

DISTRICT COURT 05-2-16

ALLEGHENY COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2008 TO DECEMBER 31, 2010

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**Department of the Auditor General  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120-0018**

**JACK WAGNER  
AUDITOR GENERAL**

Independent Auditor's Report

The Honorable Daniel P. Meuser  
Secretary  
Pennsylvania Department of Revenue  
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 05-2-16, Allegheny County, Pennsylvania (District Court), for the period January 1, 2008 to December 31, 2010, 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, 2010, 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:

- Inadequate Internal Controls Over The Bank Account.

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 the significant deficiency described above to be a material weakness.

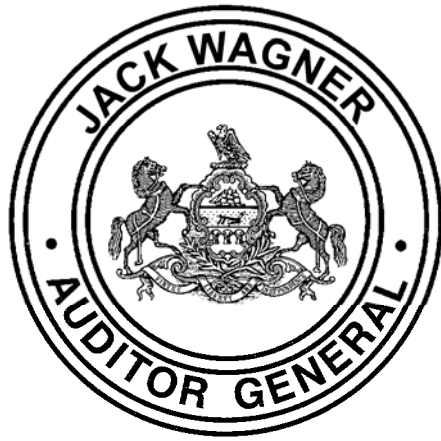
The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We are concerned in light of the District Court's failure to correct a previously reported finding regarding inadequate internal controls over the bank account. The failure to implement an adequate system of internal controls over the bank account could result in the risk for funds to be lost or misappropriated. The District Court should strive to implement the recommendation and take corrective action as noted in this examination.

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.

May 3, 2012

JACK WAGNER  
Auditor General



DISTRICT COURT 05-2-16  
 ALLEGHENY COUNTY  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 FOR THE PERIOD  
 JANUARY 1, 2008 TO DECEMBER 31, 2010

Receipts:

Department of Transportation		
Title 75 Fines	\$	232,388
Overweight Fines		285
Littering Law Fines		2,038
Child Restraint Fines		1,303
Department of Revenue Court Costs		177,605
Crime Victims' Compensation Bureau Costs		29,533
Crime Commission Costs/Victim Witness Services Costs		21,192
Domestic Violence Costs		8,510
Emergency Medical Service Fines		75,023
CAT/MCARE Fund Surcharges		233,898
Judicial Computer System Fees		84,561
Access to Justice Fees		21,860
Criminal Justice Enhancement Account Fees		1,856
Judicial Computer Project Surcharges		8,456
Constable Service Surcharges		10,296
Miscellaneous State Fines		2,810
		<hr/>
Total receipts (Note 2)		911,614
Disbursements to Commonwealth (Note 3)		<hr/> (911,614)
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments		<hr/>
Adjusted balance due Commonwealth (District Court) for the period January 1, 2008 to December 31, 2010	\$	<hr/> <hr/> -

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

DISTRICT COURT 05-2-16  
ALLEGHENY COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2008 TO DECEMBER 31, 2010

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	\$ <u>911,614</u>
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2008 To December 31, 2010

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

5. Magisterial District Judge Serving During Examination Period

Pat A. Capolupo served at District Court 05-2-16 for the period January 1, 2008 to December 31, 2010.



DISTRICT COURT 05-2-16  
ALLEGHENY COUNTY  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2008 TO DECEMBER 31, 2010

Finding - Inadequate Internal Controls Over The Bank Account

Our examination of the accounting records for the office disclosed the following deficiencies in the internal controls over the bank account:

- Bank reconciliations were not prepared.
- There was no accountability over undisbursed funds. There was a bank balance of \$53,575 without a corresponding liabilities report indicating to whom the monies were due.

A good system of internal controls ensures that:

- Bank statements are reconciled to the book balance on a monthly basis and any discrepancies are immediately investigated and resolved.
- The ending adjusted bank balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved. Since the bank account of the office is essentially an escrow account on behalf of the Commonwealth, County, and other participating entities, all available funds on hand should equal unpaid obligations.

Without a good system of internal controls over the bank account, the possibility of funds being lost or misappropriated increases significantly.

These conditions existed because the office failed to establish adequate internal controls over its bank account.

This condition was cited in the previous two examination periods, the most recent being December 31, 2007.

Recommendation

We again recommend that the office establish and implement an adequate system of internal controls over the bank account as noted above.

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

This is a recurring finding. We strongly recommend that the office comply with our recommendation.

DISTRICT COURT 05-2-16  
ALLEGHENY COUNTY  
COMMENT  
FOR THE PERIOD  
JANUARY 1, 2008 TO DECEMBER 31, 2010

Comment - Compliance With Prior Examination Recommendations

During our prior examination, we recommended:

- That the office establish and implement adequate internal controls over receipts.
- That the office initiate procedures to ensure that all cases are properly filed and contain appropriate documents as outlined in the *Magisterial District Judge Automated Office Clerical Procedures Manual*.
- That the office provide for greater segregation of duties within the office.
- That the office account for and maintain computer downtime manual receipts.
- That the court receipt all monies immediately upon collection as required by good internal accounting controls.

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

During our prior examination, we also recommended:

- That the office review the tickler reports for warrants and DL-38s daily and take appropriate action as required by the *Magisterial District Judge Automated Office Clerical Procedures Manual*.

Our current examination found that the office substantially complied with our prior examination recommendation. Insignificant instances of noncompliance were verbally communicated to the office.

DISTRICT COURT 05-2-16  
ALLEGHENY COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2008 TO DECEMBER 31, 2010

This report was initially distributed to:

The Honorable Daniel P. Meuser  
Secretary  
Pennsylvania Department of Revenue

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

The Honorable Pat A. Capolupo

Magisterial District Judge

The Honorable Rich Fitzgerald

Allegheny County Chief Executive

The Honorable Chelsa Wagner

Controller

Mr. Raymond L. Billotte

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](http://www.auditorgen.state.pa.us).