

COMPLIANCE AUDIT

District Court 59-3-01
Cameron County, Pennsylvania
For the Period
January 1, 2017 to December 31, 2020

December 2021



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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

**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 59-3-01, Cameron 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.

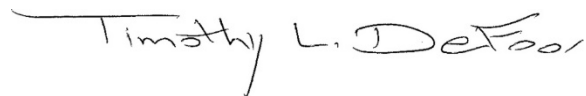
Based on our audit procedures, we conclude that, for the period January 1, 2017 to December 31, 2020, the District Court, in all significant respects, complied with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly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

- Receipts Were Not Always Deposited On The Same Day As Collected.
- Inadequate Voided Receipt Procedures.
- Inadequate Internal Controls Over Manual Receipts.
- Inadequate Arrest Warrant And DL-38 Procedures.

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 59-3-01, Cameron 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.



Timothy L. DeFoor
Auditor General
November 17, 2021

CONTENTS

	<u>Page</u>
Background.....	1
Summary Of Receipts And Disbursements	2
Findings And Recommendations:	
Finding No. 1 - Receipts Were Not Always Deposited On The Same Day As Collected	3
Finding No. 2 - Inadequate Voided Receipt Procedures	5
Finding No. 3 - Inadequate Internal Controls Over Manual Receipts.....	7
Finding No. 4 - Inadequate Arrest Warrant And DL-38 Procedures.....	10
Report Distribution	13

DISTRICT COURT 59-3-01
CAMERON 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	<u>\$ 530,183</u>
-----------------------	-------------------

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

Barry D. Brown, II served at District Court 59-3-01 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 59-3-01
CAMERON COUNTY
SUMMARY OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Receipts:

Department of Transportation		
Title 75 Fines	\$	143,986
Motor Carrier Road Tax Fines		25
Overweight Fines		150
Littering Law Fines		225
Child Restraint Fines		525
Department of Revenue Court Costs		74,942
Crime Victims' Compensation Bureau Costs		6,016
Crime Commission Costs/Victim Witness Services Costs		4,301
Domestic Violence Costs		1,534
Department of Agriculture Fines		239
Emergency Medical Service Fines		35,125
CAT/MCARE Fund Surcharges		131,455
Judicial Computer System Fees		33,392
Access to Justice Fees		15,050
Criminal Justice Enhancement Account Fees		1,554
Judicial Computer Project Surcharges		36,548
Constable Service Surcharges		130
Miscellaneous State Fines and Costs		<u>44,986</u>
 Total receipts		 530,183
 Disbursements to Commonwealth		 <u>(530,183)</u>
 Balance due Commonwealth (District Court) per settled reports		 -
 Audit adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (District Court) for the period January 1, 2017 to December 31, 2020	 \$	 <u><u>-</u></u>

DISTRICT COURT 59-3-01
CAMERON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding No. 1 - Receipts Were Not Always Deposited On The Same Day As Collected

Our audit disclosed that receipts were not always deposited on the same day as collected. Of 60 receipts tested, 19 were not deposited on the same day as collected. The time lapse from the date of receipt to the subsequent date of deposit ranged from two days to seven days.

In addition, we found that of the 32 voided receipts tested, nine receipts that were voided caused the entire day's collection to be deposited late. The time lapse from the date of receipt to the subsequent date of deposit ranged from two days to 22 days. We found an additional two voided receipts that were deposited five and eight days late, respectively.

Good internal accounting controls require that all monies collected be deposited in the bank at the end of every day. The *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual) establishes the uniform written internal control policies and procedures for all district courts. The Manual requires that:

All money, including partial payments received by the Magisterial District Judge office (e.g. cash, checks, and money orders), must be deposited in the bank at the end of every business day. A bank night depository may be used by all (night) courts as well as by any court that cannot get to the bank during banking hours. Money should not be taken home, left in the office overnight, or unattended. The Daily Cash Balancing procedure must be completed every day.

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

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 collections.

