



DISTRICT COURT 05-2-04

ALLEGHENY COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2003 TO DECEMBER 31, 2007

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Independent Auditor's Report

The Honorable Stephen H. Stetler
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 05-2-04, Allegheny County, Pennsylvania (District Court), for the period January 1, 2003 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.

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, 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 deficiencies described in the findings below to be significant deficiencies in internal control over the reporting on the Statement:

- Misappropriation Of Funds Totaling \$1,133.
- Missing Case Files.
- Inadequate Arrest Warrant And DL-38 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. However, of the significant deficiencies described above, we consider the first two bulleted deficiencies to be material weaknesses.

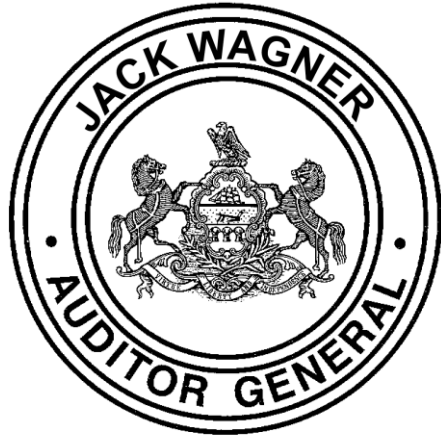
The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We are concerned in light of the District Court's failure to correct a previously reported finding regarding inadequate arrest warrant and DL-38 procedures. Additionally, during our current examination, we noted several significant weaknesses in the internal controls over receipts and accountability of case files that need corrective action. These significant deficiencies increase the risk for funds to be lost, stolen, or misappropriated and in uncollected fines and unpunished offenders. The District Court should strive to implement the recommendations and corrective action noted in this examination report.

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.

October 1, 2008

JACK WAGNER
Auditor General



DISTRICT COURT 05-2-04
 ALLEGHENY COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2003 TO DECEMBER 31, 2007

Receipts:

Department of Transportation		
Title 75 Fines	\$	575,770
Motor Carrier Road Tax Fines		167
Overweight Fines		1,477
Littering Law Fines		513
Child Restraint Fines		816
Department of Revenue Court Costs		286,731
Crime Victims' Compensation Bureau Costs		26,491
Crime Commission Costs/Victim Witness Services Costs		21,633
Department of Public Welfare		
Domestic Violence Costs		8,142
Attend Care Fines		235
Department of Conservation and Natural Resources Fines		300
Department of Agriculture Fines		507
Fish and Boat Commission Fines		4,618
Game Commission Fines		1,553
Department of State Fines		1,000
Emergency Medical Service Fines		136,794
CAT/MCARE Fund Surcharges		443,114
Judicial Computer System Fees		151,107
Access to Justice Fees		30,382
Constable Service Surcharges		6,363
State Police Crime Lab Fees		571
Miscellaneous State Fines		1,943
		<hr/>
Total receipts (Note 2)	\$	1,700,227
Disbursements to Commonwealth (Note 3)		<hr/> (1,700,227)
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments		<hr/> -
Adjusted balance due Commonwealth (District Court) for the period January 1, 2003 to December 31, 2007	\$	<hr/> <hr/> -

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

DISTRICT COURT 05-2-04
ALLEGHENY COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2003 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	\$ 1,700,227
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2003 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

Elissa M. Lang served at District Court 05-2-04 for the period January 1, 2003 to December 31, 2007.

DISTRICT COURT 05-2-04
ALLEGHENY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2007

Finding No. 1 - Misappropriation Of Funds Totaling \$1,133

Our examination revealed that a former secretary failed to make required disposition of funds totaling \$1,133. Our testing revealed that there were eight cash receipts which were voided for no apparent reason. By voiding the receipts, it created an entry into the computer system as if the money was not collected. The cash collected from these voided cash receipts was misappropriated.

Good internal accounting controls ensure that:

- All cash and checks received are properly recorded in the computer system and deposited intact as received on a daily basis and an official receipt should always be given to the payer.
- Receipts are only voided when there is a valid reason. The reason should be clearly documented in the case file. Voids should be confirmed as valid by office management.

This condition existed because the district court failed to establish and implement an adequate system of internal controls over receipts.

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

This matter was referred to the District Attorney's office.

Recommendations

We recommend that the Allegheny County Officials determine what action(s) should be taken to recover these funds. Furthermore, we recommend that the district court establish and implement adequate internal controls over receipts as noted above.

