



DISTRICT COURT 32-1-20

DELAWARE COUNTY

AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2002 TO DECEMBER 31, 2004



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## Independent Auditor's Report

The Honorable Gregory C. Fajt  
Secretary  
Department of Revenue  
Harrisburg, PA 17128

We have audited the accompanying statement of receipts and disbursements – cash basis of District Court 32-1-20, Delaware County, Pennsylvania (District Court), for the period January 1, 2002 to December 31, 2004, 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, 2004, 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, 2004, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 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.

April 27, 2006

JACK WAGNER  
Auditor General

DISTRICT COURT 32-1-20  
 DELAWARE COUNTY  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS - CASH BASIS  
 FOR THE PERIOD  
 JANUARY 1, 2002 TO DECEMBER 31, 2004

Receipts:

Department of Transportation			
Title 75 Fines	\$	34,349	
Overweight Fines		13,710	
Littering Law Fines		300	
Child Restraint Fines		323	
Department of Revenue Court Costs		61,918	
Crime Victims' Compensation Bureau Costs		5,881	
Crime Commission Costs/Victim Witness Services Costs		5,537	
Domestic Violence Costs		2,074	
Emergency Medical Service Fines		10,474	
CAT/MCARE Fund Surcharges		38,901	
Judicial Computer System Fees		18,906	
Access to Justice Fees		2,678	
Constable Service Surcharges		9,840	
Firearm Education and Training Costs		5	
		<hr/>	
Total receipts (Note 2)			\$ 204,896
Disbursements to Department of Revenue (Note 3)			<hr/> <u>(204,896)</u>
Balance due Department of Revenue (District Court) per settled reports (Note 4)			-
Audit adjustments			<hr/> <u>-</u>
Adjusted balance due Department of Revenue (District Court) for the period January 1, 2002 to December 31, 2004			<hr/> <u><u>\$ -</u></u>

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

DISTRICT COURT 32-1-20  
DELAWARE COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2004

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>\$ 204,896</u>
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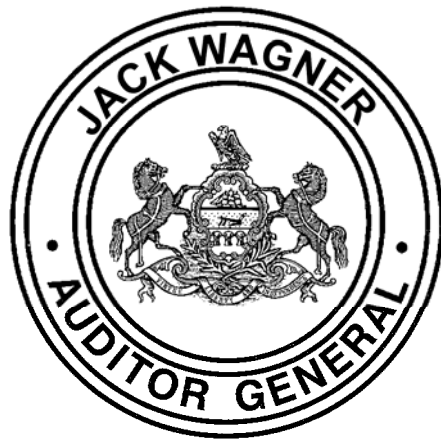
DISTRICT COURT 32-1-20  
DELAWARE COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2004

4. Balance Due Department Of Revenue (District Court) For The Period January 1, 2002 To December 31, 2004

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

5. Magisterial District Judge Serving During Audit Period

William L. Day, Jr. served at District Court 32-1-20 for the period January 1, 2002 to December 31, 2004.



Report On Compliance And On  
Internal Control Over Financial Reporting

The Honorable Gregory C. Fajt  
Secretary  
Department of Revenue  
Harrisburg, PA 17128

We have audited the statement of receipts and disbursements – cash basis of District Court 32-1-20, Delaware County, Pennsylvania (District Court), for the period January 1, 2002 to December 31, 2004, and have issued our report thereon dated April 27, 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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 conditions described in the findings are as follows:

- Required Computer Downtime Manual Receipt Procedures Were Not Always Followed.
- Inadequate Arrest Warrant And DL-38 Procedures.

Material weaknesses are conditions 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. However, of the reportable conditions described above, we consider the first bulleted item 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.

April 27, 2006

JACK WAGNER  
Auditor General

DISTRICT COURT 32-1-20  
DELAWARE COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2004

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

Computer downtime manual receipts are available 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.

Our audit disclosed that required computer downtime manual receipt procedures were not always followed. Of 16 receipts tested, we noted the following:

- One computer downtime manual receipt could not be accounted for and was not available for review.
- The amount recorded on one computer downtime manual receipt did not agree with the amount on the computer-generated receipt. The downtime manual receipt amount was \$40.25 more than the computer-generated receipt amount.
- Three computer receipts were not timely generated after the issuance of the corresponding computer downtime manual receipt. The time lapse from the date of the downtime manual receipt to the date of the corresponding computer receipt ranged from 2 days to 6 days.
- Eight computer downtime manual receipt numbers were not entered into the computer system when the corresponding computer receipt was generated.

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.

DISTRICT COURT 32-1-20  
DELAWARE COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2004

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

Good internal accounting controls ensure that:

- Computer downtime manual receipts are accounted for and maintained.
- Computer receipt amounts agree with the corresponding computer downtime manual receipt amounts.
- Computer receipts are generated timely after the issuance of the corresponding computer downtime manual receipts.
- Computer downtime manual receipt numbers are entered in the manual receipt number field on the computer when the corresponding computer receipts are generated.

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

Without a good system of internal control over funds received by the office, the potential is increased that funds could be lost, stolen, or misappropriated.

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.

Recommendation

We recommend that the district court establish and implement an adequate system of internal controls over computer downtime manual receipts as noted above.

Auditee Response

No formal response was offered at this time.

DISTRICT COURT 32-1-20  
DELAWARE COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2004

Finding No. 2 - Inadequate Arrest Warrant And DL-38 Procedures

Warrants and 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, or 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 DL-38 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. Of 33 warrants required to be issued, 10 warrants were not issued timely and 17 warrants were not issued at all. The time of issuance ranged from 74 days to 664 days.

In addition, of 16 warrants required to be returned or recalled, 5 were not returned or recalled, and 1 was not returned timely. The time of issuance to the time of return was 354 days.

Furthermore, we noted that in 19 cases tested in which a DL-38 should have been issued, 8 were not issued timely and 9 were not issued at all. The time of issuance ranged from 74 days to 664 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.

DISTRICT COURT 32-1-20  
DELAWARE COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2004

Finding No. 2 - 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 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 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 office shall notify the Pennsylvania Department of Transportation by issuing the appropriate License Suspension Request (AOPC 638B,D,E).



DISTRICT COURT 32-1-20  
DELAWARE COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
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Finding No. 2 - 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 when required could result in uncollected fines and unpunished offenders.

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.

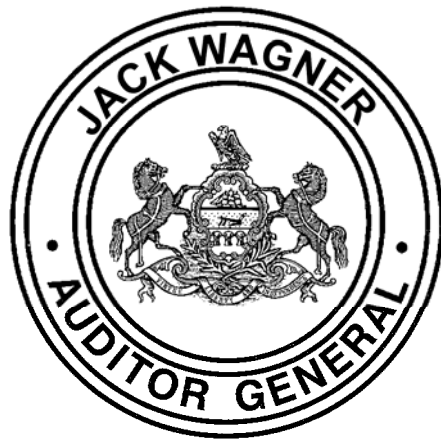
This finding was also cited in our prior audit report for the period ending December 31, 2001.

Recommendations

We again 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.

Auditee Response

No formal response was offered at this time.



DISTRICT COURT 32-1-20  
DELAWARE COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2002 TO DECEMBER 31, 2004

This report was initially distributed to:

The Honorable Gregory C. Fajt  
Secretary  
Department of Revenue

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

District Court 32-1-20  
Delaware County  
160 East Seventh Street, 2nd Floor  
Chester, PA 19013

Mr. Gerald C. Montella	Administrator
The Honorable Robert J. Blythe	Magisterial District Judge
The Honorable Cindy Leitzell	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. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).