This condition existed because the district court failed to establish and implement an adequate system of internal controls over receipts, including procedures regarding when a receipt is voided.

Recommendation

We recommend that the district court deposit all receipts at the end of each day as required by good internal accounting controls and the Manual.

DISTRICT COURT 59-3-01
CAMERON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding No. 1 - Receipts Were Not Always Deposited On The Same Day As Collected (Continued)

Management's Response

The Magisterial District Judge stated:

We agree with the finding as documented and have taken the appropriate steps to address these issues. Additionally, there were not misappropriations of funds.

Auditor's Conclusion

We appreciate the officeholder's efforts to correct these issues. During our next audit, we will determine if the office complied with our recommendation.

DISTRICT COURT 59-3-01
CAMERON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding No. 2 - Inadequate Voided Receipt Procedures

Our audit disclosed that proper voided receipt procedures were not always followed. Of 32 receipts tested, we noted the following:

- Eighteen case files did not contain a copy of the voided receipt, the original receipt, and/or the receipt that replaced the original receipt.
- We could not determine if 16 receipts that were voided were properly authorized to be voided.
- Seventeen voided receipts contained no documentation as to the reason why the receipt was voided in order to determine whether the void was justified.
- Ten voided receipts were entered into the computer system using a generic reason such as “Erroneous Entry, Other” when a more descriptive transaction reason could have been used.
- One receipt was voided to remove a reason of change due of \$81.01. The receipt that replaced the original receipt changed the \$81.01 to a reason of “unapplied retained”. However, this amount was refunded 82 days after the date on the original voided receipt.

Good internal accounting controls ensure that:

- Proper documentation is maintained with the case file, including the voided receipt, replacement receipt, authorization of void, and acceptable reason/explanation for voided transaction.
- Descriptive and specific language is used when documenting the reason for a voided transaction.
- Necessary adjustments resulting from voided transactions are completed at the time of the void.

Without a good system of internal control over voids made by the office, the potential is increased that funds could be lost, stolen, or misappropriated.

Adherence to the uniform internal control structure policies and procedures, as set forth in the District Justice Automated Office Clerical Procedures Manual, would have ensured an adequate internal control over collections and voided receipts.

DISTRICT COURT 59-3-01
CAMERON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding No. 2 - Inadequate Voided Receipt Procedures (Continued)

Recommendations

We recommend that the district court implement procedures to ensure that voided receipt procedures required by the District Justice Automated Office Clerical Procedures Manual are followed. Specifically, all voided receipts should be properly authorized, accounted for, and maintained. All case files should have proper documentation explaining the reason for the voids.

Management's Response

The Magisterial District Judge stated:

We agree with the finding as documented and have taken the appropriate steps to address these issues. Additionally, there were not misappropriations of funds.

Auditor's Conclusion

We appreciate the officeholder's efforts to correct these issues. During our next audit, we will determine if the office complied with our recommendations.

DISTRICT COURT 59-3-01
CAMERON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding No. 3 - Inadequate Internal Controls Over Manual Receipts

The Administrative Office of Pennsylvania Courts' (AOPC) policies require computer downtime manual receipts to be issued in the event of a temporary power loss to the district court's computer system. When the computer system is operating again, the computer downtime manual receipt is replaced by an official computer-generated receipt and included in the daily receipts.

Our audit disclosed that required computer downtime manual receipt procedures were not always followed. Of 12 receipts tested, we noted the following:

- There were two computer downtime manual receipts that could not be located and were not available for our audit.
- There were five instances in which the computer receipt was not generated timely after the issuance of the corresponding downtime manual receipt. The time lapse from the date of the computer downtime manual receipt to the corresponding computer receipt ranged from two days to 12 days.
- There were nine instances in which the computer downtime manual receipt was not completed properly, including nine not signed by the receiver, five that did not match the computer generated receipt, and one that included the incorrect case file number.
- There were 12 entries that were not completed properly in the log, including 11 that didn't record the docket number, remitter, MDJS receipt number, and one missing the date received.
- There were three instances in which the computer downtime manual receipt number was not entered into the computer system when the corresponding computer receipt was generated.

