



DISTRICT COURT 38-1-13

MONTGOMERY COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2004 TO DECEMBER 31, 2006



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## Independent Auditor's Report

The Honorable Thomas W. Wolf  
Secretary  
Department of Revenue  
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 38-1-13, Montgomery 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 Pennsylvania Department of Revenue and other state agencies 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 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 the Statement or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed a certain finding that is required to be reported under *Government Auditing Standards* and this finding, along with the views of management, is described in the Finding and Recommendations section of the report.

We are concerned in light of the District Court's failure to correct a previously reported finding regarding inadequate arrest warrant procedures. The District Court should strive to implement the recommendations and corrective action noted in this examination report. These significant deficiencies increase the risk for funds to be lost, stolen, or misappropriated and in uncollected fines and unpunished offenders.

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.

December 18, 2007

JACK WAGNER  
Auditor General

DISTRICT COURT 38-1-13  
MONTGOMERY COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2004 TO DECEMBER 31, 2006

Receipts:

Department of Transportation			
Title 75 Fines	\$	296,241	
Motor Carrier Road Tax Fines		1,844	
Overweight Fines		7,216	
Commercial Driver Fines		6,000	
Littering Law Fines		477	
Child Restraint Fines		1,290	
Department of Revenue Court Costs		227,171	
Crime Victims' Compensation Bureau Costs		18,940	
Crime Commission Costs/Victim Witness Services Costs		13,771	
Department of Public Welfare			
Domestic Violence Costs		5,445	
Attend Care Fines		446	
Department of State Fines		1,500	
Emergency Medical Service Fines		104,038	
CAT/MCARE Fund Surcharges		320,690	
Judicial Computer System Fees		122,537	
Access to Justice Fees		24,912	
Constable Service Surcharges		16,623	
Firearm Education and Training Costs		5	
Miscellaneous State Fines		300	
Total receipts (Note 2)	\$	1,169,446	
Disbursements to Department of Revenue (Note 3)		<u>(1,169,446)</u>	
Balance due Department of Revenue (District Court) per settled reports (Note 4)		-	
Examination adjustments		<u>-</u>	
Adjusted balance due Department of Revenue (District Court) for the period January 1, 2004 to December 31, 2006	\$	<u><u>-</u></u>	

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

DISTRICT COURT 38-1-13  
MONTGOMERY 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 (Statement) has been prepared in accordance with Section 401(c) of *The Fiscal Code*, 72 P.S § 401(c), which requires the Department of the Auditor General to determine whether all money collected on behalf of the Commonwealth has been remitted promptly and to provide the Pennsylvania Department of Revenue (Department of Revenue) with a report to enable them to settle an account covering any delinquency.

The Statement was prepared in accordance with reporting requirements prescribed by the 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 Department of Revenue and other state agencies. 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	\$ 1,169,446
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4. Balance Due Department Of Revenue (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.

5. Magisterial District Judge Serving During Examination Period

Francis J. Bernhardt, III served at District Court 38-1-13 for the period January 1, 2004 to December 31, 2006.



DISTRICT COURT 38-1-13  
MONTGOMERY COUNTY  
FINDING AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2004 TO DECEMBER 31, 2006

Finding - 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 sampled 35 instances in which a warrant was required to be issued. Our testing disclosed that 26 were not issued timely and 3 were not issued at all. The time of issuance ranged from 77 days to 645 days.

In addition, of 23 warrants required to be returned or recalled, 7 were not returned or recalled, and 3 were not returned timely. The time of issuance to the time of return ranged from 188 days to 407 days.

Furthermore, we sampled 15 instances in which a DL-38 was required to be issued. Our testing disclosed that 10 were not issued timely. The time of issuance ranged from 76 days to 513 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.

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FINDING AND RECOMMENDATIONS  
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Finding - Inadequate Arrest Warrant And DL-38 Procedures (Continued)

- 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).

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.

DISTRICT COURT 38-1-13  
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FINDING AND RECOMMENDATIONS  
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Finding - Inadequate Arrest Warrant And DL-38 Procedures (Continued)

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.

The conditions relating to inadequate warrant procedures were cited in our last two audit periods, the most recent ending December 31, 2003.

Recommendations

We again recommend that the district court review the tickler reports for warrants daily and take appropriate action as required by the Manual. We further again 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. We also recommend that the district court review the tickler reports for DL-38s daily and take appropriate action as required by the Manual.

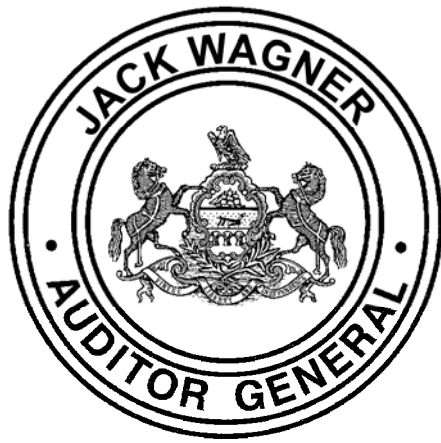
Management's Response

The Magisterial District Judge responded as follows:

I am thankful that this court had a near perfect audit after a two year period where my office staff was reduced from eight employees to five employees. When there is downtime, my other staff will assist others with DL-38 and warrant procedures.

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 38-1-13  
MONTGOMERY COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2004 TO DECEMBER 31, 2006

This report was initially distributed to:

The Honorable Thomas W. Wolf  
Secretary  
Pennsylvania Department of Revenue

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

District Court 38-1-13  
Montgomery County  
625 West Ridge Pike  
Building B, Suite 101  
Conshohocken, PA 19428

The Honorable Francis J. Bernhardt, III	Magisterial District Judge
The Honorable Thomas Jay Ellis	Chairman of the Board of Commissioners
The Honorable Eric Kretschman	Controller
Michael R. Kehs, 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).