ATTESTATION ENGAGEMENT

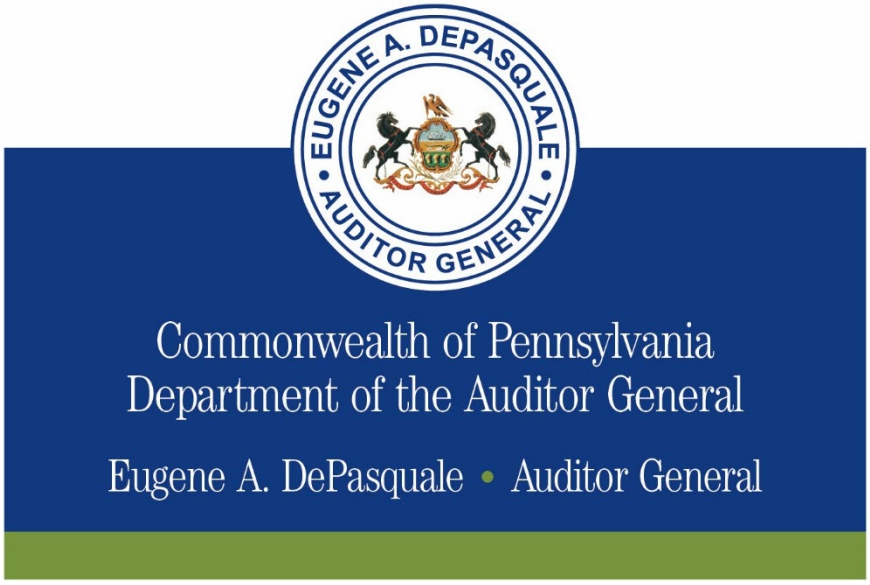
District Court 15-1-05

Chester County, Pennsylvania

For the Period

January 1, 2014 to December 31, 2017

March 2019



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov

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 15-1-05, Chester County, Pennsylvania (District Court), for the period January 1, 2014 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*.

In our opinion, the Statement referred to above, for the period January 1, 2014 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.

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. 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.

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. Given these limitations, during our engagement we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the finding listed below, that we consider to be a significant deficiency:

- Inadequate Arrest Warrant Procedures.

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 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 15-1-05, Chester 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.

March 7, 2019

Eugene A. DePasquale
Auditor General

CONTENTS

Page

Financial Section:

Statement Of Receipts And Disbursements....1

Notes To The Statement Of Receipts And Disbursements....2

Finding And Recommendation:

Finding - Inadequate Arrest Warrant Procedures....3

Report Distribution....5

DISTRICT COURT 15-1-05
CHESTER COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2017

Receipts:

Department of Transportation		
Title 75 Fines	$	238,905
Motor Carrier Road Tax Fines		100
Overweight Fines		4,527
Littering Law Fines		840
Child Restraint Fines		3,192
Department of Revenue Court Costs		189,375
Crime Victims' Compensation Bureau Costs		19,260
Crime Commission Costs/Victim Witness Services Costs		13,758
Domestic Violence Costs		5,365
Emergency Medical Service Fines		59,469
CAT/MCARE Fund Surcharges		171,490
Judicial Computer System Fees		90,543
Access to Justice Fees		27,974
Criminal Justice Enhancement Account Fees		6,174
Judicial Computer Project Surcharges		53,920
Constable Service Surcharges		15,297
Miscellaneous State Fines and Costs		190,488
Total receipts (Note 2)		1,090,677
Disbursements to Commonwealth (Note 3)		(1,090,677)
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments		-
Adjusted balance due Commonwealth (District Court) for the period January 1, 2014 to December 31, 2017	$	-

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

DISTRICT COURT 15-1-05
CHESTER COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2014 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	$ 1,090,677

4. Balance Due Commonwealth (District Court) For The Period January 1, 2014 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

Grover E. Koon served at District Court 15-1-05 for the period January 1, 2014 to December 31, 2017.

Finding - Inadequate Arrest Warrant Procedures

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 ensure warrants were returned when required. We tested 52 instances in which a warrant was required to be returned or recalled. Our testing disclosed that 21 were not returned or recalled, and 14 were not returned timely. The time of issuance to the time of return ranged from 223 days to 1,189 days.

The Manual establishes the uniform written internal control policies and procedures for all district courts.

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.

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.

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.

Recommendation

We 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.

Finding - Inadequate Arrest Warrant Procedures (Continued)

Management's Response

The Magisterial District Judge responded as follows:

> District Court 15-1-05 is staffed by four full time clerks, one part time clerk and six constables. The administrative order #6-2017 mandates that the warrants must be re-called after 120 days and can be re-issued to the same constable or at the discretion of the Judge to determine what is impractical and inefficient. However, the current process is the warrant must be initially re-called prior to the Judge's decision. Only then can the warrant be re-issued to the same constable. With that, it is economically impractical for the budgets of the courts to re-issue as it causes a very large budgetary concern with the amount of paper that is used.
>
> Even if the Judge's decision that it's impractical and inefficient to re-call and re-issue to the same constable, it is only impractical and inefficient if the decision is to re-call for the purpose of triple zeroing the warrant(s).

Auditor's Conclusion

Although we recognize the district court's concerns as stated above, it is imperative that warrants are returned or recalled timely to ensure that all warrants are properly accounted for and maintained. The failure to follow warrant procedures could result in uncollected fines and unpunished offenders. During our next examination, we will determine if the district court complied with our recommendation.

DISTRICT COURT 15-1-05
CHESTER COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2014 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 Grover E. Koon
Magisterial District Judge

The Honorable Michelle H. Kichline
Chairperson of the Board of Commissioners

The Honorable Margaret Reif
Controller

Ms. Patricia L. Norwood-Foden
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.