Management's Response

The Magisterial District Judge responded as follows:

It was discovered in November 2007 that an employee in District Court 05-2-04, processed cash payments from customers and then voided those payments. This became known to the court by a defendant that received a DL-38 on her citations that she had previously paid in full. Upon further investigation these files could not be located. It was determined that this employee had made voids to other citations that she had originally applied cash payments. The missing case files correspond to those cases.

DISTRICT COURT 05-2-04
ALLEGHENY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2007

Finding No. 1 - Misappropriation Of Funds Totaling \$1,133 (Continued)

Management's Response (Continued)

Voided payments will now require two signatures and entry in case notes. Copies of all voids will also be filed with the case and in a separate folder for auditing purposes.

Auditor's Conclusion

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

DISTRICT COURT 05-2-04
ALLEGHENY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2007

Finding No. 2 - Missing Case Files

Our examination of the district court required that certain case files be examined. We encountered considerable difficulty in locating a number of case files. Of 439 case files needed for testing, 20 could not be located.

In order for an entity to have an efficient record-keeping system, each court document must be filed timely and properly. Additionally, the *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual) outlines the proper filing procedures for all district courts to follow.

This condition existed because the district court failed to establish and implement an adequate system of internal controls over the accountability of case files.

The failure to follow these guidelines resulted in case file documents being lost, misfiled or intentionally destroyed. Additionally, collections associated with missing case files and documents could be 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 case files.

Recommendation

We recommend that the district court initiate procedures to ensure that all cases are properly filed and contain appropriate documents as outlined in the Manual.

Management's Response

The Magisterial District Judge responded as follows:

It was discovered in November 2007 that an employee in District Court 05-2-04, processed cash payments from customers and then voided those payments. This became known to the court by a defendant that received a DL-38 on her citations that she had previously paid in full. Upon further investigation these files could not be located. It was determined that this employee had made voids to other citations that she had originally applied cash payments. The missing case files correspond to those cases.

Voided payments will now require two signatures and entry in case notes. Copies of all voids will also be filed with the case and in a separate folder for auditing purposes.

DISTRICT COURT 05-2-04
ALLEGHENY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2007

Finding No. 2 - Missing Case Files (Continued)

Auditor's Conclusion

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

DISTRICT COURT 05-2-04
ALLEGHENY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2007

Finding No. 3 - 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 15 instances in which a warrant was required to be issued. Our testing disclosed that all 15 were not issued at all. The time of issuance ranged from 143 days to 157 days.

Furthermore, we sampled 11 instances in which a DL-38 was required to be issued. Our testing disclosed that three were not issued timely and eight were not issued at all. The time of issuance ranged from 177 days to 698 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. Rules 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. Rule 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.

DISTRICT COURT 05-2-04
ALLEGHENY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2007

Finding No. 3 - Inadequate Arrest Warrant And DL-38 Procedures (Continued)

- 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.

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.A. §1533 requires that the defendant be notified that he/she has fifteen 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.A. §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 when required increases the risk for funds to be lost, stolen, or misappropriated, and in uncollected fines and unpunished offenders.

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.

This finding was cited in the prior audit for the period ending December 31, 2002.

DISTRICT COURT 05-2-04
ALLEGHENY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2007

Finding No. 3 - Inadequate Arrest Warrant And DL-38 Procedures (Continued)

Recommendation

We again 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 responded as follows:

My staff has been working diligently to keep these procedures up-to-date. The DL-38's are done on a daily basis. The Arrest Warrants are now done on a Weekly basis. And all staff is working hard to keep these current.

Auditor's Conclusion

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

DISTRICT COURT 05-2-04
ALLEGHENY COUNTY
COMMENT
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2007

Comment - Compliance With Prior Audit Recommendations

During our prior audit, we recommended:

- That the office establish and implement an adequate system of internal controls over computer downtime manual receipts.
- That the office not destroy citations until after they have been subject to examination by the Department of the Auditor General.

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

DISTRICT COURT 05-2-04
ALLEGHENY COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2003 TO DECEMBER 31, 2007

This report was initially distributed to:

The Honorable Stephen H. Stetler
Secretary
Pennsylvania Department of Revenue

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

District Court 05-2-04
Allegheny County
1205 Main Street
Pittsburgh, PA 15215

The Honorable Elissa M. Lang	Magisterial District Judge
The Honorable Mark Patrick Flaherty	Controller
The Honorable Dan Onorato	Allegheny County Chief Executive
Mr. Raymond L. Billotte	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.