



DISTRICT COURT 12-3-01

DAUPHIN COUNTY

AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2002 TO DECEMBER 31, 2005



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## Independent Auditor's Report

Mr. Thomas W. Wolf  
Acting Secretary  
Pennsylvania Department of Revenue  
Harrisburg, PA 17128

We have audited the accompanying statement of receipts and disbursements – cash basis of District Court 12-3-01, Dauphin County, Pennsylvania (District Court), for the period January 1, 2002 to December 31, 2005, pursuant to the requirements of Section 401(c) of *The Fiscal Code*, Act of April 9, 1929, P.L. 343. This financial statement is the responsibility of the District Court's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the accompanying financial statement was prepared using accounting practices prescribed by the Pennsylvania Department of Revenue, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The financial statement presents only the Commonwealth portion of cash receipts and disbursements and is not intended to present fairly the financial position and results of operations of the District Court, in conformity with accounting principles generally accepted in the United States.

Independent Auditor's Report (Continued)

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District Court, as of December 31, 2005, the changes in its financial position, or where applicable, its cash flows for the period then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the operations of the District Court as it pertains to receipts made on behalf of the Department of Revenue and other state agencies for the period January 1, 2002 to December 31, 2005, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2006, on our consideration of the District Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 23, 2006

JACK WAGNER  
Auditor General

DISTRICT COURT 12-3-01  
 DAUPHIN COUNTY  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS - CASH BASIS  
 FOR THE PERIOD  
 JANUARY 1, 2002 TO DECEMBER 31, 2005

Receipts:

Department of Transportation		
Title 75 Fines	\$	193,290
Motor Carrier Road Tax Fines		163
Overweight Fines		1,349
Commercial Driver Fines		2,500
Littering Law Fines		303
Child Restraint Fines		585
Department of Revenue Court Costs		120,569
Crime Victims' Compensation Bureau Costs		36,132
Crime Commission Costs/Victim Witness Services Costs		30,148
Domestic Violence Costs		11,236
Department of Conservation and Natural Resources Fines		1,535
Department of Agriculture Fines		4,220
Fish and Boat Commission Fines		830
Game Commission Fines		3,836
Emergency Medical Service Fines		41,348
CAT/MCARE Fund Surcharges		129,999
Judicial Computer System Fees		52,481
Access to Justice Fees		8,745
Constable Service Surcharges		8,477
Department of Labor and Industry Fines		325
Firearm Education and Training Costs		345
State Police Crime Lab Fees		292
Miscellaneous State Fines		2,510
		<hr/>
Total receipts (Note 2)	\$	651,218
Disbursements to Department of Revenue (Note 3)		<hr/> (651,218)
Balance due Department of Revenue (District Court) per settled reports (Note 4)		-
Audit adjustments		<hr/> -
Adjusted balance due Department of Revenue (District Court) for the period January 1, 2002 to December 31, 2005	\$	<hr/> <hr/> -

Notes to the financial statement are an integral part of this report.

DISTRICT COURT 12-3-01  
DAUPHIN COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2005

1. Summary Of Significant Accounting Policies

Basis Of Presentation

The financial statement was prepared in accordance with the requirements of the Pennsylvania Department of Revenue. This financial statement is not intended to present either financial results of operations or financial position in conformity with generally accepted accounting principles.

Basis Of Accounting

The financial statement was prepared on the cash basis of accounting. Under this method, revenues were recognized when received and expenditures were recognized when paid.

Audit Requirement

The financial presentation has been prepared in accordance with Title 72 P.S. Section 401 (c) of *The Fiscal Code*, which requires the Department of the Auditor General to determine whether all money collected on behalf of the Commonwealth has been remitted properly and to provide the Department of Revenue with a report to enable them to settle an account covering any delinquency. A statement of assets and liabilities was not a required part of the financial presentation because of the limited reporting scope by the District Court. Therefore, a statement of assets and liabilities was not audited and is not a part of this report.

2. Receipts

Receipts are comprised of fines, costs, fees, surcharges, and restitution collected on behalf of the Department of Revenue and other state agencies. These fines, costs, fees, surcharges, and restitution represent collections made on traffic, non-traffic, civil, and criminal cases filed with the District Court.

