

COMPLIANCE AUDIT

District Court 58-3-02
Mifflin County, Pennsylvania
For the Period
January 1, 2019 to December 31, 2022

April 2024



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

The Honorable Pat Browne
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have conducted a compliance audit of the District Court 58-3-02, Mifflin County, Pennsylvania (District Court), for the period January 1, 2019 to December 31, 2022, 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 the district court complied with state laws, regulations, and Administrative Office of Pennsylvania Courts (AOPC) policies and administrative procedures related to the collection of moneys on behalf of the Commonwealth, including whether moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted.

The procedures we performed are summarized below:

- Obtained data from the AOPC and the Pennsylvania Department of Revenue and determined whether:
 - Amounts provided by the AOPC match amounts received by the Department of Revenue.
 - The district court's distributions to the state agree with the data provided by the Department of Revenue.
- Compared collections by category of fines, fees, and surcharges for each year in the audit period to prior year collections and determine the reason(s) for large or unusual variances.
- Evaluated data related to cases without collections or adjustments to fines, fees, or surcharges and, if considered necessary, evaluated selected cases to determine whether such cases were handled appropriately.
- Obtained an understanding of internal controls related to the audit objective.
- Determined the adequacy of the design and operating effectiveness of internal controls we considered significant to the audit objective.
- Evaluated deposits of collections for accuracy and timeliness.
- Determined whether disbursements were accurate.
- Determined whether manual receipts were accurate and properly recorded.
- Determined whether voided receipts were necessary and proper.

- Reviewed selected cases to determine if the district court properly assessed, collected, and recorded all applicable fines, costs, fees and surcharges.
- Determined whether the court complied with laws, regulations, and AOPC procedures related to the issuance and returns or warrants, collections related to warrants, and accounting for collections in the AOPC computer system.

Our audit was limited to the areas 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.

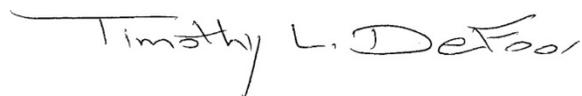
The district court is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, 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, 2019 to December 31, 2022, the district court, in all significant respects, complied with state laws, regulations, and AOPC policies and administrative procedures related to the collection of moneys on behalf of the Commonwealth, except as noted in the finding listed below and discussed later in this report:

- Inadequate Internal Controls Over Receipts.

This report includes a summary of the district court's receipts and disbursements of funds collected on behalf of the Commonwealth (summary), which the Department of Revenue may use to state and settle the district court's account. 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. Other than any adjustments that we considered necessary based on our audit work as disclosed in the *Proposed Audit Adjustments* line of the summary, nothing came to our attention to indicate inaccuracies in the amounts included on the summary.

The contents of this report were discussed with the District Court's management. We appreciate the courtesy extended to us by the Mifflin County District Court 58-3-02 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.



Timothy L. DeFoor
Auditor General
March 18, 2024

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DISTRICT COURT 58-3-02
MIFFLIN COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

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 as follows:

District Court checks issued to:

Department of Revenue	\$ 967,278
Department of Labor and Industry	<u>1,450</u>
Total	<u><u>968,728</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.

Jonathan W. Reed served at District Court 58-3-02 for the period January 1, 2019 to December 31, 2022.

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 58-3-02
 MIFFLIN COUNTY
 SUMMARY OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2019 TO DECEMBER 31, 2022

Receipts:

Department of Transportation		
Title 75 Fines	\$	215,411
Motor Carrier Road Tax Fines		25
Overweight Fines		1,985
Littering Law Fines		388
Child Restraint Fines		1,200
Department of Revenue Court Costs		141,268
Crime Victims' Compensation Bureau Costs		33,694
Crime Commission Costs/Victim Witness Services Costs		20,787
Domestic Violence Costs		3,616
Department of Agriculture Fines		4,217
Emergency Medical Service Fines		75,642
CAT/MCARE Fund Surcharges		196,426
Judicial Computer System Fees		56,771
Access to Justice Fees		31,398
Criminal Justice Enhancement Account Fees		3,962
Judicial Computer Project Surcharges		87,841
Constable Service Surcharges		3,730
Miscellaneous State Fines and Costs		90,367
		<hr/>
Total receipts		968,728
Disbursements to Commonwealth		<hr/> (968,728)
Balance due Commonwealth (District Court) per settled reports		-
Audit adjustments		<hr/> -
Adjusted balance due Commonwealth (District Court) for the period January 1, 2019 to December 31, 2022	\$	<hr/> <hr/> -

