



**DISTRICT COURT 08-3-03
NORTHUMBERLAND COUNTY
EXAMINATION REPORT
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011**

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 08-3-03, Northumberland County, Pennsylvania (District Court), for the period January 1, 2009 to December 31, 2011, 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, 2009 to December 31, 2011, 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:

- Bank Deposit Slips Were Not Always Validated - Recurring.
- Missing Case Files.

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 all the significant deficiencies described above to be material weaknesses.

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.



March 1, 2013

EUGENE A. DEPASQUALE
Auditor General

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DISTRICT COURT 08-3-03
 NORTHUMBERLAND COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2009 TO DECEMBER 31, 2011

Receipts:

| | | |
|---|----|-----------------------|
| Department of Transportation | | |
| Title 75 Fines | \$ | 128,504 |
| Motor Carrier Road Tax Fines | | 178 |
| Commercial Driver Fines | | 3,500 |
| Littering Law Fines | | 838 |
| Child Restraint Fines | | 361 |
| Department of Revenue Court Costs | | 132,416 |
| Crime Victims' Compensation Bureau Costs | | 27,970 |
| Crime Commission Costs/Victim Witness Services Costs | | 20,185 |
| Domestic Violence Costs | | 8,052 |
| Department of Agriculture Fines | | 692 |
| Emergency Medical Service Fines | | 38,914 |
| CAT/MCARE Fund Surcharges | | 114,850 |
| Judicial Computer System Fees | | 56,431 |
| Access to Justice Fees | | 15,484 |
| Criminal Justice Enhancement Account Fees | | 3,304 |
| Judicial Computer Project Surcharges | | 15,052 |
| Constable Service Surcharges | | 7,562 |
| Miscellaneous State Fines | | 5,301 |
| | | <hr/> |
| Total receipts (Note 2) | | 579,594 |
| Disbursements to Commonwealth (Note 3) | | <hr/> (579,594) <hr/> |
| Balance due Commonwealth (District Court) per settled reports (Note 4) | | - |
| Examination adjustments | | <hr/> - |
| Adjusted balance due Commonwealth (District Court) for the period January 1, 2009 to December 31, 2011 | \$ | <hr/> <hr/> - |

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

DISTRICT COURT 08-3-03
NORTHUMBERLAND COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

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>579,594</u> |
|-----------------------|-------------------|

4. Balance Due Commonwealth (District Court) For The Period January 1, 2009 To December 31, 2011

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

5. Magisterial District Judge Serving During Examination Period

John Gembic served at District Court 08-3-03 for the period January 1, 2009 to December 31, 2011.

DISTRICT COURT 08-3-03
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

Finding No. 1 - Bank Deposit Slips Were Not Always Validated - Recurring

Our examination of the district court's accounting records disclosed that the office copy of the bank deposit slip was not validated by the bank in 13 of the 45 deposits tested. The district court received a validated receipt from the bank, but this only confirmed the total amount deposited and not the actual make up of the deposit (i.e. cash and check mix).

Good internal accounting controls require that the amount of each check and the total amount of cash deposited are identified on the deposit slip. The office copy of each deposit should be brought to the bank to be validated. If the bank cannot validate the deposit slip, the office should obtain a deposit ticket from the bank that validates total cash and the total deposit. After the office receives the validation from the bank, it should be reconciled to the receipts by someone other than the person preparing or making the deposit.

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

This condition was cited in the prior examination for the period ending December 31, 2008.

Recommendation

We again recommend that the office obtain a validation from the bank as to the mix of cash and checks deposited. We further recommend that the validation is reconciled to receipts by someone other than the person preparing or making the deposit.

Management's Response

The Magisterial District Judge responded as follows:

Deposit slips were not properly validated by the bank: Response by 08-3-03: This has been an ongoing issue. My staff when making deposits attach a sticky note on each deposit reminding the bank personnel to validate the receipt. I've personally spoken to the bank personnel of the importance of validating our deposit slips. Since this audit the state auditor spoke with the bank personnel again pertaining to the importance of validating the receipts. Two weeks after the state auditor spoke to my bank, the bank had failed three times to validate the receipts. This same issue arose with my last audit. I again did everything in my power to have the bank validate the receipts. The bank continued not to validate the receipts so I was forced to change banks. I will continue my effort to have this bank validate the receipts, but if they fail I'm not sure what my next step will

DISTRICT COURT 08-3-03
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FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 1 - Bank Deposit Slips Were Not Always Validated – Recurring (Continued)

Management's Response (Continued)

be due to the fact that I have no other banks in my area where I will be able to do my Magisterial District Judge Office Account.

Auditor's Conclusion

We appreciate the office's effort to take corrective action. During our next examination we will determine if the office complied with our recommendation.

DISTRICT COURT 08-3-03
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 2 - Missing Case Files

Our examination of the district court required that certain case files be examined. We encountered considerable difficulty in finding a number of case files. There were 7 out of 118 case files needed for testing that could not be located.

In order for an entity to have an efficient record-keeping system, each court document must be filed timely and properly. Additionally, the *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual) outlines the proper filing procedures for all district courts to follow.

The failure to follow these guidelines could result in case file documents being lost, misfiled, or intentionally destroyed. Additionally, collections associated with missing case files and documents could be 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 case files.

Recommendation

We recommend that the district court initiate procedures to ensure that all cases are properly filed and contain appropriate documents as outlined in the Manual.

Management's Response

The Magisterial District Judge responded as follows:

The files missing were closed. Because of my office storage record space, the files were misplaced. Our office is currently disposing of old files that were approved to be destroyed. Our county has approved a company to do the disposal. With the old files removed from our limited office space, it will give us the proper room to store current and older files, making it easier to access and locate them.

DISTRICT COURT 08-3-03
NORTHUMBERLAND COUNTY
OBSERVATION
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

Observation - Improper Assessment of Costs

Our examinations of the Northumberland County District Courts revealed that the courts were assessing a \$15 flat rate postage fee on civil cases and summary citations sent via certified mail as outlined and authorized in an Administrative Order signed on December 31, 2003.

Because the *Judicial Code* (42 Pa.C.S.A. § 1725.1) provides an itemized list of expenses to be paid for the various causes of action, and it carves out exceptions for the postage costs and which party shall pay the postage costs, Northumberland County should be charging the proper party with actual postage costs, and not a blanket postage charge of \$15 to defendants. Actual postage costs are known the moment documents are mailed and, therefore, are easily attainable and billable to the proper party to a cause of action.

This condition was cited in the prior examination for the period ending December 31, 2008.

Recommendation

We again strongly recommend that Northumberland County District Courts assess postage fees as intended by the appropriate state statutes.

Management's Response

The Magisterial District Judge responded as follows:

The volume of cases would make it extremely difficult to charge actual costs. Labor costs of implementing this actual postage policy would far exceed the difference, if any, between actual and flat rate postage. All Magisterial District Courts in Northumberland County follow a judicial order to use flat rate postage.

Auditor's Conclusion

This is a recurring observation. We strongly recommend that the district court comply with our recommendation.

DISTRICT COURT 08-3-03
NORTHUMBERLAND COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2011

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 John Gembic | Magisterial District Judge |
| The Honorable Vinny Clausi | Chairperson of the Board of Commissioners |
| The Honorable Anthony Phillips | Controller |
| Brandy L. Yasenchak, Esquire | 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.