

ATTESTATION ENGAGEMENT

District Court 12-1-05
Dauphin County, Pennsylvania
For the Period
January 1, 2015 to December 31, 2017

January 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 12-1-05, Dauphin County, Pennsylvania (District Court), for the period January 1, 2015 to December 31, 2017, 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, 2017, 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 a material weakness or a significant deficiency.

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.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency listed below to be a significant deficiency:

- Inadequate Arrest Warrant Procedures - Recurring.

Independent Auditor's Report (Continued)

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*

The second examination finding contained in this report cites conditions that existed in the operation of the District Court during two previous engagement periods and were not corrected during the current examination period. The District Court must 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 12-1-05, Dauphin 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.



Eugene A. DePasquale
Auditor General

January 11, 2019

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DISTRICT COURT 12-1-05
DAUPHIN COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2017

Receipts:

Department of Transportation	
Title 75 Fines	\$ 66,927
Motor Carrier Road Tax Fines	100
Child Restraint Fines	707
Department of Revenue Court Costs	162,577
Crime Victims' Compensation Bureau Costs	12,406
Crime Commission Costs/Victim Witness Services Costs	9,010
Domestic Violence Costs	3,401
Emergency Medical Service Fines	10,527
CAT/MCARE Fund Surcharges	38,597
Judicial Computer System Fees	55,873
Access to Justice Fees	20,752
Criminal Justice Enhancement Account Fees	7,407
Judicial Computer Project Surcharges	68,900
Constable Service Surcharges	22,916
Miscellaneous State Fines and Costs	17,449
	<hr/>
Total receipts (Note 2)	497,549
Disbursements to Commonwealth (Note 3)	<hr/> (497,549)
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, 2017	<hr/> \$ - <hr/>

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

DISTRICT COURT 12-1-05
DAUPHIN COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2017

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>497,549</u>
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2015 To December 31, 2017

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

5. Magisterial District Judge Serving During Examination Period

George A. Zozos served at District Court 12-1-05 for the period January 1, 2015 to December 31, 2017.

DISTRICT COURT 12-1-05
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2017

Finding No. 1 - 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 there were 20 computer downtime manual receipts and the corresponding log sheet that 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 payments are accepted. 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 log sheets 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 12-1-05
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2017

Finding No. 1 - 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 Deputy District Court Administrator responded as follows:

During the examination period it was discovered that Computer Downtime Manual Receipts could not be located even though the system shows that a batch has been printed. It should be noted that the examination period for this audit was under an MDJ and Office Manager that have both since retired. The new Office Manager (and her fill in while she is out with a medical leave) have looked throughout the office to locate the manual receipts with no success. During the exit conference, we discussed two options; 1. Printing a batch and making sure they are located in a secure location and 2. Since it is not a requirement to have manual receipts on hand, to just do without them and handle any computer downtime issues by not accepting payments and directing people to come back the next day to record their payment.

A final decision has not been made, but if we do run a new batch of receipts they will be kept in a secure location, logged appropriately and entered into the system when it is back online as required.

Auditor's Conclusion

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

DISTRICT COURT 12-1-05
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2017

Finding No. 2 - Inadequate Arrest Warrant Procedures - Recurring

We cited this issue of inadequate arrest warrant procedures in our last two examination reports with the most recent being for the period January 1, 2010 to December 31, 2014. Our current examination finds that the district court did not correct this issue. Warrants 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.

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 47 instances in which a warrant was required to be issued. Our testing disclosed that 11 were not issued timely and five were not issued at all. The time of issuance ranged from 62 days to 409 days.

In addition, of 41 warrants required to be returned or recalled, 17 were not returned or recalled, and nine were not returned timely. The time of issuance to the time of return ranged from 196 days to 910 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. 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. 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.
- A guilty disposition is recorded and a previously deposited collateral payment, when applied, does not pay the case balance in full.

DISTRICT COURT 12-1-05
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2017

Finding No. 2 - Inadequate Arrest Warrant Procedures - Recurring (Continued)

- 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.

