



**DISTRICT COURT 21-3-01
SCHUYLKILL COUNTY
EXAMINATION REPORT
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2011**

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL





Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
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EUGENE A. DePASQUALE
AUDITOR GENERAL

Independent Auditor's Report

The Honorable Daniel P. Meuser
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 21-3-01, Schuylkill County, Pennsylvania (District Court), for the period January 1, 2008 to December 31, 2011, pursuant to the requirements of Section 401(c) of *The Fiscal Code*, 72 P.S. § 401(c). This Statement is the responsibility of the District Court's management. 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. An examination includes examining, on a test basis, evidence supporting the Statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides 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 presents, in all material respects, the operations of the District Court as it pertains to receipts made on behalf of the Commonwealth for the period January 1, 2008 to December 31, 2011, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Statement and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. 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 the internal control over reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District Court's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria such that there is more than a remote likelihood that a misstatement of the District Court's Statement that is more than inconsequential will not be prevented or detected by the District Court's internal control. We consider the deficiencies described in the findings below to be significant deficiencies in internal control over the reporting on the Statement:

- Escrow Monies Not Always Disbursed Timely – Recurring.
- Inadequate Arrest Warrant And DL-38 Procedures - Recurring.
- Improper Stale Check Procedures.

Independent Auditor's Report (Continued)

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statement will not be prevented or detected by the District Court's internal control. Our consideration of the internal control over reporting on the Statement would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider the first bulleted deficiency to be a material weakness.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Pennsylvania Department of Revenue, the Administrative Office of Pennsylvania Courts, and the District Court and is not intended to be and should not be used by anyone other than these specified parties.



EUGENE A. DEPASQUALE
Auditor General

August 23, 2013

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DISTRICT COURT 21-3-01
SCHUYLKILL COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2011

Receipts:

Department of Transportation		
Title 75 Fines	\$	316,598
Motor Carrier Road Tax Fines		700
Overweight Fines		5,950
Commercial Driver Fines		1,500
Littering Law Fines		950
Child Restraint Fines		725
Department of Revenue Court Costs		190,677
Crime Victims' Compensation Bureau Costs		38,466
Crime Commission Costs/Victim Witness Services Costs		27,682
Domestic Violence Costs		9,156
Department of Agriculture Fines		1,263
Emergency Medical Service Fines		87,660
CAT/MCARE Fund Surcharges		266,724
Judicial Computer System Fees		92,882
Access to Justice Fees		24,526
Criminal Justice Enhancement Account Fees		3,029
Judicial Computer Project Surcharges		13,817
Constable Service Surcharges		6,879
Miscellaneous State Fines		21,354
		<hr/>
Total receipts (Note 2)		1,110,538
Disbursements to Commonwealth (Note 3)		<hr/> (1,110,538)
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments		<hr/> -
Adjusted balance due Commonwealth (District Court) for the period January 1, 2008 to December 31, 2011	\$	<hr/> <hr/> -

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

DISTRICT COURT 21-3-01
SCHUYLKILL COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2011

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	\$ 1,110,538
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2008 To December 31, 2011

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

5. Magisterial District Judge Serving During Examination Period

David A. Plachko served at District Court 21-3-01 for the period January 1, 2008 to December 31, 2011.

DISTRICT COURT 21-3-01
SCHUYLKILL COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2011

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

We cited the district court for not always disbursing escrow monies timely in our prior examination for the period ending December 31, 2007. However, our current examination found that the district court did not correct this issue. Our examination of the undisbursed funds report indicated that 33 cases involving escrow funds collected from September 15, 2009 to June 16, 2011, totaling \$1,632.73, were not disbursed as of December 31, 2011. Of the 33 cases, 19 involved collateral for \$1,101.00; 13 involved server fees for \$525.20; and 1 involved restitution for \$6.53.

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.

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.

This condition existed because the district court ignored our prior recommendation to review the undisbursed funds report on a monthly basis and take appropriate action.

Recommendation

We again strongly recommend that the district court review the undisbursed funds report on a monthly basis and take appropriate action and disburse funds to who they are due.

Management's Response

The Magisterial District Judge responded as follows:

I reviewed office procedures with the staff. I implemented procedures to increase Judge oversight. I requested increased supervision from the County Court Administration.

DISTRICT COURT 21-3-01
SCHUYLKILL COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2011

Finding No. 2 - Inadequate Arrest Warrant And DL-38 Procedures - Recurring

We cited the district court for inadequate arrest warrant and DL-38 procedures in our prior examination for the period ending December 31, 2007. However, our current examination found that the district court did not correct this issue. Warrants and Requests For Suspension Of Operating Privileges (DL-38s) 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. A Request for Suspension of Driving Privileges for Failure to Respond to a Citation or Summons or Pay Fines and Costs Imposed (AOPC 638A) is used to notify the defendant in writing that his/her license will be suspended if he/she fails to respond to the traffic citation or summons. A DL-38 cannot be issued for a parking violation.

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 40 instances in which a warrant was required to be issued. Our testing disclosed that 24 were not issued timely and 7 were not issued at all. The time of issuance ranged from 71 days to 484 days.

