

COMPLIANCE AUDIT

District Court 11-3-02
Luzerne County, Pennsylvania
For the Period
January 1, 2018 to December 31, 2021

May 2023



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Pat Browne
Acting Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have conducted a compliance audit of the District Court 11-3-02, Luzerne County, Pennsylvania (District Court), for the period January 1, 2018 to December 31, 2021, pursuant to the requirements of Section 401(c) of *The Fiscal Code*, 72 P.S. § 401(c).

The objective of the audit was to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted and to provide a report to the Department of Revenue to allow the Department of Revenue to state and settle the District Court's account. Our audit was limited to areas related to the objective identified above and was not conducted, nor was it required to be, in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

The District Court is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted. The District Court is also responsible for complying with those laws and regulations. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that our audit provides a reasonable basis for our conclusions.

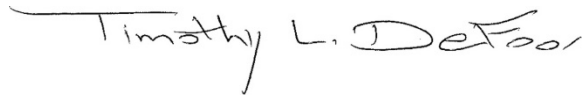
Based on our audit procedures, we conclude that, for the period January 1, 2018 to December 31, 2021, the District Court, in all significant respects, complied with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted, except as noted in the finding listed below and discussed later in this report:

- Inadequate Internal Controls Over The Bank Account.

This report includes a summary of the District Court's receipts and disbursements of funds collected on behalf of the Commonwealth (summary). We obtained data representing the District Court's receipts and disbursements from the Pennsylvania Department of Revenue, which obtains data from each of the Commonwealth's district courts and used the data to create the summary in the format required by the Department of Revenue. We also evaluated the accuracy of the data as part of our audit to conclude on the District Court's compliance with certain state laws and regulations as described in the previous paragraph. Any adjustments that we considered necessary based on our audit work are disclosed in the *Audit Adjustments* line of the summary; however, the scope of our audit does not include the issuance of an opinion on the accuracy of the amounts reported in the summary.

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.

The contents of this report were discussed with the management of the District Court and, where appropriate, their response has been included in the report. We appreciate the courtesy extended by the District Court 11-3-02, Luzerne County, to us during the course of our audit. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a horizontal line extending to the left of the first name.

Timothy L. DeFoor
Auditor General
March 15, 2023

CONTENTS

	<u>Page</u>
Background	1
Summary Of Receipts And Disbursements	2
Finding And Recommendation:	
Finding - Inadequate Internal Controls Over The Bank Account	3
Report Distribution	5

DISTRICT COURT 11-3-02
LUZERNE COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2021

The Department of Auditor General is mandated by Article IV, Section 401(c) of *The Fiscal Code* (Act of April 9, 1929, P.L.343, No. 176), 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.

District Court 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.

Total disbursements during the audit period are comprised as follows:

District Court checks issued to:

Department of Revenue	<u>\$ 1,036,746</u>
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This balance reflects the summary of monthly transmittal reports as settled by the Department of Revenue.

Donald L. Whittaker served at District Court 11-3-02 for the period January 1, 2018 to December 31, 2021.

The summary of receipts and disbursements on the following page 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 summary 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.

DISTRICT COURT 11-3-02
 LUZERNE COUNTY
 SUMMARY OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2018 TO DECEMBER 31, 2021

Receipts:

Department of Transportation	
Title 75 Fines	\$ 197,969
Commercial Driver Fines	525
Littering Law Fines	899
Child Restraint Fines	1,355
Department of Revenue Court Costs	196,346
Crime Victims' Compensation Bureau Costs	22,258
Crime Commission Costs/Victim Witness Services Costs	16,091
Domestic Violence Costs	5,877
Department of Agriculture Fines	3,093
Emergency Medical Service Fines	55,581
CAT/MCARE Fund Surcharges	157,145
Judicial Computer System Fees	73,107
Access to Justice Fees	42,963
Criminal Justice Enhancement Account Fees	9,716
Judicial Computer Project Surcharges	130,697
Constable Service Surcharges	14,170
Miscellaneous State Fines and Costs	<u>108,944</u>
Total receipts	1,036,736
Disbursements to Commonwealth	<u>(1,036,746)</u>
Balance due Commonwealth (District Court) per settled reports	(10)
Audit adjustments	<u>-</u>
Adjusted balance due Commonwealth (District Court) for the period January 1, 2018 to December 31, 2021	<u>\$ (10)</u>

DISTRICT COURT 11-3-02
LUZERNE COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2021

Finding - Inadequate Internal Controls Over The Bank Account

Our audit of the accounting records for the office disclosed the following deficiencies in the internal controls over the bank account:

- There were two outstanding credits from 2019 and 2020 and a bank deposit from November 24, 2021 that cleared the bank account that were not reconciled on the bank statement as of the end of the audit period.
- There are two electronic deposits from May 2019 and April 2020 that were still outstanding as of the end of the audit period.
- There were \$73.53 in banking fees from February of 2021 and three outstanding deposit adjustments from 2018 and 2020 that remain outstanding as of the end of the audit period.

A good system of internal controls ensures that:

- All deposits are reconciled to the bank statement on a monthly basis.
- Any deposits that do not appear on the monthly bank statement are immediately investigated and resolved.
- All banking fees and deposit adjustments are reconciled on a monthly basis.

Without a good system of internal controls over the bank account, the possibility of funds being lost or misappropriated increases significantly.

These conditions existed because the office failed to establish adequate internal controls over its bank account.

DISTRICT COURT 11-3-02
LUZERNE COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2021

Finding - Inadequate Internal Controls Over The Bank Account (Continued)

Recommendation

We recommend that the office establish and implement an adequate system of internal controls over the bank account as noted above.

Management's Response

The District Court Administrator responded as follows:

Court Administration and the MDJ have been briefed on the audit finding and recognize the importance of imposing corrective actions. The District Court Administrator and the MDJ will be meeting with staff to provide an overview of the findings within the next week. It is our intent to provide staff with copies of the Magisterial District Court Guide for Audits and Internal Control Procedures and remind them of the importance of following those guidelines and procedures. We also intend to recommend based on our discussion with staff, training opportunities available through AOPC. Working with AOPC MDJS Training, arrangements are already underway to identify which training modules may be most beneficial to staff and the MDJ. In addition, Court Administration will provide the District Court with assistance from other MDJ District offices for future questions or concerns regarding best practices and procedures. Court Administration will work with the MDJ and monitor progress of these actions to ensure future compliance with accepted standards.

Auditor's Conclusion

We appreciate the office's effort to correct this issue. During our next audit, we will determine if the district court complied with our recommendation.

DISTRICT COURT 11-3-02
LUZERNE COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2021

This report was initially distributed to:

Pat Browne
Acting 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 Donald L. Whittaker
Magisterial District Judge

The Honorable Kendra Radle
Chairperson of County Council

The Honorable Walter Griffith, Jr.
Controller

Mr. Paul Hindmarsh
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.