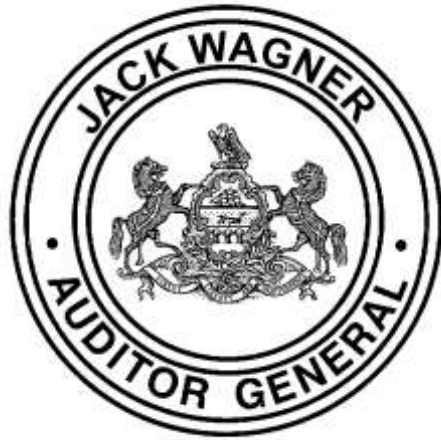


DISTRICT COURT 23-1-02  
BERKS COUNTY  
EXAMINATION REPORT  
FOR THE PERIOD  
JANUARY 1, 2007 TO DECEMBER 31, 2009





DISTRICT COURT 23-1-02

BERKS COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2007 TO DECEMBER 31, 2009



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**Department of the Auditor General  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120-0018**

**JACK WAGNER  
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 23-1-02, Berks County, Pennsylvania (District Court), for the period January 1, 2007 to December 31, 2009, 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 ended December 31, 2009, 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 deficiency described in the finding below to be a significant deficiency in internal control over the reporting on the Statement:

- Inadequate Internal Controls Over Disbursements.



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. We consider the significant deficiency described above 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.



November 1, 2012

JACK WAGNER  
Auditor General



DISTRICT COURT 23-1-02  
 BERKS COUNTY  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 FOR THE PERIOD  
 JANUARY 1, 2007 TO DECEMBER 31, 2009

Receipts:

Department of Transportation		
Title 75 Fines	\$	164,457
Littering Law Fines		815
Child Restraint Fines		3,777
Department of Revenue Court Costs		157,347
Crime Victims' Compensation Bureau Costs		20,725
Crime Commission Costs/Victim Witness Services Costs		15,308
Domestic Violence Costs		5,648
Emergency Medical Service Fines		38,619
CAT/MCARE Fund Surcharges		116,830
Judicial Computer System Fees		73,873
Access to Justice Fees		18,214
Criminal Justice Enhancement Account Fees		74
Judicial Computer Project Surcharges		338
Constable Service Surcharges		32,722
Miscellaneous State Fines		250
		<hr/>
Total receipts (Note 2)		648,997
Disbursements to Commonwealth (Note 3)		<hr/> (648,997)
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments (Finding and Recommendation Section)		<hr/> 1,005
Adjusted balance due Commonwealth (District Court) for the period January 1, 2007 to December 31, 2009	\$	<hr/> <hr/> 1,005

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

DISTRICT COURT 23-1-02  
BERKS COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2007 TO DECEMBER 31, 2009

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>648,997</u>
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2007 To December 31, 2009

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

5. Magisterial District Judge Serving During Examination Period

Michael J. Leonardziak served at District Court 23-1-02 for the period January 1, 2007 to December 31, 2009.

DISTRICT COURT 23-1-02  
BERKS COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2007 TO DECEMBER 31, 2009

Finding - Inadequate Internal Controls Over Disbursements

On June 17, 2010, the Berks County Controller's Office disclosed that they were aware of overpayments to constables in District Court 23-1-02. They stated that a secretary in this court was overriding the computer system by assigning the \$5 Constable Education and Training Act (CETA) Surcharge, which is paid in advance by plaintiffs in civil matters and due the Commonwealth, as server fees payable to a constable.

Title 42 Pa.C.S.A. § 2949 (b) provides for the collection of the Constable Education and Training Surcharge. If service is performed by a constable or deputy constable, a \$5 fee per named defendant in civil cases, and a \$5 fee per docket for criminal and summary cases shall be maintained and collected.

Our examination of 227 cases disclosed that 187 cases had the CETA Surcharge assessed but assigned and paid to a constable by a district court secretary. We noted that \$1,005.00 was paid to a constable and was due the Commonwealth. This amount is reflected as an adjustment to the Statement of Receipts and Disbursements on page 5.

This amount is comprised as follows:

- There were 174 cases in which the CETA Surcharge was assessed once at \$5 each for a total of \$870.
- There were 12 cases in which the CETA Surcharge was assessed twice at \$5 each for a total of \$120.
- There was 1 case in which the CETA Surcharge was assessed three times at \$5 each for a total of \$15.

We believe this happened on civil cases but not traffic or non-traffic cases because, in Berks County, civil server fees are paid directly from the district court whereas traffic and non-traffic are paid through the controller's office.

The secretary and constable were charged with criminal violations unrelated to the above and are no longer working for this district court.

Good internal accounting controls ensure that all monies are properly assessed and remitted to the proper agencies. This includes establishing and implementing controls so that district court employees do not have the ability to override the computer system and misdirect funds.

DISTRICT COURT 23-1-02  
BERKS COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2007 TO DECEMBER 31, 2009

Finding - Inadequate Internal Controls Over Disbursements (Continued)

Without a good system internal controls, the potential that funds could be lost or misappropriated significantly increases.

Recommendation

We recommend that the office establish and implement an adequate system of internal controls over the collecting, recording, and remittance of CETA Surcharges.

Management's Response

No formal response was offered at this time.

DISTRICT COURT 23-1-02  
BERKS COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2007 TO DECEMBER 31, 2009

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 Michael J. Leonardziak	Magisterial District Judge
The Honorable Mark C. Scott	Chairman of the Board of Commissioners
The Honorable Sandy Graffius	Controller
Mr. Stephen A. Weber	District Court Administrator

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. To view this report online or to contact the Department of the Auditor General, please access our web site at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).