

ATTESTATION ENGAGEMENT

District Court 17-3-01
Union County, Pennsylvania
For the Period
January 1, 2013 to December 31, 2015

September 2017



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 17-3-01, Union County, Pennsylvania (District Court), for the period January 1, 2013 to December 31, 2015, 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, 2013 to December 31, 2015, 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 a certain deficiency in internal control that we consider to be a material weakness.

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.

- Receipts Were Not Always Deposited On The Same Day As Collected - Recurring.

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)

We are concerned that the District Court failed to correct a previously reported finding regarding inadequate internal controls over receipts. These deficiencies increase the risk for funds to be lost or misappropriated. The District Court should strive to implement the recommendation and corrective action 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 17-3-01, Union 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

August 8, 2017

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DISTRICT COURT 17-3-01
 UNION COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2013 TO DECEMBER 31, 2015

Receipts:

Department of Transportation		
Title 75 Fines	\$	185,503
Motor Carrier Road Tax Fines		375
Overweight Fines		1,063
Commercial Driver Fines		11,656
Littering Law Fines		200
Child Restraint Fines		982
Department of Revenue Court Costs		133,489
Crime Victims' Compensation Bureau Costs		29,706
Crime Commission Costs/Victim Witness Services Costs		20,935
Domestic Violence Costs		7,930
Department of Agriculture Fines		1,120
Emergency Medical Service Fines		54,174
CAT/MCARE Fund Surcharges		172,420
Judicial Computer System Fees		64,878
Access to Justice Fees		19,759
Criminal Justice Enhancement Account Fees		5,831
Judicial Computer Project Surcharges		37,310
Constable Service Surcharges		153
Miscellaneous State Fines and Costs		<u>72,397</u>
 Total receipts (Note 2)		 819,881
 Disbursements to Commonwealth (Note 3)		 <u>(819,881)</u>
 Balance due Commonwealth (District Court) per settled reports (Note 4)		 -
 Examination adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (District Court) for the period January 1, 2013 to December 31, 2015		 <u><u>\$ -</u></u>

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

DISTRICT COURT 17-3-01
UNION COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2015

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	\$ 819,881
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2013 To December 31, 2015

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

5. Magisterial District Judge Serving During Examination Period

Leo S. Armbruster served at District Court 17-3-01 for the period January 1, 2013 to December 31, 2015.

DISTRICT COURT 17-3-01
UNION COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2015

**Finding - Receipts Were Not Always Deposited On The Same Day As Collected -
Recurring**

We cited the issue of receipts not deposited the same day as collected in the prior examination. Our current examination found that the office did not correct this issue.

Our examination disclosed that receipts were not always deposited on the same day as collected. Of 45 receipts tested, 26 were not deposited on the same day as collected. The time lapse from the date of receipt to the subsequent date of deposit ranged from one day to six days. Additionally, we found that the court held cash in excess of \$500 on 3 of 45 days tested.

This condition existed because the district court failed to establish and implement an adequate system of internal controls over receipts as recommended in the prior examination report.

Good internal accounting controls require that all monies collected be deposited in the bank at the end of every day. 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:

All money, including partial payments received by the Magisterial District Judge office (e.g. cash, checks, and money orders), must be deposited in the bank at the end of every business day. A bank night depository may be used by all (night) courts as well as by any court that cannot get to the bank during banking hours. Money should not be taken home, left in the office overnight, or unattended. The Daily Cash Balancing procedure must be completed every day.

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

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 collections.

Recommendation

We strongly recommend that the district court deposit all receipts at the end of each day as required by good internal accounting controls and the Manual.

DISTRICT COURT 17-3-01
UNION COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2015

**Finding - Receipts Were Not Always Deposited On The Same Day As Collected -
Recurring (Continued)**

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

This is a recurring finding. It is imperative that the district court take all steps necessary to comply with our recommendation. During our next examination, we will determine if the office complied with our recommendation.

DISTRICT COURT 17-3-01
UNION COUNTY
SUMMARY OF PRIOR EXAMINATION RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2015

Summary of Prior Examination Recommendation

During our prior examination, we recommended that the office:

- Deposit all receipts at the end of each day as required by good internal accounting controls and the *Magisterial District Judge Automated Office Clerical Procedures Manual*.

During our current examination, we found that the office did not comply with our bulleted recommendation. Please see the current year finding for additional information.

DISTRICT COURT 17-3-01
UNION COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2015

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 Leo S. Armbruster
Magisterial District Judge

The Honorable Preston Boop
Chairman of the Board of Commissioners

Ms. Kelly J. Heeter
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.