



DISTRICT COURT 07-2-05

BUCKS 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 07-2-05, Bucks 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. 2, 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 deficiencies described in the findings below to be significant deficiencies in internal control over the reporting on the Statement:

- Inadequate Internal Controls Over Facsimile Signature Stamp.
- 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)

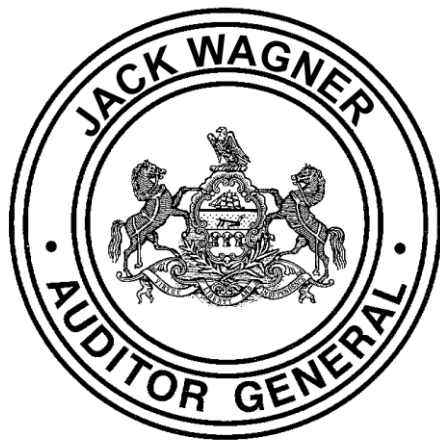
A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statement will not be prevented or detected by the District Court's internal control. Our consideration of the internal control 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 all the significant deficiencies described above 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*.

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.

June 18, 2009

JACK WAGNER
Auditor General



DISTRICT COURT 07-2-05
BUCKS COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

Receipts:

Department of Transportation		
Title 75 Fines	\$ 543,731	
Motor Carrier Road Tax Fines	3,388	
Overweight Fines	10,443	
Commercial Driver Fines	3,100	
Littering Law Fines	704	
Child Restraint Fines	1,299	
Department of Revenue Court Costs	264,838	
Crime Victims' Compensation Bureau Costs	44,560	
Crime Commission Costs/Victim Witness Services Costs	32,257	
Department of Public Welfare		
Domestic Violence Costs	10,106	
Attend Care Fines	143	
Department of Agriculture Fines	75	
Fish and Boat Commission Fines	9,749	
Game Commission Fines	1,775	
Department of State Fines	3,040	
Emergency Medical Service Fines	133,657	
CAT/MCARE Fund Surcharges	418,529	
Judicial Computer System Fees	142,962	
Access to Justice Fees	33,366	
Constable Service Surcharges	24,157	
Department of Labor and Industry Fines	950	
State Police Crime Lab Fees	210	
Miscellaneous State Fines	1,945	
	<hr/>	
Total receipts (Note 2)		\$ 1,684,984
Disbursements to Commonwealth (Note 3)		<u>(1,684,984)</u>
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments		<hr/> -
Adjusted balance due Commonwealth (District Court) for the period January 1, 2005 to December 31, 2007		<hr/> <u>\$ -</u>

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

DISTRICT COURT 07-2-05
BUCKS 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	\$ 1,684,984
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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

C. Robert Roth served at District Court 07-2-05 for the period January 1, 2005 to December 31, 2007.

DISTRICT COURT 07-2-05
BUCKS COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

Finding No. 1 - Inadequate Internal Controls Over Facsimile Signature Stamp

Our examination of the district court disclosed that a facsimile signature stamp was kept in a locked safe. However, the stamp is accessible to all employees.

Good internal controls ensure that effective measures are implemented to protect against the inappropriate use of the Magisterial District Judge's signature. Only the Magisterial District Judge should have access to the facsimile signature stamp and the stamp should be stored in a secured location.

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

Without a good system of internal control over the facsimile signature stamp by the office, the potential is increased that documents could be fraudulently authorized and that funds could be misappropriated.

Recommendation

We recommend that the district court implement good internal controls over the access to the facsimile signature stamp by restricting the availability of the facsimile signature stamp to the Magisterial District Judge only.

Management's Response

The Magisterial District Judge responded as follows:

Please see the following directive from the President Judge concerning the use of a facsimile signature stamp in Bucks County:

And now this 7th day of August, 2000 it is hereby ordered and directed that in compliance with the provisions of Pennsylvania Rules of Civil Procedure for District Justices No. 113, original signatures shall be affixed to documents designated by the Administrative Office of Pennsylvania Courts as requiring such signatures, including all checks, reports, dispositions, affidavits, arrest and search warrants, subpoenas, commitments, complaints, court orders, emergency protection from abuse orders and certifications.

A district justice may authorize the use of a facsimile signature in lieu of an original signature on those forms where such signatures are permitted by the Administrative Office of Pennsylvania Courts.

DISTRICT COURT 07-2-05
BUCKS COUNTY
FINDINGS AND RECOMMENDATIONS
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Finding No. 1 - Inadequate Internal Controls Over Facsimile Signature Stamp (Continued)

Management's Response (Continued)

Where original signatures are required, the district justice shall manually sign the documents. Except as provided under Pa. R. C. P. D. J. No. 113, an original signature, once affixed to a document, may be reproduced mechanically, by carbonless (NCR) copying, or by facsimile signature. Such reproductions shall serve as official copies for all purposes.

The Court will continue to closely monitor the use of the facsimile signatures.

Auditor's Conclusion

Although we recognize the Magisterial District Judge's right to use the facsimile signature stamp as permitted by the Administrative Office of Pennsylvania Courts, it is imperative that access to the stamp be limited to the judge only. Without controlling access to the stamp, the potential for funds to be misappropriated increases significantly.

DISTRICT COURT 07-2-05
BUCKS COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 2 - 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 in 2005 were not available for examination and have been destroyed 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.]

The District Court was unaware of the clause that records that were not audited should not be destroyed.

DISTRICT COURT 07-2-05
BUCKS COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 2 - 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

The Magisterial District Judge responded as follows:

The Court destroyed records according to the AOPC Retention and Disposition Schedule. The Court was unaware of the caveat that records that were not audited by the State Auditor should not be destroyed, even though the time frame would call for destruction, until such audit takes place. The Court, in the future, will flag records that have not been audited to meet the two-fold criteria.

DISTRICT COURT 07-2-05
BUCKS 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

District Court 07-2-05
Bucks County
281 California Road
Quakertown, PA 18951

The Honorable C. Robert Roth	Magisterial District Judge
The Honorable Ray McHugh	Controller
The Honorable Charles H. Martin	Chairperson of the Board of Commissioners
Douglas R. Praul, Esquire	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.