

DISTRICT COURT 14-3-07

FAYETTE COUNTY

EXAMINATION REPORT

FOR THE PERIOD

MARCH 1, 2005 TO DECEMBER 13, 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 14-3-07, Fayette County, Pennsylvania (District Court), for the period March 1, 2005 to December 13, 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.

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*.

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 13, 2007, in conformity with the criteria set forth in Note 1.

Independent Auditor's Report (Continued)

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:

- Required Computer Downtime Manual Receipt Procedures Were Not Always Followed.
- Missing Case Files.
- Improper Use Of The Case Balance Adjustment.
- Inadequate Arrest Warrant Procedures.

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 three bulleted significant deficiencies described above to be material weaknesses.

Independent Auditor's Report (Continued)

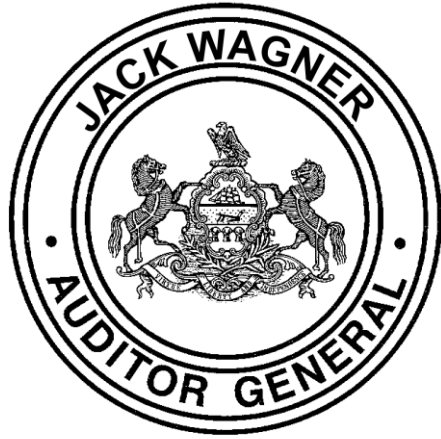
The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We are concerned in light of the District Court's failure to correct previously reported findings regarding inadequate arrest warrant procedures and improper use of case balance adjustments. Additionally, during our current examination, we noted several significant weaknesses in the internal controls over computer downtime manual receipts and the security of case files that need corrective action. These significant deficiencies could result in uncollected fines and unpunished offenders and increase the risk for funds to be lost or misappropriated. Because this is the final examination of the District Court 14-3-07 and there were no transactions after December 13, 2007, no recommendations are provided.

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.

July 1, 2009

JACK WAGNER
Auditor General



DISTRICT COURT 14-3-07
 FAYETTE COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 MARCH 1, 2005 TO DECEMBER 13, 2007

Receipts:

Department of Transportation		
Title 75 Fines	\$ 129,345	
Motor Carrier Road Tax Fines	125	
Overweight Fines	225	
Commercial Driver Fines	500	
Littering Law Fines	300	
Child Restraint Fines	310	
Department of Revenue Court Costs	42,035	
Crime Victims' Compensation Bureau Costs	12,613	
Crime Commission Costs/Victim Witness Services Costs	9,094	
Department of Public Welfare		
Domestic Violence Costs	3,165	
Attend Care Fines	35	
Department of Conservation and Natural Resources Fines	100	
Department of Agriculture Fines	2,397	
Fish and Boat Commission Fines	6,379	
Game Commission Fines	5,412	
Department of State Fines	3,914	
Emergency Medical Service Fines	22,602	
CAT/MCARE Fund Surcharges	67,092	
Judicial Computer System Fees	24,769	
Access to Justice Fees	5,716	
Constable Service Surcharges	1,786	
Miscellaneous State Fines	2,418	
	<hr/>	
Total receipts (Note 2)		\$ 340,332
Disbursements to Commonwealth (Note 3)		<hr/> <u>(340,332)</u>
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments		<hr/> -
Adjusted balance due Commonwealth (District Court) for the period March 1, 2005 to December 13, 2007		<hr/> <u>\$ -</u>

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

DISTRICT COURT 14-3-07
FAYETTE COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
MARCH 1, 2005 TO DECEMBER 13, 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	\$ 340,332
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4. Balance Due Commonwealth (District Court) For The Period March 1, 2005 To December 13, 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

Robert W. Breakiron served at District Court 14-3-07 for the period March 1, 2005 to December 13, 2007.

6. Final Examination

District Court 14-3-07 officially closed on December 13, 2007. This is a final examination of District Court 14-3-07.

DISTRICT COURT 14-3-07
FAYETTE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2005 TO DECEMBER 13, 2007

Finding No. 1 - Required Computer Downtime Manual Receipt Procedures Were Not Always Followed

The Administrative Office of Pennsylvania Courts' (AOPC) policies require computer downtime manual receipts to be issued in the event of a temporary power loss to the district court's computer system. When the computer system is operating again, the computer downtime manual receipt is replaced by an official computer-generated receipt and included in the daily receipts. When the AOPC's policies are not followed, the possibility that funds received by the District Court could be lost or misappropriated increases significantly.

Our examination disclosed that required computer downtime manual receipt procedures were not always followed. There were 72 computer downtime manual receipts, and the accompanying downtime manual receipts logs, that could not be located and were not available for our examination.

The *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual) establishes the uniform written internal control policies and procedures for all district courts. The Manual requires that downtime manual receipts be issued in the event of a temporary power loss to the computer system. When the computer system is not operational, the receipt and log sheet should be filled out for each receipt number and the initials of the employee receiving the payment should be documented on the log sheet. The receipts should be used in numerical order; the log sheet should be filled out using the appropriate receipt number; a copy of that receipt should be given to the remitter; and the second copy of the receipt should be kept, along with the associated log, in a secure location. When the computer system is running again, the second copy of the receipt should be attached to the new system-generated receipt and placed in the case file and the date the payment was entered into the system should be documented on the log sheet. Additionally, the Manual requires that when a manual receipt number is issued, the manual receipt number should be entered in the manual receipt number field when creating the computer receipt. This will link the manual receipt to the computer receipt.

Good internal accounting controls ensure that computer downtime manual receipts and logs are accounted for and maintained.

