



DISTRICT COURT 12-3-05

DAUPHIN COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2004 TO DECEMBER 31, 2006

## CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
Financial Section:	
Statement Of Receipts And Disbursements.....	5
Notes To The Statement Of Receipts And Disbursements.....	6
Findings And Recommendations:	
Finding - Inadequate Internal Controls Over The Bank Account .....	7
Report Distribution .....	9

## Independent Auditor's Report

Mr. Steven H. Stetler  
Acting Secretary  
Pennsylvania Department of Revenue  
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 12-3-05, Dauphin County, Pennsylvania (District Court), for the period January 1, 2004 to December 31, 2006, 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, 2006, 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 significant deficiency described above to be material weakness.

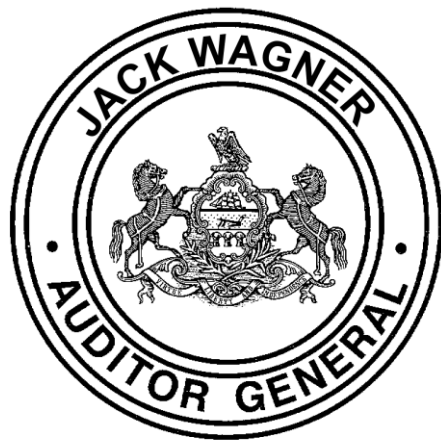
The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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. These significant deficiencies increase the risk for funds to be lost, stolen, or misappropriated. The District Court should strive to implement the recommendation 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.

August 11, 2008

JACK WAGNER  
Auditor General



DISTRICT COURT 12-3-05  
 DAUPHIN COUNTY  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 FOR THE PERIOD  
 JANUARY 1, 2004 TO DECEMBER 31, 2006

Receipts:

Department of Transportation		
Title 75 Fines	\$	440,284
Motor Carrier Road Tax Fines		6,616
Overweight Fines		2,629
Commercial Driver Fines		7,495
Littering Law Fines		300
Child Restraint Fines		100
Department of Revenue Court Costs		98,591
Crime Victims' Compensation Bureau Costs		16,163
Crime Commission Costs/Victim Witness Services Costs		11,609
Domestic Violence Costs		4,419
Department of Conservation and Natural Resources Fines		2,050
Department of Agriculture Fines		800
Fish and Boat Commission Fines		5,374
Game Commission Fines		50
Emergency Medical Service Fines		57,191
CAT/MCARE Fund Surcharges		176,878
Judicial Computer System Fees		59,511
Access to Justice Fees		12,740
Constable Service Surcharges		4,494
Department of Labor and Industry Fines		475
Firearm Education and Training Costs		118
State Police Crime Lab Fees		210
Miscellaneous State Fines		150
		<hr/>
Total receipts (Note 2)	\$	908,247
Disbursements to Commonwealth (Note 3)		<hr/> (903,173)
Balance due Commonwealth (District Court) per settled reports (Note 4)		5,074
Examination adjustments		<hr/> -
Adjusted balance due Commonwealth (District Court) for the period January 1, 2004 to December 31, 2006	\$	<hr/> <hr/> 5,074

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

DISTRICT COURT 12-3-05  
DAUPHIN COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2004 TO DECEMBER 31, 2006

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:

Checks issued to the Department of Revenue	\$ 903,173
--	------------

4. Balance Due Commonwealth (District Court) For The Period January 1, 2004 To December 31, 2006

This balance reflects the summary of monthly transmittal reports as settled by the Department of Revenue. The balance does not reflect credit for a payment of \$5,074 for December 2006, which was credited by the Department of Revenue in July 2007.

5. Magisterial District Judge Serving During Examination Period

Roy C. Bridges served at District Court 12-3-05 for the period January 1, 2004 to December 31, 2006.



DISTRICT COURT 12-3-05  
DAUPHIN COUNTY  
FINDING AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2004 TO DECEMBER 31, 2006

Finding - Inadequate Internal Controls Over The Bank Account

Our review of accounting records for the District Court revealed the following deficiencies in the control over the bank account:

- There were 4 outstanding checks totaling \$261, dated from April 11, 2006 to June 30, 2006, that were still outstanding as of December 31, 2006.
- Reconciliations between the book balances and the bank statements for October 2006 through December 2006 were not performed until July 2007.
- There was inadequate accountability over undisbursed funds. We noted escrow funds were held from 288 to 3,980 days without being disbursed. This resulted in \$6,343 not being disbursed timely.

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

A good system of internal control ensures that:

- Adequate procedures are established to follow-up on all outstanding checks. If a check is outstanding for over 90 days, efforts should be made to locate the payee. If efforts to locate the payee are unsuccessful, the amount of the check should be removed from the outstanding checklist, added back to the checkbook balance, and subsequently held in escrow for unclaimed escheatable funds.
- Bank reconciliations are prepared as soon as the bank statement is received.
- The ending adjusted bank balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved.
- Funds are disbursed timely and accurately.

Without a good system of internal controls over the bank account, the potential is increased that funds could be lost, stolen, or misappropriated.

This finding was cited in the prior audit period ending December 31, 2003.

DISTRICT COURT 12-3-05  
DAUPHIN COUNTY  
FINDING AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2004 TO DECEMBER 31, 2006

Finding - Inadequate Internal Controls Over The Bank Account (Continued)

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 district court establish and implement an adequate system of internal controls over the bank account.

DISTRICT COURT 12-3-05  
DAUPHIN COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2004 TO DECEMBER 31, 2006

This report was initially distributed to:

Mr. Steven H. Stetler  
Acting Secretary  
Pennsylvania Department of Revenue

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

District Court 12-3-05  
Dauphin County  
7810 Allentown Blvd  
Harrisburg, PA 17112

The Honorable Roy C. Bridges	Magisterial District Judge
The Honorable Marie E. Rebuck	Controller
The Honorable Jeff Haste	Chairman of the Board of Commissioners
Carolyn Crandall Thompson, 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](http://www.auditorgen.state.pa.us).