

ATTESTATION ENGAGEMENT

District Court 08-3-03
Northumberland County, Pennsylvania
For the Period
January 1, 2015 to December 31, 2018

November 2019



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 08-3-03, Northumberland County, Pennsylvania (District Court), for the period January 1, 2015 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, 2015 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 certain deficiencies in internal control that we consider to be material weaknesses.

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:

- Escrow Monies Not Always Disbursed Timely - Recurring.
- Missing Case Files.

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 first examination finding contained in this report cites conditions that existed in the operation of the District Court during the previous engagement period and were not corrected during the current examination period. The District Court should strive to implement the recommendations and corrective actions noted in this report.

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 08-3-03, Northumberland 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.

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale", with a long horizontal flourish extending to the right.

Eugene A. DePasquale
Auditor General

September 16, 2019

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DISTRICT COURT 08-3-03
NORTHUMBERLAND COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2018

Receipts:

Department of Transportation	
Title 75 Fines	\$ 209,269
Motor Carrier Road Tax Fines	112
Littering Law Fines	378
Child Restraint Fines	1,847
Department of Revenue Court Costs	160,320
Crime Victims' Compensation Bureau Costs	23,221
Crime Commission Costs/Victim Witness Services Costs	16,615
Domestic Violence Costs	5,921
Department of Agriculture Fines	8,233
Emergency Medical Service Fines	52,288
CAT/MCARE Fund Surcharges	133,857
Judicial Computer System Fees	78,591
Access to Justice Fees	31,292
Criminal Justice Enhancement Account Fees	7,240
Judicial Computer Project Surcharges	85,347
Constable Service Surcharges	10,629
Miscellaneous State Fines and Costs	210,422
	<hr/>
Total receipts (Note 2)	1,035,582
Disbursements to Commonwealth (Note 3)	<hr/> (1,035,582)
Balance due Commonwealth (District Court) per settled reports (Note 4)	-
Examination adjustments	<hr/> -
Adjusted balance due Commonwealth (District Court) for the period January 1, 2015 to December 31, 2018	<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, 2015 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>1,035,582</u>
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2015 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

John Gembic served at District Court 08-3-03 for the period January 1, 2015 to December 31, 2018.

DISTRICT COURT 08-3-03
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2018

Finding No. 1 - Escrow Monies Not Always Disbursed Timely - Recurring

We cited the issue of escrow monies not always disbursed timely in the prior examination for the period January 1, 2012 to December 31, 2014. Our current examination found that the district court did not correct this issue.

Our examination of the undisbursed funds report indicated that escrow funds collected from January 30, 2014 to May 10, 2018, totaling \$2,731.20, were not disbursed as of December 31, 2018.

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.

This condition existed because the district court failed to review the undisbursed funds report on a monthly basis and take appropriate action as recommended in the prior examination report.

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.

Recommendations

We strongly 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. Additionally, we recommend the judge review, initial and date the undisbursed funds report to ensure proper accountability over escrow funds.

Management's Response

The Magisterial District Judge responded as follows:

My office has already addressed this issue and has corrected this minor deficiency.

Auditor's Conclusion

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

DISTRICT COURT 08-3-03
NORTHUMBERLAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2018

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 21 out of 147 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.

This condition existed because the district court failed to establish and implement an adequate system of internal controls over the accountability of 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:

Due to my heavily increasing case load, without any increase in my office staff and the fact that I have my old files stacked everywhere including in my court room, at the time of my audit, my office staff could not locate some of the older files requested. I'm certain these electronically completed and properly closed out files lay beneath one of the large stacks of paperwork in my office and are awaiting an order of destruction. We have requested that my current office gets relocated into a larger area that is more suitable for the case load that my office currently has. If my office does move, I will also request additional filing cabinets so that I don't have to store the old files in boxes. I'm confident in the future, this issue will be corrected.

Auditor's Conclusion

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

DISTRICT COURT 08-3-03
NORTHUMBERLAND COUNTY
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2018

Summary Of Prior Examination Recommendations

During our prior examination, we recommended the district court:

- Establish and implement an adequate system of internal control over retaining supporting documentation in all Jail Time Compensation cases. This includes ensuring that the original authenticating signature for all Jail Time Compensation credits is documented on each citation.
- Establish and implement an adequate system of internal control over retaining supporting documentation in all Community Service cases. This includes ensuring that the original authenticating signature for all community service credits is documented on each citation.
- Review the undisbursed funds report on a monthly basis and take appropriate action and disburse funds to whom they are due. Additionally, we recommend that the Judge review, initial and date the undisbursed funds report to ensure proper accountability over escrow funds.

During our current examination, we noted that the office complied with our first two bulleted recommendations. However, the office did not comply with our third bulleted recommendation. Please see Finding No. 1 for additional information.

DISTRICT COURT 08-3-03
NORTHUMBERLAND COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2018

This report was initially distributed to:

The Honorable C. Daniel Hassell
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 John Gembic
Magisterial District Judge

The Honorable Richard J. Shoch
Chairperson of the Board of Commissioners

The Honorable Chris Grayson
Controller

Mr. Kevin F. O'Hearn
District Court Administrator

This report is a matter of public record and is available online at 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.