



DISTRICT COURT 10-2-10
WESTMORELAND COUNTY
EXAMINATION REPORT
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2009

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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 10-2-10, Westmoreland County, Pennsylvania (District Court), for the period January 1, 2007 to December 31, 2009, 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, 2009, 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:

- Bank Deposit Slips Were Not Validated.
- Inadequate Internal Controls Over Facsimile Signature Stamp.
- Inadequate Arrest Warrant And DL-38 Procedures.

Independent Auditor's Report (Continued)

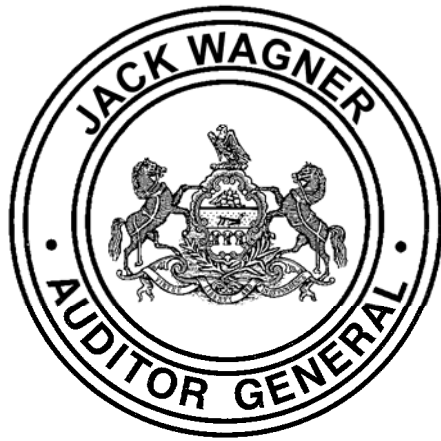
A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statement will not be prevented or detected by the District Court's internal control. Our consideration of the internal control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

August 11, 2010

JACK WAGNER
Auditor General



DISTRICT COURT 10-2-10
WESTMORELAND COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2009

Receipts:

Department of Transportation		
Title 75 Fines	\$ 179,827	
Motor Carrier Road Tax Fines	13	
Overweight Fines	1,874	
Littering Law Fines	222	
Child Restraint Fines	305	
Department of Revenue Court Costs	258,382	
Crime Victims' Compensation Bureau Costs	48,286	
Crime Commission Costs/Victim Witness Services Costs	34,653	
Domestic Violence Costs	11,755	
Department of Agriculture Fines	1,996	
Emergency Medical Service Fines	74,908	
CAT/MCARE Fund Surcharges	228,925	
Judicial Computer System Fees	124,620	
Access to Justice Fees	31,047	
Criminal Justice Enhancement Account Fees	77	
Judicial Computer Project Surcharges	349	
Constable Service Surcharges	17,141	
Miscellaneous State Fines	782	
	<hr/>	
Total receipts (Note 2)	\$ 1,015,162	
Disbursements to Commonwealth (Note 3)		<hr/> (1,015,162)
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments		<hr/> -
Adjusted balance due Commonwealth (District Court) for the period January 1, 2007 to December 31, 2009		<hr/> <hr/> \$ -

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

DISTRICT COURT 10-2-10
WESTMORELAND COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2009

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>1,015,162</u>
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2007 To December 31, 2009

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

5. Magisterial District Judge Serving During Examination Period

James Albert served at District Court 10-2-10 for the period January 1, 2007 to December 31, 2009.

DISTRICT COURT 10-2-10
WESTMORELAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2009

Finding No. 1 - Bank Deposit Slips Were Not Validated

Our examination of the district court's accounting records disclosed that the office copy of the bank deposit slip was not validated by the bank in 45 of the 45 deposits tested. The district court received a validated receipt from the bank, but this only confirmed the total amount deposited and not the actual make up of the deposit (i.e. cash and check mix).

Good internal accounting controls require that the amount of each check and the total amount of cash deposited are identified on the deposit slip. The office copy of each deposit should be brought to the bank to be validated.

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

The district court was not aware of the potential internal control weaknesses caused by not having a validated deposit slip.

Recommendation

We recommend that the district court secure the bank's validation on the court's copy of the deposit slip.

Management's Response

The Magisterial District Judge responded as follows:

Our deposits are made daily, we use the print out from the AOPC, we attach a deposit slip with the cash amount and a total of all checks and money orders and a grand total. These are taken to First Commonwealth bank. We receive a printed receipt with the total deposit and date from the bank. The Auditor suggests having the teller sign off on the receipt. The bank informed us the receipt has the teller number on and they cannot make accommodations to individual offices.

Auditor's Conclusion

For adequate internal control over collections and to reduce the risk of fraud occurring, we again recommend that you have the bank validate a copy of the itemized deposit slip to show the amount of cash, checks and money orders that were actually deposited.

