

# COMPLIANCE AUDIT

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## District Court 38-1-25 Montgomery County, Pennsylvania For the Period January 1, 2017 to December 31, 2020

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December 2021



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 38-1-25, Montgomery 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.

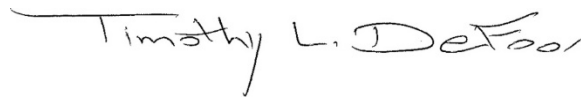
Based on our audit procedures, we conclude that, for the period January 1, 2017 to December 31, 2020, the District Court, in all significant respects, complied with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly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

- Inadequate Arrest Warrant Procedures - 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 38-1-25, Montgomery 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, flowing style with a long horizontal line extending from the start of the name.

October 28, 2021

Timothy L. DeFoor  
Auditor General

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DISTRICT COURT 38-1-25  
MONTGOMERY 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	\$ 1,063,636
Department of Transportation	<u>2,700</u>
Total	<u><u>\$ 1,066,336</u></u>

This balance reflects the summary of monthly transmittal reports as settled by the Department of Revenue. The balance also reflects a summary of any receipts disbursed directly to other state agencies.

James P. Gallagher served at District Court 38-1-25 for the period January 1, 2017 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 38-1-25  
MONTGOMERY COUNTY  
SUMMARY OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2017 TO DECEMBER 31, 2020

Receipts:

Department of Transportation	
Title 75 Fines	\$ 120,871
Motor Carrier Road Tax Fines	400
Overweight Fines	1,050
Child Restraint Fines	450
Department of Revenue Court Costs	155,783
Crime Victims' Compensation Bureau Costs	20,930
Crime Commission Costs/Victim Witness Services Costs	14,967
Domestic Violence Costs	5,905
Emergency Medical Service Fines	56,091
CAT/MCARE Fund Surcharges	167,374
Judicial Computer System Fees	68,782
Access to Justice Fees	34,719
Criminal Justice Enhancement Account Fees	6,655
Judicial Computer Project Surcharges	99,191
Constable Service Surcharges	10,055
Miscellaneous State Fines and Costs	303,113
	<hr/>
Total receipts	1,066,336
Disbursements to Commonwealth	<hr/> (1,066,336)
Balance due Commonwealth (District Court) per settled reports	-
Audit adjustments	<hr/> -
Adjusted balance due Commonwealth (District Court) for the period January 1, 2017 to December 31, 2020	<hr/> \$ - <hr/>

DISTRICT COURT 38-1-25  
MONTGOMERY COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2017 TO DECEMBER 31, 2020

**Finding - Inadequate Arrest Warrant Procedures - Recurring**

We cited the issue of inadequate arrest warrant procedures in the previous two audits, with the most recent for the period January 1, 2013 to December 31, 2016. Our current audit found that the district court did not correct this issue.

Warrants 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.

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 ensure that warrants were returned or recalled timely. We tested 44 instances in which a warrant was required to be returned or recalled in a timely manner. Our testing disclosed that 22 were not returned timely. The time of issuance to the time of return ranged from 240 days to 1,513 days.

The Manual establishes the uniform written internal control policies and procedures for all district courts.

**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 120 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.

The failure to follow warrant 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 failed to review the warrant control reports as recommended in the two prior audit reports. 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.

DISTRICT COURT 38-1-25  
MONTGOMERY COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2017 TO DECEMBER 31, 2020

**Finding - Inadequate Arrest Warrant Procedures - Recurring (Continued)**

Recommendation

We strongly recommend that the district court review warrant control reports and notify police or other officials to return warrants that are unserved for 120 days for summary traffic and non-traffic cases as recommended by the Manual.

Management's Response

The Deputy Court Administrator, Special Courts, responded as follows:

District Court 38-1-25 accepts the finding and will modify its procedures regarding arrest warrants and DL -38 forms. The Court will review tickler reports and take the appropriate action as dictated by the Magisterial District Judge automated Office Clerical Procedures Manual. Warrant control reports will likewise be monitored in order to notify police or other officials to return unserved warrants after 120 days.

Auditors Conclusion

We appreciate the officeholder's efforts to correct these issues. This is a recurring finding. It is imperative that the district court take the necessary steps to ensure that the fines are collected and offenders are punished, and reduce the risk that funds are lost or misappropriated. During our next audit, we will determine if the district court complied with our recommendation.



DISTRICT COURT 38-1-25  
MONTGOMERY 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:

- Take measures to ensure that monies are not dropped off after hours and on weekends in the mail slot in the door of the district court. If monies are accepted after hours, the court should install a locked, secure, drop-off box, which can only be accessed by authorized personnel. Additionally, the court should notify defendants that only checks will be accepted in the drop-off box.
- 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 effective December 2016) 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 bulleted recommendation. However, the district court did not comply with our second bulleted recommendation. Please see the current year finding for additional information.

DISTRICT COURT 38-1-25  
MONTGOMERY 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 James P. Gallagher**  
Magisterial District Judge

**The Honorable Valerie A. Arkoosh**  
Chairperson of the Board of Commissioners

**The Honorable Karen Sanchez**  
Controller

**Mr. Michael R. Kehs, Esquire**  
District Court Administrator

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://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](mailto:news@PaAuditor.gov).