3. Disbursements

Total disbursements are comprised as follows:

Checks issued to the Department of Revenue	<u>\$ 651,218</u>
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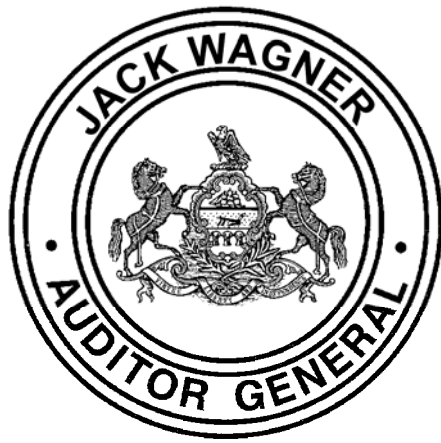
DISTRICT COURT 12-3-01  
DAUPHIN COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2005

4. Balance Due Department Of Revenue (District Court) For The Period January 1, 2002 To December 31, 2005

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

5. Magisterial District Judge Serving During Audit Period

Rebecca J. Margerum, Esquire, served at District Court 12-3-01 for the period January 1, 2002 to December 31, 2005.



Report On Compliance And On  
Internal Control Over Financial Reporting

Mr. Thomas W. Wolf  
Acting Secretary  
Pennsylvania Department of Revenue  
Harrisburg, PA 17128

We have audited the statement of receipts and disbursements – cash basis of District Court 12-3-01, Dauphin County, Pennsylvania (District Court), for the period January 1, 2002 to December 31, 2005, and have issued our report thereon dated October 23, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District Court’s financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District Court’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable

Report On Compliance And On  
Internal Control Over Financial Reporting (Continued)

conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District Court's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. The reportable condition described in the finding is as follows:

- Failure To Remit Collections of \$3,096.25.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the reportable condition described above to be a material weakness.

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 23, 2006

JACK WAGNER  
Auditor General

DISTRICT COURT 12-3-01  
DAUPHIN COUNTY  
FINDING AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2005

Finding - Failure To Remit Collections of \$3,096.25

At the request of the Magisterial District Judge, the Dauphin County Criminal Investigation Division initiated an investigation of a constable utilized by the district court. This investigation revealed that the constable was serving warrants and collecting funds from defendants and not submitting these funds to the district court. Our review of the cases indicated that at least \$3,096.25 was collected and not remitted by the constable. The funds are due as follows:

Commonwealth of Pennsylvania	\$1,465.94
Local Municipalities	464.19
County of Dauphin	696.07
Restitution Due Various Parties	<u>470.05</u>
 Total	 <u>\$3,096.25</u>

Additionally, per interview with office staff, it was determined that a different constable, when serving warrants issued by the Magisterial District Judge, was collecting fines, costs, and restitution on behalf of the district court. Our auditing disclosed that collections of fines, costs, and restitution made by this constable were inappropriately deposited into the constable's bank account and were subsequently remitted to the district court.

Good internal accounting controls and the *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual), which establishes the uniform written internal control policies and procedures for all district courts, require that the court maintain complete accountability over all collections.

Official receipts should be issued by the constables upon the collection of fines, costs, and restitution and copies of these receipts, signed by the defendant, should accompany payments turned over to the court. All checks and money orders collected by the constables should be in the name of the issuing authority and should be remitted to the court immediately upon collection without being deposited into the constable's personal bank account.

Adherence to good internal accounting controls and the uniform internal control policies and procedures, as set forth in the Manual, would have ensured adequate internal controls over third party collections.

DISTRICT COURT 12-3-01  
DAUPHIN COUNTY  
FINDING AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2005

Finding - Failure To Remit Collections of \$3,096.25 (Continued)

Magisterial District Judges have the power to choose the independent contractors who will perform services on behalf of the court. They also have the concomitant power to dictate minimum standards of satisfactory performance, so long as said standards are not inconsistent with pertinent statutes and Rules of Court. Such standards should include the requirement that constables or other third parties who collect money on behalf of district courts prepare and maintain the documentation which is necessary to maintain effective internal controls as well as to establish an adequate audit trail with respect to said funds.

Recommendations

We recommend that the district court request that the constables it engages for service of process or warrants complete the back of warrants in their entirety which serve as official receipts, and submit the warrants, along with collections, immediately to the district court. We further recommend that the district court take action to try and recover the funds that were not remitted.

Furthermore, we recommend that the court consider discontinuing its use of constables who refuse to voluntarily comply with the court's request.

Auditee Response

No formal response was offered at this time.

DISTRICT COURT 12-3-01  
DAUPHIN COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2005

This report was initially distributed to:

Mr. Thomas W. Wolf  
Acting Secretary  
Pennsylvania Department of Revenue

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

District Court 12-3-01  
Dauphin County  
R.R. 1 Manors Road  
P. O. Box 68  
Elizabethville, PA 17023

Mr. Robert P. Hawley	Court Administrator
The Honorable Rebecca J. Margerum	Magisterial District Judge
The Honorable Marie Rebuck	Controller

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).