

DISTRICT COURT 43-2-02

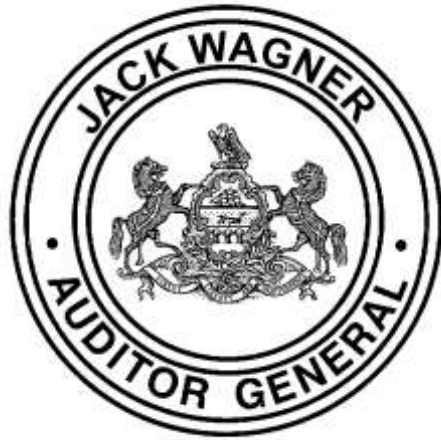
MONROE COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2009 TO DECEMBER 31, 2011





DISTRICT COURT 43-2-02

MONROE COUNTY

EXAMINATION REPORT

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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 43-2-02, Monroe County, Pennsylvania (District Court), for the period January 1, 2009 to December 31, 2011, 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, 2011, 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 Facsimile Signature Stamp.



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.



September 5, 2012

JACK WAGNER  
Auditor General



DISTRICT COURT 43-2-02  
MONROE COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2009 TO DECEMBER 31, 2011

Receipts:

Department of Transportation		
Title 75 Fines	\$	62,397
Overweight Fines		600
Littering Law Fines		313
Child Restraint Fines		125
Department of Revenue Court Costs		105,020
Crime Victims' Compensation Bureau Costs		27,000
Crime Commission Costs/Victim Witness Services Costs		19,329
Domestic Violence Costs		6,521
Emergency Medical Service Fines		17,582
CAT/MCARE Fund Surcharges		54,175
Judicial Computer System Fees		42,731
Access to Justice Fees		12,047
Criminal Justice Enhancement Account Fees		3,116
Judicial Computer Project Surcharges		14,196
Constable Service Surcharges		3,852
Miscellaneous State Fines		805
		<hr/>
Total receipts (Note 2)		369,809
Disbursements to Commonwealth (Note 3)		<hr/> (369,781)
Balance due Commonwealth (District Court) per settled reports (Note 4)		28
Examination adjustment (Note 5)		<hr/> (28)
Adjusted balance due Commonwealth (District Court) for the period January 1, 2009 to December 31, 2011	\$	<hr/> <hr/> -

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

DISTRICT COURT 43-2-02  
MONROE COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2009 TO DECEMBER 31, 2011

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	\$ 369,781
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2009 To December 31, 2011

This balance reflects the summary of monthly transmittal reports as settled by the Department of Revenue. It does not reflect adjustments disclosed by our examination. Refer to Note 5.

5. Examination Adjustment

Amount represents a payment for an error made in December 2008 that was corrected in January 2009, but not adjusted by the Department of Revenue.

6. Magisterial District Judge Serving During Examination Period

Michael R. Muth served at District Court 43-2-02 for the period January 1, 2009 to December 31, 2011.

DISTRICT COURT 43-2-02  
MONROE COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2009 TO DECEMBER 31, 2011

Finding - Inadequate Internal Controls Over Facsimile Signature Stamp

Our examination of the district court disclosed inadequate internal controls over the facsimile signature stamp. The Magisterial District Judge's facsimile signature stamp was not secure, was accessible to all employees, and in 33 cases, the certification of disposition section of the citation was signed with the facsimile signature stamp. Because the stamp was used to sign the certification of disposition section of the citation, there was no evidence that the disposition was authorized by the Magisterial District Judge.

Good internal controls ensure that effective measures are implemented to protect against the inappropriate use of the Magisterial District Judge's signature. The facsimile signature stamp should be stored in a secured location and only the Magisterial District Judge should have access to it. In addition, good internal controls ensure that there is evidence that the disposition on these cases was authorized by the Magisterial District Judge.

This condition existed because the district court failed to establish and implement an adequate system of internal controls over access to and use of the facsimile signature stamp.

Without a good system of internal control over access and use of the facsimile signature stamp, the potential is increased that documents could be fraudulently authorized and that funds could be misappropriated.

Recommendation

We recommend that the district court implement good internal controls over access and use of the facsimile signature stamp by restricting access and use of the facsimile signature stamp to the Magisterial District Judge only.

Management's Response

The Magisterial District Judge responded as follows:

The facsimile signature stamp has been in use in this court for well over 15 years. Its use and access to it has remained the same during that period of time. During any prior audits the access to it and its use was never raised by any previous auditor as either an observation or oral comment. I feel it is inappropriate for this matter to rise to the level of a written finding without any prior observation or oral comment. The stamp will be kept under lock and key in my office and used only by myself or by my staff while I'm directly supervising.

DISTRICT COURT 43-2-02  
MONROE COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2009 TO DECEMBER 31, 2011

Finding - Inadequate Internal Controls Over Facsimile Signature Stamp (Conituned)

Auditor's Conclusion

By not securing the facsimile signature stamp in a locked location that only is accessible for the Magisterial District Judge's use, the potential for documents to be fraudulently authorized increases significantly. This in turn, could lead to misappropriation of funds.

During our next examination, we will determine if the office complied with our recommendation.

DISTRICT COURT 43-2-02  
MONROE COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2009 TO DECEMBER 31, 2011

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 R. Muth	Magisterial District Judge
The Honorable John R. Moyer	Chairman of the Board of Commissioners
The Honorable Marlo Merhige	Controller
Ms. Deborah A. Krom-Powell	Deputy Administrator Special Courts

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).