

ATTESTATION ENGAGEMENT

District Court 29-3-03
Lycoming County, Pennsylvania
For the Period
January 1, 2013 to December 31, 2016

April 2018



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 29-3-03, Lycoming County, Pennsylvania (District Court), for the period January 1, 2013 to December 31, 2016, 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, 2016, 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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. Given these limitations, during our engagement we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the findings listed below, that we consider to be significant deficiencies:

- Inadequate Arrest Warrant And DL-38 Procedures.
- Evidence Of Authorizing The Disposition Of Citations Was Not Available.

Independent Auditor's Report (Continued)

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

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 29-3-03, Lycoming 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

March 26, 2018

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DISTRICT COURT 29-3-03
 LYCOMING COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2013 TO DECEMBER 31, 2016

Receipts:

Department of Transportation		
Title 75 Fines	\$	268,615
Motor Carrier Road Tax Fines		1,700
Overweight Fines		5,638
Commercial Driver Fines		3,000
Littering Law Fines		1,865
Child Restraint Fines		840
Department of Revenue Court Costs		148,821
Crime Victims' Compensation Bureau Costs		26,962
Crime Commission Costs/Victim Witness Services Costs		19,419
Domestic Violence Costs		6,831
Department of Agriculture Fines		9,300
Emergency Medical Service Fines		62,252
CAT/MCARE Fund Surcharges		161,598
Judicial Computer System Fees		71,686
Access to Justice Fees		21,652
Criminal Justice Enhancement Account Fees		5,544
Judicial Computer Project Surcharges		39,688
Constable Service Surcharges		8,139
Miscellaneous State Fines and Costs		<u>217,383</u>
 Total receipts (Note 2)		 1,080,933
 Disbursements to Commonwealth (Note 3)		 <u>(1,080,933)</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, 2016	 \$	 <u><u>-</u></u>

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

DISTRICT COURT 29-3-03
LYCOMING COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2016

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>\$ 1,080,933</u>
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2013 To December 31, 2016

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

5. Magisterial District Judge Serving During Examination Period

Jon E. Kemp served at District Court 29-3-03 for the period January 1, 2013 to December 31, 2016.

DISTRICT COURT 29-3-03
LYCOMING COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2016

Finding No. 1 - Inadequate Arrest Warrant And DL-38 Procedures

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 39 instances in which a warrant was required to be issued. Our testing disclosed that 25 were not issued timely and 5 were not issued at all. The time of issuance ranged from 68 days to 618 days.

In addition, of 31 warrants required to be returned or recalled, 3 were not returned or recalled, and 2 were not returned timely. The time of issuance to the time of return ranged from 556 days to 794 days.

Furthermore, we tested 23 instances in which a DL-38 was required to be issued. Our testing disclosed that 20 were not issued timely and 3 were not issued at all. The time of issuance ranged from 66 days to 252 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. 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 29-3-03
LYCOMING COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2016

Finding No. 1 - Inadequate Arrest Warrant And DL-38 Procedures (Continued)

According to Pa.R.Crim.P. 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. §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 29-3-03
LYCOMING COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2016

Finding No. 1 - Inadequate Arrest Warrant And DL-38 Procedures (Continued)

In addition, 75 Pa.C.S. §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.

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 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 (120 days as of December 2016) for summary traffic and non-traffic cases as recommended by the Manual.

Management's Response

The Magisterial District Judge responded as follows:

Since taking office in 2012, the court has been working diligently in correcting the late issuance of arrest warrants, pre-warrants and DL-38s. I initially tasked the office with implementing proper record retention policies and procedures, which was not being done. Once we established a good working system with a clear policy of following the proper record retention schedule as outlined by AOPC, we started tackling the late issuance of warrants and DL-38s. In September 2016, I instructed our staff to print the MDJS Case Management Summary 5800 Report each month for my review. I instructed the staff to start bringing each of the categories into compliance starting with the oldest cases first and working backwards to the most recent cases. We have made tremendous progress since instituting that procedure. After having a conversation with the Auditor and I was made aware of the written finding, I have instructed our staff to bring the remainder of the arrest warrants, pre-warrants, and DL-38s into compliance. This action will correct the finding. I will continue to monitor the timely issuance of all warrants, pre-warrants, and DL-38s through the use of the MDJS 5800 report.

DISTRICT COURT 29-3-03
LYCOMING COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2016

Finding No. 1 - Inadequate Arrest Warrant And DL-38 Procedures (Continued)

Auditor's Conclusion

We appreciate the district court's effort to correct these conditions. During our next examination, we will determine if the district court complied with our recommendations.

DISTRICT COURT 29-3-03
LYCOMING COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2016

Finding No. 2 - Evidence Of Authorizing The Disposition Of Citations Was Not Available

During our examination of the district court's case files, we tested 51 cases with dispositions of guilty, not guilty, dismissed, discharged, or withdrawn, and cases that had a guilty plea disposition without an accompanying full payment. There was no evidence in 14 cases that the disposition was authorized by the Magisterial District Judge.

Good internal accounting controls ensure that there is evidence that the disposition on these cases was authorized by the Magisterial District Judge. The failure to follow this procedure increases the risk for funds to be lost or misappropriated.

Adherence to good internal controls would have ensured that there were adequate internal controls over citations.

This condition existed because the office failed to establish and implement an adequate system of internal controls over documenting that disposition was authorized by the Magisterial District Judge.

Recommendation

We recommend that the district court maintain documentation that the Magisterial District Judge authorize the disposition of these cases and it is available for examination.

Management's Response

The Magisterial District Judge responded as follows:

Previous to January of 2018, the court was not aware of the requirement of signing efile citations after disposition. All the test cases for this written finding were the result of efile citations. None of the citations filed on the "non-efile" citations were found to be without the proper authorizing signature. The other two test cases noted in the written finding were two non-traffic cases that were filed on Private Criminal Complaints for Compulsory School Attendance (Truancy). In Truancy cases the court makes case notes directly on the file or at times of trial on a case notes sheet with the disposition written on this sheet or both. Since becoming aware of the requirement of signing each of the efile citations in January 2018, the court has established a policy of requiring the signature after disposition for each of the citations except for guilty pleas with full payment of costs and fines. As of January 2018, this written finding has been corrected.

DISTRICT COURT 29-3-03
LYCOMING COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2016

Finding No. 2 - Evidence of Authorizing The Disposition Of Citations Was Not Available
(Continued)

Auditor's Conclusion

We appreciate the district court's effort to correct these conditions. During our next examination, we will determine if the district court complied with our recommendation.

DISTRICT COURT 29-3-03
LYCOMING COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2013 TO DECEMBER 31, 2016

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 Jon E. Kemp
Magisterial District Judge

The Honorable R. Jack McKernan
Chairperson of the Board of Commissioners

The Honorable Krista B. Rogers
Controller

Ms. Adrienne J. Stahl Esq.
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.