DISTRICT COURT 59-3-01
CAMERON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding No. 3 - Inadequate Internal Controls Over Manual Receipts (Continued)

The *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual) establishes the uniform written internal control policies and procedures for all district courts. The Manual requires that downtime manual receipts be issued in the event of a temporary power loss to the computer system. When the computer system is not operational, the receipt and log sheet should be filled out for each receipt number and the initials of the employee receiving the payment should be documented on the log sheet. The receipts should be used in numerical order; the log sheet should be filled out using the appropriate receipt number; a copy of that receipt should be given to the remitter; and the second copy of the receipt should be kept, along with the associated log, in a secure location. When the computer system is running again, the second copy of the receipt should be attached to the new system-generated receipt and placed in the case file and the date the payment was entered into the system should be documented on the log sheet. Additionally, the Manual requires that when a manual receipt number is issued, the manual receipt number should be entered in the manual receipt number field when creating the computer receipt. This will link the manual receipt to the computer receipt.

Good internal accounting controls ensure that:

- Computer downtime manual receipts are accounted for and maintained.
- Computer receipts are generated timely after the issuance of the corresponding computer downtime manual receipts.
- All required information is recorded on the computer downtime manual receipt, including date issued, date filed, citation number, signature of the person receiving the payment, remitter name, docket number, payment source, payment method, and receipts are issued in sequence.
- Computer downtime manual receipt log sheets are maintained. All required docket and receipt information is recorded on the computer downtime manual receipts log sheet.
- Computer downtime manual receipt numbers are entered in the manual receipt number field on the computer when the corresponding computer receipts are generated.

When the AOPC's policies are not followed, the possibility that funds received by the District Court could be lost or misappropriated increases significantly.

Adherence to good internal accounting controls and the uniform internal control policies and procedures, as set forth in the Manual, would have ensured that there were adequate internal controls over collections.

DISTRICT COURT 59-3-01
CAMERON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding No. 3 - Inadequate Internal Controls Over Manual Receipts (Continued)

These conditions existed because the district court failed to establish and implement an adequate system of internal controls over computer downtime manual receipts.

Recommendation

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

Management's Response

The Magisterial District Judge stated:

We agree with the finding as documented and have taken the appropriate steps to address these issues. Additionally, there were not misappropriations of funds.

Auditor's Conclusion

We appreciate the officeholder's efforts to correct these issues. During our next audit, we will determine if the office complied with our recommendation.

DISTRICT COURT 59-3-01
CAMERON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding No. 4 - 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 32 instances in which a warrant was required to be issued. Our testing disclosed that 20 were not issued timely, and two were not issued at all. The time of issuance ranged from 78 days to 203 days.

Furthermore, we tested 19 instances in which a DL-38 was required to be issued. Our testing disclosed that 11 were not issued timely, and three were not issued at all. The time of issuance ranged from 76 days to 243 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.

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.

DISTRICT COURT 59-3-01
CAMERON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding No. 4 - Inadequate Arrest Warrant And DL-38 Procedures (Continued)

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.

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 15 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).

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.

DISTRICT COURT 59-3-01
CAMERON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding No. 4 - Inadequate Arrest Warrant And DL-38 Procedures (Continued)

Recommendation

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.

Management's Response

The Magisterial District Judge stated:

We agree with the finding as documented and have taken the appropriate steps to address these issues. Additionally, there were not misappropriations of funds.

Auditor's Conclusion

We appreciate the officeholder's efforts to correct these issues. During our next audit, we will determine if the office complied with our recommendation.

DISTRICT COURT 59-3-01
CAMERON 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 Barry D. Brown, II
Magisterial District Judge

The Honorable Lori J. Reed
Chairperson of the Board of Commissioners

Ms. LeeAnn L. Covac
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.