenez	Magisterial District Judge
The Honorable Scott Martin	Chairperson of the Board of Commissioners
The Honorable Brian K. Hurter, CPA	Controller
Mr. Mark M. Dalton	District Court Administrator

This report is a matter of public record and is available online at <http://www.auditorgen.state.pa.us>. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@auditorgen.state.pa.us.