

COMPLIANCE AUDIT

District Court 23-2-02
Berks County, Pennsylvania
For the Period
January 1, 2017 to December 31, 2020

June 2022



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

The Honorable C. Daniel Hassell
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have conducted a compliance audit of the District Court 23-2-02, Berks County, Pennsylvania (District Court), for the period January 1, 2017 to December 31, 2020, pursuant to the requirements of Section 401(c) of *The Fiscal Code*, 72 P.S. § 401(c).

The objective of the audit was to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted and to provide a report to the Department of Revenue to allow the Department of Revenue to state and settle the District Court's account. Our audit was limited to areas related to the objective identified above and was not conducted, nor was it required to be, in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

The District Court is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted. The District Court is also responsible for complying with those laws and regulations. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that our audit provides a reasonable basis for our conclusions.

Based on our audit procedures, we conclude that, for the period January 1, 2017 to December 31, 2020, the District Court, in all significant respects, complied with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted, except as noted in the finding listed below and discussed later in this report:

- Bank Deposit Slips Were Not Validated - Recurring.

This report includes a summary of the District Court's receipts and disbursements of funds collected on behalf of the Commonwealth (summary). We obtained data representing the District Court's receipts and disbursements from the Pennsylvania Department of Revenue, which obtains data from each of the Commonwealth's district courts and used the data to create the summary in the format required by the Department of Revenue. We also evaluated the accuracy of the data as part of our audit to conclude on the District Court's compliance with certain state laws and regulations as described in the previous paragraph. Any adjustments that we considered necessary based on our audit work are disclosed in the *Audit Adjustments* line of the summary; however, the scope of our audit does not include the issuance of an opinion on the accuracy of the amounts reported in the summary.

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.

The contents of this report were discussed with the management of the District Court and, where appropriate, their response has been included in the report. We appreciate the courtesy extended by the District Court 23-2-02, Berks County, to us during the course of our audit. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor
Auditor General
May 19, 2022

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DISTRICT COURT 23-2-02
BERKS COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

The Department of Auditor General is mandated by Article IV, Section 401(c) of *The Fiscal Code* (Act of April 9, 1929, P.L.343, No. 176), 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.

District Court 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.

Total disbursements during the audit period are comprised as follows:

District Court checks issued to:

Department of Revenue	<u>\$ 1,632,749</u>
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This balance reflects the summary of monthly transmittal reports as settled by the Department of Revenue.

Senior Judge Nicholas Bentz served at District Court 23-2-02 for the period January 1, 2017 to December 31, 2017.

Eric J. Taylor served at District Court 23-2-02 for the period January 1, 2018 to December 31, 2020.

The summary of receipts and disbursements on the following page 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 summary 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.

DISTRICT COURT 23-2-02
 BERKS COUNTY
 SUMMARY OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2017 TO DECEMBER 31, 2020

Receipts:

Department of Transportation		
Title 75 Fines	\$	416,869
Littering Law Fines		910
Child Restraint Fines		4,450
Department of Revenue Court Costs		258,165
Crime Victims' Compensation Bureau Costs		20,377
Crime Commission Costs/Victim Witness Services Costs		14,549
Domestic Violence Costs		5,530
Department of Agriculture Fines		550
Emergency Medical Service Fines		89,550
CAT/MCARE Fund Surcharges		253,190
Judicial Computer System Fees		116,973
Access to Justice Fees		54,462
Criminal Justice Enhancement Account Fees		5,846
Judicial Computer Project Surcharges		136,334
Constable Service Surcharges		27,413
Miscellaneous State Fines and Costs		<u>227,581</u>
 Total receipts		 1,632,749
 Disbursements to Commonwealth		 <u>(1,632,749)</u>
 Balance due Commonwealth (District Court) per settled reports		 -
 Audit adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (District Court) for the period January 1, 2017 to December 31, 2020	 \$	 <u><u>-</u></u>

DISTRICT COURT 23-2-02
BERKS COUNTY
FINDING AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding - Bank Deposit Slips Were Not Validated - Recurring

We cited the issue of bank deposit slips not being validated in the previous two audits, with the most recent being for the period January 1, 2011 to December 31, 2016. Our current audit found that the district court did not correct this issue.

Our audit of the district court's accounting records disclosed that the office copy of the bank deposit slip was not validated by the bank in 51 of the 60 deposits tested. The district court received a validated receipt from the bank, but this only confirmed the total amount deposited and not the actual make-up of the deposit (i.e. cash and check mix).

This condition existed because the district court failed to establish adequate internal controls over bank deposit slips as recommended in the prior two audit reports.

Good internal accounting controls require that the amount of each check and the total amount of cash deposited are identified on the deposit slip. The office copy of each deposit should be brought to the bank to be validated. If the bank cannot validate the deposit slip, the district court should obtain a deposit ticket from the bank that validates total cash and the total deposit. After the district court receives the validation from the bank, it should be reconciled to the receipts by someone other than the person preparing or making the deposit.

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

Recommendations

We strongly recommend that the district court secure the bank's validation on the court's copy of the deposit slip. We further recommend that the validation is reconciled to receipts by someone other than the person preparing or making the deposit.

Management's Response

The Magisterial District Judge responded as follows:

I was not in the office during 2017. Another MDJ was in the office in 2017. During our exit conference, we scanned an example of what our bank is now doing. The auditor orally stated that what was provided was sufficient for their purposes. I have repeatedly requested for something in writing from the auditor that what we showed the auditor was sufficient for future purposes, but were not provided anything from the Auditors Office.

DISTRICT COURT 23-2-02
BERKS COUNTY
FINDING AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding - Bank Deposit Slips Were Not Validated - Recurring (Continued)

Auditors Conclusion

We appreciate the officeholder's efforts to correct this issue. It is the responsibility of the district court to establish and implement appropriate policies and procedures. The Department of the Auditor General does not have the authority to approve procedures established by the district court. As stated above, good internal controls require that the amount of each check and the total amount of cash deposited are identified on the deposit slip. This is a recurring finding. The district court should ensure that the bank validate the court's duplicate deposit slips as to the mix of cash and checks deposited. During our next audit, we will determine if the district court complied with our recommendations.

DISTRICT COURT 23-2-02
BERKS COUNTY
SUMMARY OF PRIOR AUDIT RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Summary Of Prior Audit Recommendations

During our prior audit, we recommended that the district court:

- Deposit all receipts at the end of each day as required by good internal accounting controls and the Manual.
- Immediately secure the bank's validation on the court's copy of the deposit slip. We further recommended that the validation is reconciled to receipts by someone other than the person preparing or making the deposit.
- Provide evidence that the Magisterial District Judge authorized the disposition of cases and it is available for examination.
- Review the tickler reports for warrants and DL-38s daily and take appropriate action as required by the Manual. We further recommended 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 recommended by the Manual.

During our current audit, we noted that the district court complied with our first, third, and fourth bulleted recommendations. However, the district court did not comply with our second bulleted recommendation. Please see the current year finding for additional information.

DISTRICT COURT 23-2-02
BERKS COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

This report was initially distributed to:

The Honorable C. Daniel Hassell
Secretary
Pennsylvania Department of Revenue

The Honorable H. Geoffrey Moulton, Jr.
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania
Administrative Office of Pennsylvania Courts

The Honorable Eric J. Taylor
Magisterial District Judge

The Honorable Christian Y. Leinbach
Chairperson 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 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.