

# ATTESTATION ENGAGEMENT

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District Court 02-3-02  
Lancaster County, Pennsylvania  
For the Period  
January 1, 2016 to December 31, 2018

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April 2020



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 C. Daniel Hassell  
Secretary  
Pennsylvania Department of Revenue  
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 02-3-02, Lancaster County, Pennsylvania (District Court), for the period January 1, 2016 to December 31, 2018, pursuant to the requirements of Section 401(c) of *The Fiscal Code*, 72 P.S. § 401(c). The District Court's management is responsible for presenting this Statement in accordance with the criteria set forth in Note 1. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Statement is presented in accordance with the criteria described above, in all material respects. An examination involves performing procedures to obtain evidence about the statement of receipts and disbursements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the Statement, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, for the period January 1, 2016 to December 31, 2018, is presented in accordance with the criteria set forth in Note 1, in all material respects.

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 a certain deficiency in internal control that we consider to be a material weakness.

*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 deficiency listed below to be a material weakness:

- Inadequate Internal Controls Over Manual Receipts.

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*.

Independent Auditor's Report (Continued)

The purpose of this report is to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported and promptly remitted. This report is not suitable for any other purposes.

We appreciate the courtesy extended by the District Court 02-3-02, Lancaster County, to us during the course of our examination. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.



Eugene A. DePasquale  
Auditor General

April 3, 2020

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DISTRICT COURT 02-3-02  
LANCASTER COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2018

Receipts:

Department of Transportation		
Title 75 Fines	\$	450,988
Motor Carrier Road Tax Fines		2,023
Overweight Fines		13,954
Commercial Driver Fines		16,131
Littering Law Fines		575
Child Restraint Fines		2,855
Department of Revenue Court Costs		203,491
Crime Victims' Compensation Bureau Costs		14,914
Crime Commission Costs/Victim Witness Services Costs		10,739
Domestic Violence Costs		4,012
Department of Agriculture Fines		200
Emergency Medical Service Fines		98,499
CAT/MCARE Fund Surcharges		225,221
Judicial Computer System Fees		98,689
Access to Justice Fees		38,662
Criminal Justice Enhancement Account Fees		4,899
Judicial Computer Project Surcharges		85,445
Constable Service Surcharges		9,696
Miscellaneous State Fines and Costs		<u>325,849</u>
 Total receipts (Note 2)		 1,606,842
 Disbursements to Commonwealth (Note 3)		 <u>(1,606,842)</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, 2016 to December 31, 2018		 <u><u>\$ -</u></u>

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

DISTRICT COURT 02-3-02  
LANCASTER COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2018

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	<u>\$ 1,606,842</u>
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2016 To December 31, 2018

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

5. Magisterial District Judge Serving During Examination Period

B. Denise Commins served at District Court 02-3-02 for the period January 1, 2016 to December 31, 2018.

DISTRICT COURT 02-3-02  
LANCASTER COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2018

**Finding - Inadequate Internal Controls Over Manual Receipts**

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. During testing, we noted that there were 52 computer downtime manual receipts and the corresponding manual receipt logs could not be located and were not available for our examination.

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.

Good internal accounting controls ensure that computer downtime manual receipts and the associated manual receipt logs are accounted for and maintained.

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.

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



DISTRICT COURT 02-3-02  
LANCASTER COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2018

**Finding - Inadequate Internal Controls Over Manual Receipts (Continued)**

Recommendation

We recommend that the district court establish and implement an adequate system of internal controls over computer downtime manual receipts as noted above.

Management's Response

The Magisterial District Judge responded as follows:

Regarding the manual receipts, we were told at last audit to dispose of them and the old manual receipts were shredded. There is only one staff member still employed at the District Court who would have worked here at the last audit. Her recollection was that we were told to destroy them.

Auditor's Conclusion

As cited above, good internal controls ensure that computer downtime manual receipts and computer downtime manual receipt log sheets are accounted for and maintained in accordance to the minimum retention periods listed in the *Supreme Court of Pennsylvania Administrative Office of Pennsylvania Courts, Record Retention and Disposition Schedule with Guidelines* and until audited by the Department of the Auditor General. Regarding the disposal of the manual receipts, we do not provide courts with such guidance, and our review of documentation maintained for the prior examination confirms that there was not any guidance provided to dispose of manual receipts.

During our next examination, we will determine if the district court complied with our recommendation.

DISTRICT COURT 02-3-02  
LANCASTER COUNTY  
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2018

Summary Of Prior Examination Recommendations

During our prior examination, we recommended 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 recommended 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.

During our current examination, we noted that the district court complied with our recommendations.

DISTRICT COURT 02-3-02  
LANCASTER COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2018

This report was initially distributed to:

**The Honorable C. Daniel Hassell**  
Secretary  
Pennsylvania Department of Revenue

**The Honorable H. Geoffrey Moulton, Jr.**  
Court Administrator of Pennsylvania  
Supreme Court of Pennsylvania  
Administrative Office of Pennsylvania Courts

**The Honorable B. Denise Commins**  
Magisterial District Judge

**The Honorable Joshua G. Parsons**  
Chairperson of the Board of Commissioners

**The Honorable Brian Hurter**  
Controller

**Mr. Mark M. Dalton**  
District Court Administrator

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://www.PaAuditor.gov). Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: [news@PaAuditor.gov](mailto:news@PaAuditor.gov).