These conditions existed because the district court failed to establish and implement an adequate system of internal controls over computer downtime manual receipts.

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

DISTRICT COURT 14-3-07
FAYETTE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2005 TO DECEMBER 13, 2007

Finding No. 1 - Required Computer Downtime Manual Receipt Procedures Were Not Always
Followed (Continued)

Recommendation

Because this is the final examination of District Court 14-3-07 and there were no transactions after December 13, 2007, no recommendation is provided.

Management's Response

No formal response was offered at this time.

DISTRICT COURT 14-3-07
FAYETTE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2005 TO DECEMBER 13, 2007

Finding No. 2 - Missing Case Files

Our examination of the district court required that certain case files be examined. We encountered considerable difficulty in finding a number of case files. There were eight case files needed for our examination that could not be located.

In order for an entity to have an efficient record-keeping system, each court document must be filed timely and properly. Additionally, the *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual) outlines the proper filing procedures for all district courts to follow.

This condition existed because the district court failed to establish and implement an adequate system of internal controls over the accountability of case files.

The failure to follow these guidelines could result in case file documents being lost, misfiled, or intentionally destroyed. Additionally, collections associated with missing case files and documents could be 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 case files.

Recommendation

Because this is the final examination of District Court 14-3-07 and there were no transactions after December 13, 2007, no recommendation is provided.

Management's Response

No formal response was offered at this time.

DISTRICT COURT 14-3-07
FAYETTE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2005 TO DECEMBER 13, 2007

Finding No. 3 - Improper Use Of The Case Balance Adjustment

Our testing of cases involving case balance adjustments disclosed that the Magisterial District Judge would use the case balance adjustment to dispose of cases that were docketed between 1994 and 2007. Of the ten cases examined where there was a case balance adjustment, four had no documentation to support the case balance adjustment. In addition, one case was adjusted by case balance when the defendant actually served jail time; therefore, a jail adjustment should have been utilized.

The *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual) establishes the uniform written internal control policies and procedures for all district courts. The Manual states that case balance adjustments may be imposed by the Magisterial District Judge. However, there must be a court order and/or substantiating documentation to support said adjustment(s).

By using the case balance adjustment to close out cases and not having the proper court order(s) and/or supporting documentation, the Magisterial District Judge is circumventing the system set up by the Administrative Office of Pennsylvania Courts (AOPC).

This finding was cited in the prior audit for the period ending February 28, 2005 under the finding entitled "Misappropriated Funds Of At Least \$46,858.08."

Recommendation

Because this is the final examination of District Court 14-3-07 and there were no transactions after December 13, 2007, no recommendation is provided.

Management's Response

No formal response was offered at this time.

DISTRICT COURT 14-3-07
FAYETTE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2005 TO DECEMBER 13, 2007

Finding No. 4 - Inadequate Arrest Warrant Procedures

Warrants 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.

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 39 instances in which a warrant was required to be issued. Our testing disclosed that six warrants were not issued timely and one was not issued at all. The time of issuance ranged from 76 days to 145 days.

In addition, of 38 warrants required to be returned or recalled, 3 warrants were not returned or recalled, and 8 were not returned timely. The time of issuance to the time of return ranged from 199 days to 357 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.

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.

DISTRICT COURT 14-3-07
FAYETTE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2005 TO DECEMBER 13, 2007

Finding No. 4 - Inadequate Arrest Warrant Procedures (Continued)

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.

The failure to follow warrant 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.

This finding was cited in the prior audit for the period ending February 28, 2005.

Recommendations

Because this is the final examination of District Court 14-3-07 and there were no transactions after December 13, 2007, no recommendation is provided.

Management's Response

No formal response was offered at this time.

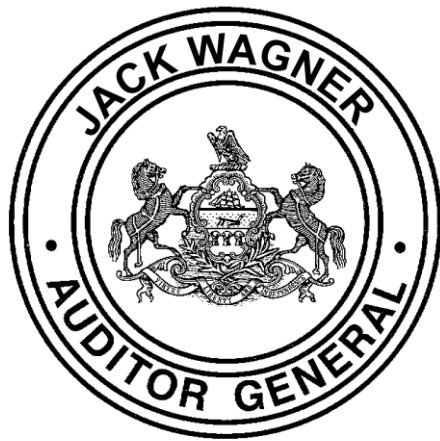
DISTRICT COURT 14-3-07
FAYETTE COUNTY
COMMENT
FOR THE PERIOD
MARCH 1, 2005 TO DECEMBER 13, 2007

Comment - Compliance With Prior Audit Recommendations

During our prior audit, we recommended:

- That the office take what action(s) that is necessary to recover the misappropriated funds of at least \$46,858.08 and that the district court establish and implement adequate internal controls over receipts.
- That the office provide for greater segregation of duties within the office.
- That the office perform the required internal control procedures in regard to the bank account and the escrow account.
- That the office review the tickler reports for DL-38s daily and take appropriate action as required by the *Magisterial District Judge Automated Office Clerical Procedures Manual*.
- That the Magisterial District Judge sign and seal the citation certification of disposition section in accordance with the *Magisterial District Judge Automated Office Clerical Procedures Manual*.

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



DISTRICT COURT 14-3-07
FAYETTE COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
MARCH 1, 2005 TO DECEMBER 13, 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 14-3-07
Fayette County
2318 Moyer Road
Connellsville, PA 15425

The Honorable Robert W. Breakiron	Magisterial District Judge
The Honorable Sean Lally	Controller
The Honorable Vince Zapotosky	Chairman of the Board of Commissioners
Ms. Karen M. Kuhn	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.