

COMPLIANCE AUDIT

District Court 26-3-02
Columbia County, Pennsylvania
For the Period
January 1, 2016 to December 31, 2019

September 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
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 26-3-02, Columbia County, Pennsylvania (District Court), for the period January 1, 2016 to December 31, 2019, 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 that the district court complies 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, 2016 to December 31, 2019, 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:

- Inadequate Internal Controls Over Manual Receipts

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 26-3-02, Columbia 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.



Eugene A. DePasquale
Auditor General

August 20, 2020

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DISTRICT COURT 26-3-02
COLUMBIA COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2019

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	\$ 875,959
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This balance reflects the summary of monthly transmittal reports as settled by the Department of Revenue.

Richard W. Knecht served at District Court 26-3-02 for the period January 1, 2016 to December 31, 2019.

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 26-3-02
COLUMBIA COUNTY
SUMMARY OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2019

Receipts:

Department of Transportation		
Title 75 Fines	\$	154,870
Littering Law Fines		350
Child Restraint Fines		900
Department of Revenue Court Costs		170,938
Crime Victims' Compensation Bureau Costs		22,430
Crime Commission Costs/Victim Witness Services Costs		16,023
Domestic Violence Costs		4,957
Department of Agriculture Fines		1,149
Emergency Medical Service Fines		42,886
CAT/MCARE Fund Surcharges		133,170
Judicial Computer System Fees		66,243
Access to Justice Fees		31,605
Criminal Justice Enhancement Account Fees		8,483
Judicial Computer Project Surcharges		98,299
Constable Service Surcharges		4,199
Miscellaneous State Fines and Costs		<u>119,457</u>
 Total receipts		 875,959
 Disbursements to Commonwealth		 <u>(875,959)</u>
 Balance due Commonwealth (District Court) per settled reports		 -
 Audit adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (District Court) for the period January 1, 2016 to December 31, 2019	 \$	 <u><u>-</u></u>

DISTRICT COURT 26-3-02
COLUMBIA COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2019

Finding - Inadequate Internal Controls Over Manual Receipts

The Administrative Office of Pennsylvania Courts' (AOPC) policies require computer downtime manual receipts to be issued in the event of a temporary power loss to the district court's computer system. When the computer system is operating again, the computer downtime manual receipt is replaced by an official computer-generated receipt and included in the daily receipts. When the AOPC's policies are not followed, the possibility that funds received by the District Court could be lost or misappropriated increases significantly.

Our examination disclosed that required computer downtime manual receipt procedures were not always followed. Of 25 receipts tested, we noted there were 14 instances in which the district court incorrectly issued a down-time manual receipt while the Magisterial District Judge System was still active. Interviews conducted with District Court staff and MDJ revealed that the office staff was incorrectly using manual receipts for actual payments made by defendants on cases that were not yet docketed.

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 downtime manual receipts be issued in the event of a temporary power loss to the computer system. When the computer system is not operational, the receipt and log sheet should be filled out for each receipt number and the initials of the employee receiving the payment should be documented on the log sheet. The receipts should be used in numerical order; the log sheet should be filled out using the appropriate receipt number; a copy of that receipt should be given to the remitter; and the second copy of the receipt should be kept, along with the associated log, in a secure location. When the computer system is running again, the second copy of the receipt should be attached to the new system-generated receipt and placed in the case file and the date the payment was entered into the system should be documented on the log sheet. Additionally, the Manual requires that when a manual receipt number is issued, the manual receipt number should be entered in the manual receipt number field when creating the computer receipt. This will link the manual receipt to the computer receipt.

Good internal accounting controls ensure that official computer downtime manual receipts generated by the Magisterial District Judge System are to be used for their intended purpose and not as a general receipting practice while the Magisterial District Judge System is still active.

Adherence to good internal accounting controls and the uniform internal control policies and procedures, as set forth in the Manual, would have ensured that there were adequate internal controls over collections.

DISTRICT COURT 26-3-02
COLUMBIA COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2019

Finding - Inadequate Internal Controls Over Manual Receipts (Continued)

Recommendation

We recommend that the district court follow the guidance in the *Magisterial District Judge Automated Office Clerical Procedures Manual*, including only issuing manual receipts in the event of a temporary power loss to the computer system.

Management's Response

The Magisterial District Judge responded as follows:

The vast majority of manual receipts issued were to provide defendants a "temporary" receipt. The defendant would appear to enter a plea, and make payment arrangement or pay in full; however, the arresting agency had not yet filed their citation. Rather than decline any payment, the court staff would record the monies with a manual receipt until the citation was docketed. Since this audit period, the local police department that was the main problem has begun to efile their citations, which will allow citation(s) to be available for processing in a timely manner.

Some manual receipts were used when defendants appearing before the court had an outstanding warrant. Court staff would issue a receipt when they were not able to reach a server for their fees. Once the server returned the call and fees were assessed, the payment would be applied.

Occasionally, the manual receipts were used for marriage fees paid before the wedding day.

Monies received were manually receipted and kept in a "non-deposit bag" that was delivered nightly to, and held securely by, our depositing bank until the court staff were able to record the monies received into our computer system. A manual receipt log was maintained, as was a computer manual receipt log. These log entries were matched and verified the dates of entry, the receipt numbers and the amounts applied.

This procedure has been in effect since prior to MDJ Knecht taking office in 2009. There has never been an instance of an amount being called into question. It was explained to this office that people who pay their citations prior to our office receiving the arresting agency's copy do not keep track of their payments. This seem to be at odds with cited individuals acting responsibly and wanting to pay their fines immediately.

DISTRICT COURT 26-3-02
COLUMBIA COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
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Finding - Inadequate Internal Controls Over Manual Receipts (Continued)

Management's Response (Continued)

Nevertheless, the Court understands the audit concern and that the manual receipts are to be used during computer downtime. Since the case involved was not in the system and using manual receipts may be an internal control weakness, the AOPC help desk was contacted for guidance. Court staff has been instructed as to how to receipt by responsible participant, the unidentified remittance, and that manual receipts are to be used during computer downtime. Our goal is, and has always been, proper accounting of all monies received.

Auditor's Conclusion

We appreciate the officeholder's efforts to correct this issue. During our next audit, we will determine if the district court complied with our recommendation.

DISTRICT COURT 26-3-02
COLUMBIA COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2019

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 Richard W. Knecht
Magisterial District Judge

The Honorable Chris E. Young
Chairperson of the Board of Commissioners

Ms. Tami B. Kline
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.