DISTRICT COURT 58-3-02
MIFFLIN COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Finding - Inadequate Internal Controls Over Receipts

Our audit of the accounting records for the district court disclosed the following deficiencies in the internal controls over receipts. Of 60 receipts tested, we noted the following:

- There were 42 instances in which the office copy of the bank deposit slip was not validated by the bank. The district court received a validated receipt from the bank, but this only confirmed the total amount deposited and not the actual make-up of the deposit (i.e., cash and check mix).
- There was one instance in which the bank validated deposit slip was missing.

A good system of internal controls ensures that:

- The amount of each check and the total amount of cash deposited are identified on the deposit slip. The office copy of each deposit should be brought to the bank to be validated. If the bank cannot validate the deposit slip, the district court should obtain a deposit ticket from the bank that validates total cash and the total deposited. After the district court receives the validation from the bank, it should be reconciled to the receipts by someone other than the person preparing or making the deposit.
- All validated deposit slips should be maintained until audited by the Department of the Auditor General.

Court staff stated the bank changed their procedures and they only validate the total deposited and stopped stamping the district court's detailed deposit listing of cash and checks. The district court believes the missing deposit slip was just an oversight.

Without a good system of internal controls over funds received by the district court, the possibility of funds being lost or misappropriated increases significantly.

Recommendation

We recommend that the district court establish and implement an adequate system of internal controls over receipts as noted above.

DISTRICT COURT 58-3-02
MIFFLIN COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Finding - Inadequate Internal Controls Over Receipts (Continued)

Management Response

The District Court Administrator responded as follows:

Although I understand the reasoning behind the written finding regarding Inadequate Internal Controls over Receipts, I do not necessarily agree with same. Both the staff and the Magisterial District Judge (MDJ) have worked out an internal system wherein the MDJ reviews every deposit ensuring the appropriate cash and checks are being deposited. The MDJ took it a step further and signed each daily deposit listing as verification all was in order.

It is no fault of the staff or the MDJ that the bank instituted a new validation system which did not list the checks and cash separately. Additionally, the new validation system made it impossible for the bank to validate the computer-generated daily deposit listing as it had in the past. Beginning approximately August 2023, the deposit slip from the bank now reflects cash in and check in, therefore this 'finding' has been resolved. Again, I find this written finding somewhat unfair in that staff and the MDJ did everything within their power to adequately support and document their daily deposits, the Court has no authority over the way in which the banking institution validates their deposit tickets. Furthermore, all monies were distributed to all entities appropriately during this audit period.

Auditor's Conclusion

We appreciate the court's efforts to correct these issues and we acknowledge the court's concerns regarding the bank's validation procedures during the audit period. As cited above, good internal accounting controls ensure that the district court obtain a deposit ticket from the bank that validates total cash and the total deposited and that all validated deposit slips are maintained until audited by the Department of the Auditor General. Although the district court stated the issue was corrected, because the issues existed and were not corrected during the audit period, the finding remains as stated. During our next audit we will determine if the district court complied with our recommendation.

DISTRICT COURT 58-3-02
MIFFLIN COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

This report was initially distributed to:

The Honorable Pat Browne
Secretary
Pennsylvania Department of Revenue

The Honorable Andrea Tuominen
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania
Administrative Office of Pennsylvania Courts

VACANT
Magisterial District Judge

The Honorable Kevin P. Kodish
Chairperson of the Board of Commissioners

Ms. Christine M. Stuck
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.