In addition, of 33 warrants required to be returned or recalled, 13 were not returned or recalled, and 9 were not returned timely. The time of issuance to the time of return ranged from 245 days to 681 days.

Furthermore, we tested 22 instances in which a DL-38 was required to be issued. Our testing disclosed that ten were not issued timely and two were not issued at all. The time of issuance ranged from 64 days to 942 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. Rules 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.

DISTRICT COURT 21-3-01
SCHUYLKILL COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2011

Finding No. 2 - Inadequate Arrest Warrant And DL-38 Procedures – Recurring (Continued)

According to Pa.R.Crim.P. Rule 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.
- 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 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.

DL-38 Procedures: The Manual states that once a citation is given to the defendant or a summons is issued, the defendant has ten days to respond. If on the eleventh day, the defendant has not responded, 75 Pa.C.S.A. §1533 requires that the defendant be notified that he/she has fifteen days from the date of notice to respond to the citation/summons before his/her license is suspended. In accordance with Section 1533 of the Pennsylvania Vehicle Code, the defendant has 15 days to respond to the defendant's copy of the DL-38. If the defendant does not respond by the fifteenth day, the Magisterial District Judge's office shall notify the Pennsylvania Department of Transportation by issuing the appropriate License Suspension Request (AOPC 638B,D,E).

DISTRICT COURT 21-3-01
SCHUYLKILL COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2011

Finding No. 2 - Inadequate Arrest Warrant And DL-38 Procedures - Recurring (Continued)

In addition, 75 Pa.C.S.A. §1533 also requires a post-disposition DL-38 (AOPC 638B/E) be issued if the defendant neglects to pay fines and costs imposed at the time of disposition, or fails to make a scheduled time payment.

The failure to follow warrant and DL-38 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 ignored our prior recommendation to review the tickler reports for warrants and DL-38s daily. 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 and DL-38s.

Recommendations

We again strongly recommend that the district court review the tickler reports for warrants and DL-38s 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 for summary traffic and non-traffic cases as required by the Manual.

Management's Response

The Magisterial District Judge responded as follows:

This finding continues to occur in this office. One part of the problem is that several law enforcement agencies refuse to accept arrest warrants for summary offenses. This Court sends additional courtesy notices to defendants thus giving the appearance that arrest warrants are not completed in a timely manner. This Court added an additional constable for warrant service and is conferring with the Sheriff's Office to do the same. Duties were reassigned to all staff to ensure timely processing of warrants. Warrant lists will be reviewed on a more timely basis.

DISTRICT COURT 21-3-01
SCHUYLKILL COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2011

Finding No. 3 - Inadequate Stale Check Procedures

Our examination of the court's checking account disclosed that the district court was carrying 32 outstanding checks totaling \$1,866.79 dated from December 7, 2009 to June 24, 2011 that were still outstanding as of December 31, 2011.

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 if a check issued by the Magisterial District Judge is outstanding (not cashed) after 60 days, the check must be marked stale. The court should first make an attempt to contact the recipient of the check. Only checks that are 60 days old or older can be marked stale. The amount of the check should be reinstated (added) to the district court checking account and remitted at the end of the month to the county treasurer for deposit into an escheat account.

The failure to follow these procedures results in a weakening of internal control over the cash account and inefficiency caused by the needless record-keeping of long outstanding checks.

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 outstanding checks.

The court did not review or take appropriate follow-up action on long outstanding checks.

Recommendations

We recommend that the district court establish and implement a procedure whereby outstanding checks are reviewed monthly to determine if there are any long outstanding checks. The court should reinstate the amount of outstanding checks to the court's checking account and remit this money to the county treasurer for deposit into an escheat account.

We further recommend that the district court comply with the procedures outlined in the Manual relating to outstanding check procedures.

Management's Response

The Magisterial District Judge responded as follows:

Reviewed office procedures with staff to ensure timely processing of stale checks.
Assigned duties to other staff members.

DISTRICT COURT 21-3-01
SCHUYLKILL COUNTY
COMMENT
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2011

Comment - Compliance With Prior Examination Recommendations

During our prior examination, we recommended that the office establish and implement an adequate system of internal controls over computer downtime manual receipts. We further recommended that computer downtime manual receipts A990106 to A990120 and A990177 to A990178 be marked void and the corresponding log entries marked void to prevent further use of manual receipts issued out of numeric sequence.

During our current examination, we noted that the office complied with our recommendations.

DISTRICT COURT 21-3-01
SCHUYLKILL COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2008 TO DECEMBER 31, 2011

This report was initially distributed to:

The Honorable Daniel P. Meuser
Secretary
Pennsylvania Department of Revenue

The Honorable Zygmunt Pines
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania
Administrative Office of Pennsylvania Courts

The Honorable David A. Plachko	Magisterial District Judge
The Honorable Frank J. Staudenmeier	Chairperson of the Board of Commissioners
The Honorable Christy Joy	Controller
Ms. Lois A. Wallauer	District Court Administrator
The Honorable Robert M. McCord	Pennsylvania State Treasurer

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