



DISTRICT COURT 40-3-02

INDIANA COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2005 TO DECEMBER 31, 2007

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Independent Auditor's Report

The Honorable Stephen H. Stetler
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 40-3-02, Indiana County, Pennsylvania (District Court), for the period January 1, 2005 to December 31, 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*.

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, 2007, 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 reporting on the Statement:

- Inadequate Arrest Warrant And DL-38 Procedures.

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. However, we believe that the significant deficiency described above is not a 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 arrest warrant and DL-38 procedures. These significant deficiencies could result in uncollected fines and unpunished offenders and increase the risk for funds to be lost or misappropriated. The District Court should strive to implement the recommendations 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.

January 26, 2009

JACK WAGNER
Auditor General



DISTRICT COURT 40-3-02
INDIANA COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

Receipts:

Department of Transportation		
Title 75 Fines	\$	423,127
Motor Carrier Road Tax Fines		175
Overweight Fines		36,659
Littering Law Fines		2,100
Child Restraint Fines		352
Department of Revenue Court Costs		139,235
Crime Victims' Compensation Bureau Costs		39,080
Crime Commission Costs/Victim Witness Services Costs		28,149
Department of Public Welfare		
Domestic Violence Costs		10,054
Attend Care Fines		1,353
Department of Conservation and Natural Resources Fines		4,200
Department of Agriculture Fines		6,583
Fish and Boat Commission Fines		3,238
Game Commission Fines		13,874
Emergency Medical Service Fines		63,467
CAT/MCARE Fund Surcharges		209,499
Judicial Computer System Fees		75,738
Access to Justice Fees		17,540
Constable Service Surcharges		8,801
Department of Labor and Industry Fines		1,575
Firearm Education and Training Costs		15
State Police Crime Lab Fees		293
Miscellaneous State Fines		3,884
		<hr/>
Total receipts (Note 2)	\$	1,088,991
Disbursements to Commonwealth (Note 3)		<hr/> <u>(1,088,991)</u>
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments		<hr/> -
Adjusted balance due Commonwealth (District Court) for the period January 1, 2005 to December 31, 2007	\$	<hr/> <u>-</u>

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

DISTRICT COURT 40-3-02
INDIANA COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 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	<u>\$ 1,088,991</u>
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2005 To December 31, 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

Susanne V. Steffee served at District Court 40-3-02 for the period January 1, 2005 to December 31, 2007.

DISTRICT COURT 40-3-02
INDIANA COUNTY
FINDING AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

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 22 instances in which a warrant was required to be issued. Our testing disclosed that ten were not issued timely. The time of issuance ranged from 82 days to 393 days.

In addition, of 22 warrants required to be returned or recalled, 1 was not returned or recalled, and 5 were not returned timely. The time of issuance to the time of return ranged from 255 days to 426 days.

Furthermore, we sampled eight instances in which a DL-38 was required to be issued. Our testing disclosed that four were not issued timely. The time of issuance ranged from 70 days to 287 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.

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FINDING AND RECOMMENDATIONS
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Finding - 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'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).

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FINDING AND RECOMMENDATIONS
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Finding - 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 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 and DL-38s.

This finding was cited in the prior audit for the period ending December 31, 2004.

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 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.

Management's Response

The Magisterial District Judge responded as follows:

Please be advised that this letter is in response to the recent exit interview you conducted with me at my office concerning the audit period of January 1, 2005 to December 31, 2007. I wanted to respond to the finding of the issuance of DL38's and warrants issued on a timely fashion and the recalling of warrants in a timely fashion.

I have reviewed the citations that you looked at during your audit. Regarding the DL38's you stated that 4/8 were between 70-287 days and warrants were not issued or recalled timely. I can't go through every citation from a two year period and recall every reason that something was not done in a "timely" manner. I did notice that several cases did have notes attached to the files giving the defendants extensions to send in pleas or money to which they never did, to defendants having other cases in the office in which we had warrants for and waiting for the person to be picked up. On one defendant he was incarcerated at a facility and we were waiting for him to get out to enter a plea to the citation. To one that had a fingerprint order that was not returned by the PSP for retail theft and we had to re-submit orders waiting response to find out that the defendant never did get fingerprinted. I could write down a hundred

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INDIANA COUNTY
FINDING AND RECOMMENDATIONS
FOR THE PERIOD
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Finding - Inadequate Arrest Warrant And DL-38 Procedures With Return Issues (Continued)

reasons as to why a DL38 or warrant wasn't issued but the bottom line is that you are going to give me a written finding.

I also had staffing problems during that audit period. I had staff leave to take other positions in the county to which I helped "fill-in" until someone could be hired. I also had to train the [employee], as this is not a job you learn in a week. My office tries to do the best they can with the hours that they work. I have [employees] that come in at 7 am or earlier everyday and try to keep the citations docketed, the payments made, and the scheduling of hearings set up. Sometimes you have to prioritize what is important and issuing DL38's and warrants get put on the back burner. This is a problem throughout the state. Every office would need one [employee] that does nothing but issue warrants, recall warrants and issue DL38's and I don't believe that is ever going to happen. I understand that the "guidelines" state that you must issue within 10 days etc...but sometimes judicial discretion is used. I really don't believe that I should be written up for this. I am satisfied when the auditor tells me that the state has received all its money, that the books are balanced and that there are no accounting errors. To that I should get a "that a girl" instead I get a "we couldn't find any accounting errors so will write you up for warrants and DL38's." It seems to me that you have to find something wrong so you nit pick and search for a reason to write up the district court. I guess this is my response to this audit, I am satisfied with the work that my staff has done and the effort to keep this office running, so if we get behind on a DL38 or a warrant being recalled I guess I will get written up.

Auditor's Conclusion

We strongly recommend that the district court take the appropriate action to correct this recurring finding. The district court is required to follow procedures established by the *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual), which is promulgated by the Administrative Office of Pennsylvania Courts. The Department of the Auditor General does not establish these guidelines. It is imperative that procedures are implemented to ensure that warrants and DL-38s are issued timely to enforce the collection of monies and that unserved warrants are returned on a timely basis. The failure to implement these procedures increases the risk for funds to be lost or misappropriated.

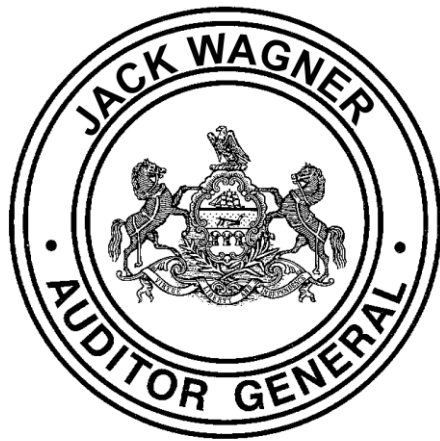
DISTRICT COURT 40-3-02
INDIANA COUNTY
COMMENT
FOR THE PERIOD
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Comment - Compliance With Prior Examination Recommendation

During our prior examination, we recommended:

- That the office establish and implement an adequate system of internal controls over computer downtime manual receipts as required by the *Magisterial District Judge Automated Office Clerical Procedures Manual*.

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



DISTRICT COURT 40-3-02
INDIANA COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

This report was initially distributed to:

The Honorable Stephen H. Stetler
Secretary
Pennsylvania Department of Revenue

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

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Indiana County
10 Bryant Street
P.O. Box 24
Homer City, PA 15748

The Honorable Susanne V. Steffee

Magisterial District Judge

Mr. Michael J. Kuhar

District Court Administrator

The Honorable Rodney Ruddock

Chairman of the Board of Commissioners

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