

ATTESTATION ENGAGEMENT

District Court 52-3-01
Lebanon County, Pennsylvania
For the Period
January 1, 2015 to December 31, 2018

August 2019



Commonwealth of Pennsylvania
Department of the Auditor General
Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov

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 52-3-01, Lebanon County, Pennsylvania (District Court), for the period January 1, 2015 to December 31, 2018, 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, 2015 to December 31, 2018, 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 a certain deficiency in internal control, described in the finding listed below, that we consider to be a significant deficiency:

- Evidence Of Authorizing The Disposition Of Citations Was Not Available.

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 or other matters that are required to be reported under *Government Auditing Standards*.

Independent Auditor's Report (Continued)

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 52-3-01, Lebanon 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

July 9, 2019

CONTENTS

	<u>Page</u>
Financial Section:	
Statement Of Receipts And Disbursements.....	1
Notes To The Statement Of Receipts And Disbursements.....	2
Finding and Recommendation:	
Finding - Evidence Of Authorizing The Disposition Of Citations Was Not Available	3
Summary Of Prior Examination Recommendations.....	5
Report Distribution	6

DISTRICT COURT 52-3-01
LEBANON COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2018

Receipts:

Department of Transportation		
Title 75 Fines	\$	408,962
Motor Carrier Road Tax Fines		2,185
Overweight Fines		13,137
Commercial Driver Fines		5,270
Littering Law Fines		473
Child Restraint Fines		5,122
Department of Revenue Court Costs		246,018
Crime Victims' Compensation Bureau Costs		32,534
Crime Commission Costs/Victim Witness Services Costs		23,289
Domestic Violence Costs		6,713
Department of Agriculture Fines		19,799
Emergency Medical Service Fines		92,718
CAT/MCARE Fund Surcharges		251,133
Judicial Computer System Fees		112,227
Access to Justice Fees		45,401
Criminal Justice Enhancement Account Fees		10,598
Judicial Computer Project Surcharges		126,543
Constable Service Surcharges		14,939
Miscellaneous State Fines and Costs		<u>344,837</u>
 Total receipts (Note 2)		 1,761,898
 Disbursements to Commonwealth (Note 3)		 <u>(1,761,898)</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, 2015 to December 31, 2018	 \$	 <u><u>-</u></u>

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

DISTRICT COURT 52-3-01
 LEBANON COUNTY
 NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2015 TO DECEMBER 31, 2018

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	\$ 1,761,098
Game Commission	800
Total	\$ 1,761,898

4. Balance Due Commonwealth (District Court) For The Period January 1, 2015 To December 31, 2018

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.

5. Magisterial District Judge Serving During Examination Period

Anthony J. Verna served at District Court 52-3-01 for the period January 1, 2015 to December 31, 2018.

DISTRICT COURT 52-3-01
LEBANON COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2018

Finding - Evidence Of Authorizing The Disposition Of Citations Was Not Available

During our examination of the district court's case files, we tested 67 cases with either dispositions of not guilty, dismissed, discharged, or withdrawn, or that had a guilty plea disposition without an accompanying full payment. There was no evidence in 12 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 authorized the disposition of these cases and it is available for examination.

Management's Response

The Magisterial District Judge responded as follows:

A review of the twelve listed citations was completed. Of the provided citations, four (4) cases were listed as closed. Of those 4, only two were missing a signature. This was merely an oversight and is not a routine occurrence. The remaining eight cases were still open.

During a prior County of Lebanon Audit [conducted by Lebanon County Auditors], I was advised that my signature should only be affixed on closed cases, as a final review to ensure the citation has been completed correctly and the proper amount has been paid. This was noted in the 2016 audit year, completed September 6, 2017. As a result of this finding, this has been the practice of my office.

DISTRICT COURT 52-3-01
LEBANON COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2018

**Finding - Evidence Of Authorizing The Disposition Of Citations Was Not Available
(Continued)**

Auditor's Conclusion

Although we recognized the district court's concern over when to sign the certification of disposition, it is imperative that certification of dispositions are signed/authorized in a timely manner. The *Magisterial District Judge Automated Office of Clerical Procedures Manual* outlines the certification of disposition requirements on Non-Traffic and Traffic Citations. Although the *Manual* does not outline a time frame for signing certification of dispositions, a timely signature/authorization is a good internal control that ensures that dispositions are authorized by the Magisterial District Judge. Without signed/authorized certification of dispositions, the risk of funds to be lost or misappropriated increases.

Regarding the statement that only two of the four closed cases were missing a signature, the signatures may have been applied after the date that our testing was conducted.

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

DISTRICT COURT 52-3-01
LEBANON COUNTY
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2018

Summary Of Prior Examination Recommendations

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

- Comply with the procedures listed in the Supreme Court of Pennsylvania Administrative Office of Pennsylvania Courts Record and Retention and Disposition Schedule. We further recommended that the district court not destroy citations until after they have been subject to examination by the Department of the Auditor General.
- Implement internal controls over the access to the facsimile signature stamp by restricting the availability of the facsimile signature stamp to the Magisterial District Judge only.

During our current examination, we noted that the office complied with our recommendations.

DISTRICT COURT 52-3-01
LEBANON COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2015 TO DECEMBER 31, 2018

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 Anthony J. Verna
Magisterial District Judge

The Honorable Robert J. Phillips
Chairperson of the Board of Commissioners

The Honorable Robert M. Mettley
Controller

Stephanie A. Axarlis, 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.