DISTRICT COURT 10-2-10
WESTMORELAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2009

Finding No. 2 - Inadequate Internal Controls Over Facsimile Signature Stamp

Our examination of the district court disclosed inadequate internal controls over the facsimile signature stamp. The Magisterial District Judge's facsimile signature stamp was not secure, was accessible to all employees, and in four cases, the certification of disposition section of the citation was signed with the facsimile signature stamp. Because the stamp was used to sign the certification of disposition section of the citation, there was no evidence that the disposition was authorized by the Magisterial District Judge.

Good internal controls ensure that effective measures are implemented to protect against the inappropriate use of the Magisterial District Judge's signature. The facsimile signature stamp should be stored in a secured location and only the Magisterial District Judge should have access to it. In addition, good internal controls ensure that there is evidence that the disposition on these cases was authorized by the Magisterial District Judge.

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

Without a good system of internal control over access and use of the facsimile signature stamp, 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 access and use of the facsimile signature stamp by restricting access and use of the facsimile signature stamp to the Magisterial District Judge only.

Management's Response

The Magisterial District Judge responded as follows:

According to the auditor, the number of citations not properly signed was one non-traffic. The traffic that are stamped are guilty pleas only and we have permission to use the facsimile stamp. When a traffic is guilty at trial, dismissed, withdrawn, CBA or deceased the judge does sign the back.

Auditor's Conclusion

By not securing the facsimile signature stamp in a locked location that only is accessible for the Magisterial District Judge's use, the potential for documents to be fraudulently authorized increases significantly. This in turn, could lead to misappropriation of funds.

DISTRICT COURT 10-2-10
WESTMORELAND COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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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 33 instances in which a warrant was required to be issued. Our testing disclosed that 16 were not issued timely and 8 were not issued at all. The time of issuance ranged from 72 days to 986 days.

In addition, of 20 warrants required to be returned or recalled, 5 were not returned or recalled and 4 were not returned timely. The time of issuance to the time of return ranged from 363 days to 836 days.

Furthermore, we tested 17 instances in which a DL-38 was required to be issued. Our testing disclosed that ten were not issued timely and five were not issued at all. The time of issuance ranged from 86 days to 506 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.

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

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.
- 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.

Warrant Return Procedures: The Manual states that the Administrative Office of Pennsylvania Courts (AOPC) recommends that those in possession of arrest warrants should be notified to return warrants that have not been served. For summary traffic and non-traffic cases, outstanding warrants should be returned to the Magisterial District Judge's office within 60 days of issuance. Returned warrants can either be recorded in the Magisterial District Judge System (MDJS) as unserved, if the defendant is unable to be located; or they can be recalled for reissue, if the server has not exhausted all means of finding the defendant.

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).

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

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 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.

Recommendations

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. We further recommend that the court review warrant control reports and notify police or other officials to return warrants that are unserved for 60 days for summary traffic and non-traffic cases as required by the Manual.

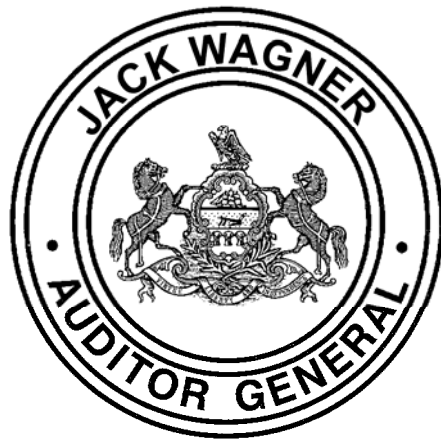
Management's Response

The Magisterial District Judge responded as follows:

The warrants and the DL-38s are behind for several reasons. In May 2009 and for several weeks prior, our office was moved, making it difficult to relocate and organize again. Then starting in November 2009, the office had a secretary each week taken out for schooling for the new system that became effective February 2010.

Auditor's Conclusion

Although we recognize the district court's concerns about staffing, it is imperative that warrants and DL-38s are issued timely to enforce the collection of monies.



DISTRICT COURT 10-2-10
WESTMORELAND COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2007 TO DECEMBER 31, 2009

This report was initially distributed to:

The Honorable Daniel P. Meuser
Secretary
Pennsylvania Department of Revenue

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

The Honorable James Albert	Magisterial District Judge
Paul S. Kuntz, Esquire	District Court Administrator
The Honorable Carmen Pedicone	Controller
The Honorable Tom Balya	Chairman of the Board of Commissioners

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