



DISTRICT COURT 03-2-07

NORTHAMPTON COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2005 TO DECEMBER 31, 2007

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Independent Auditor's Report

Mr. C. Daniel Hassell
Acting Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 03-2-07, Northampton County, Pennsylvania (District Court), for the period January 1, 2005 to December 31, 2007, 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.

Except as discussed in the fourth paragraph, 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*.

As discussed in Finding No. 1, the traffic/non-traffic citations issued and disposed of in 2005, were destroyed and not available for the examination. Without these records, we could not perform our standard examination procedures. As a result, the scope of our examination of the District Court's Statement was limited, and we were unable to satisfy ourselves by other examination procedures.

Independent Auditor's Report (Continued)

In our opinion, except for the effects, if any, of the matters noted in the preceding paragraph, 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, 2007, 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:

- Failure To Follow *The Supreme Court Of Pennsylvania Administrative Office Of Pennsylvania Courts Record Retention & Disposition Schedule With Guidelines* Procedures.

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*. However, we did note an other matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the finding below:

- Late Payments To The Department Of Revenue.

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.

July 1, 2009

JACK WAGNER
Auditor General



DISTRICT COURT 03-2-07
 NORTHAMPTON COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2005 TO DECEMBER 31, 2007

Receipts:

Department of Transportation		
Title 75 Fines	\$	43,418
Commercial Driver Fines		1,000
Littering Law Fines		50
Child Restraint Fines		135
Department of Revenue Court Costs		64,110
Crime Victims' Compensation Bureau Costs		25,136
Crime Commission Costs/Victim Witness Services Costs		18,129
Department of Public Welfare		
Domestic Violence Costs		6,095
Attend Care Fines		1,011
Department of Agriculture Fines		936
Fish and Boat Commission Fines		250
Game Commission Fines		2,250
Emergency Medical Service Fines		11,989
CAT/MCARE Fund Surcharges		37,770
Judicial Computer System Fees		30,042
Access to Justice Fees		6,976
Constable Service Surcharges		5,265
		<hr/>
Total receipts (Note 2)	\$	254,562
Disbursements to Commonwealth (Note 3)		<hr/> <u>(254,562)</u>
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments		<hr/> <u>-</u>
Adjusted balance due Commonwealth (District Court) for the period January 1, 2005 to December 31, 2007	\$	<hr/> <u><u>-</u></u>

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

DISTRICT COURT 03-2-07
NORTHAMPTON COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

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	\$ 254,562
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2005 To December 31, 2007

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

5. Magisterial District Judge Serving During Examination Period

Joan Marinkovits served at District Court 03-2-07 for the period January 1, 2005 to December 31, 2007.

DISTRICT COURT 03-2-07
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

Finding No. 1 - Failure To Follow The *Supreme Court Of Pennsylvania Administrative Office Of Pennsylvania Courts Record Retention & Disposition Schedule With Guidelines Procedures*

Our examination disclosed that traffic/non-traffic citations issued and disposed of between January 1, 2005 and December 31, 2005 were not available for examination and had been destroyed in October 2008 by the district court without being in compliance with the procedures described in the *Supreme Court of Pennsylvania Administrative Office of Pennsylvania Courts Record Retention & Disposition Schedule with Guidelines* (Schedule).

The Schedule outlines the proper procedures for the destruction of non-permanent court records. Disposal request procedures include:

A request to destroy non-permanent scheduled records must be submitted by the record custodian requesting permission to dispose of the record(s) to the Record Retention Officer utilizing a Unified Judicial System Disposal Log for Non-Permanent Records form adopted by the AOPC as provided in Pa.R.J.A. No. 507. The Record Retention Officer shall review the Records Disposal Log Form for completeness and shall grant written permission to dispose of such non-permanent records upon ascertaining that the applicable retention period as set forth in the schedule has been met. Written approval from the AOPC is not necessary before destroying non-permanent records as identified in the schedule. A log of individual disposition actions involving non-permanent records must be maintained. Copies of the Records Disposal Log Form shall be submitted on an annual basis to the AOPC. (See §4.5 Form Retention)

Although the Schedule identifies traffic and non-traffic citations as records that may be destroyed after three (3) years, the Schedule also states in part:

Records subject to audit must be retained for the periods listed in the schedule and must be audited and all findings resolved before such records may be destroyed. [Emphasis added.]

DISTRICT COURT 03-2-07
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 1 - Failure To Follow The *Supreme Court Of Pennsylvania Administrative Office Of Pennsylvania Courts Record Retention & Disposition Schedule With Guidelines Procedures (Continued)*

The failure to maintain these records resulted in an unclear examination trail. Additionally, collections associated with missing cases files and documents could be lost or misappropriated.

Recommendations

We recommend that the district court comply with the procedures listed in the Schedule.

We further recommend that the district court not destroy citations until after they have been subject to examination by the Department of the Auditor General.

Management's Response

No formal response was offered at this time.

DISTRICT COURT 03-2-07
 NORTHAMPTON COUNTY
 FINDINGS AND RECOMMENDATIONS
 FOR THE PERIOD
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Finding No. 2 - Late Payments To The Department Of Revenue

Our examination disclosed that the final payment of the month, for the Commonwealth’s portion of fines, costs, fees, and surcharges collected, was transmitted late for 9 of the 36 months examined. The following schedule identifies the late payments:

<u>Month/Year</u>	<u>Amount</u>	<u>Due Date</u>	<u>Date Check Issued</u>
August 2005	\$ 1,523.14	09/06/05	09/09/05
January 2006	1,162.08	02/05/06	02/07/06
August 2006	2,384.92	09/05/06	09/07/06
October 2006	769.57	11/05/06	11/08/06
November 2006	1,101.38	12/05/06	12/07/06
February 2007	1,105.45	03/05/07	03/06/07
May 2007	1,232.13	06/05/07	06/06/07
August 2007	1,475.87	09/05/07	09/06/07
October 2007	670.64	11/05/07	11/09/07
	<u>\$ 11,425.18</u>		

Additionally, 23 of the 119 weekly payments tested were not transmitted timely.

The above-noted conditions resulted in the Department of Revenue not receiving Commonwealth monies in a timely manner.

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 the district court generate the “No” run and “Yes” run reports on a weekly basis. The “Yes” run creates a check to the Department of Revenue consisting of the week’s collections. Additionally, Section 901 of *The Fiscal Code* requires that all collections be remitted by the fifth of the following month.

Adherence to Section 901 of *The Fiscal Code* and the uniform internal control policies and procedures, as set forth in the Manual, would have ensured that there were adequate internal controls over payments to the Department of Revenue.

DISTRICT COURT 03-2-07
NORTHAMPTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 2 - Late Payments To The Department Of Revenue (Continued)

Recommendation

We recommend that the district court transmit the Commonwealth's portion of fines and costs as required by the Manual and Section 901 of *The Fiscal Code*.

Management's Response

No formal response was offered at this time.

DISTRICT COURT 03-2-07
NORTHAMPTON COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

This report was initially distributed to:

Mr. C. Daniel Hassell
Acting Secretary
Pennsylvania Department of Revenue

The Honorable Zygmunt Pines
Court Administrator of Pennsylvania
Administrative Office of Pennsylvania Courts

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Suite 101, Rear
Northampton, PA 18067

The Honorable Joan Marinkovits	Magisterial District Judge
The Honorable Stephen Barron	Controller
The Honorable Ann McHale	President of the Board of Commissioners
Mr. James N. Onembo	District Court Administrator

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.