Warrant Return Procedures: The Manual states that the Administrative Office of Pennsylvania Courts (AOPC) recommends that those in possession of arrest warrants should be notified to return warrants that have not been served. For summary traffic and non-traffic cases, outstanding warrants should be returned to the Magisterial District Judge's office within 60 days (120 days effective December 2016) of issuance. Returned warrants can either be recorded in the Magisterial District Judge System (MDJS) as unserved, if the defendant is unable to be located; or they can be recalled for reissue, if the server has not exhausted all means of finding the defendant.

Furthermore, all returned warrants should be included in the case file and available for review.

The failure to follow warrant procedures could result in uncollected fines and unpunished offenders. Additionally, the risk is increased for funds to be lost or misappropriated.

This condition existed because the district court failed to review the tickler reports for warrants daily as recommended in the two prior examination reports. 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.

Recommendations

We strongly recommend that the district court review the tickler reports for warrants daily and take appropriate action as required by the Manual. We further recommend that the court review warrant control reports and notify police or other officials to return warrants that are unserved for 60 days (120 days as of December 2016) for summary traffic and non-traffic cases as recommended by the Manual.

DISTRICT COURT 12-1-05
DAUPHIN COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2017

Finding No. 2 - Inadequate Arrest Warrant Procedures - Recurring (Continued)

Management's Response

The Deputy District Court Administrator responded as follows:

Employees have been directed to monitor and maintain the warrant lists (Issue and Return) and take appropriate action as needed per the timelines recommended by the AOPC. The new Magisterial District Judge and Office Manager in this court have been actively monitoring reports that show the length of time that a warrant is in possession of a constable and are taking appropriate actions within the AOPC's recommended timeframes to provide proper control over warrants.

Our only concern is that during the exit conference it was discussed that warrants which eventually get issued to police departments now fall under the same guidelines as warrants issued to constables. With all due respect, our stance is that this is potentially going to cause a number of issues with local police departments and adds unnecessary work to the MDJ staff that are already devoting a lot of time to warrant management. We are not in total agreement with this policy.

Auditor's Conclusion

We acknowledge the district court's concerns regarding warrants issued to police departments. It is the responsibility of the district court to ensure that there is proper control over all warrants issued; whether they are issued to constable or police departments. This is a recurring finding. It is imperative that the district court take all steps necessary to comply with our recommendations. This significant deficiency could result in uncollected fines and unpunished offenders and increase the risk of funds to be lost or misappropriated. During our next examination, we will determine if the district court complied with our recommendations.

DISTRICT COURT 12-1-05
DAUPHIN COUNTY
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2017

Summary Of Prior Examination Recommendations

During our prior examination, we recommended that the office:

- Initiate procedures to ensure that all cases are properly filed and contain appropriate documents as outlined in the *Magisterial District Judge Automated Office Clerical Procedures Manual*.
- Implement procedures to ensure that voided receipt procedures required by the *Magisterial District Judge Automated Office Clerical Procedures Manual* are followed. Specifically, all voided receipts should be properly accounted for and maintained. All case files should contain proper documentation explaining the reason for the voids.
- Review the tickler reports for warrants daily and take appropriate action as required by the *Magisterial District Judge Automated Office Clerical Procedures Manual*. We further recommended that the court review warrant control reports and notify police and other officials to return warrants that have been unserved for 60 days for summary traffic and non-traffic cases as recommended by the *Magisterial District Judge Automated Office Clerical Procedures Manual*.

During our current examination, we noted that the office complied with the first and second bulleted recommendations. However, the office did not comply with our third bulleted recommendation. Please see the current year Finding No. 2 for additional information.

DISTRICT COURT 12-1-05
DAUPHIN COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2017

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 Hanif L. Johnson, Sr.
Magisterial District Judge

The Honorable Jeff Haste
Chairman of the Board of Commissioners

The Honorable Timothy DeFoor
Controller

Deborah S. Freeman, Esquire
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.