



DISTRICT COURT 42-3-04

BRADFORD 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  
Pennsylvania Department of Revenue  
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 42-3-04, Bradford 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 certain findings that are required to be reported under *Government Auditing Standards* and those findings, along with the views of management, are described in the Findings and Recommendations section of the 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.

October 23, 2007

JACK WAGNER  
Auditor General

DISTRICT COURT 42-3-04  
BRADFORD COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2004 TO DECEMBER 31, 2006

Receipts:

Department of Transportation		
Title 75 Fines	\$	266,221
Motor Carrier Road Tax Fines		100
Overweight Fines		14,074
Commercial Driver Fines		2,800
Littering Law Fines		1,600
Child Restraint Fines		994
Department of Revenue Court Costs		120,368
Crime Victims' Compensation Bureau Costs		22,147
Crime Commission Costs/Victim Witness Services Costs		16,473
Domestic Violence Costs		6,120
Department of Conservation and Natural Resources Fines		750
Department of Agriculture Fines		4,248
Fish and Boat Commission Fines		10,306
Game Commission Fines		33,458
Emergency Medical Service Fines		46,815
CAT/MCARE Fund Surcharges		150,086
Judicial Computer System Fees		62,098
Access to Justice Fees		12,827
Constable Service Surcharges		8,133
Firearm Education and Training Costs		152
Miscellaneous State Fines		2,256
		<hr/>
Total receipts (Note 2)	\$	782,026
Disbursements to Commonwealth (Note 3)		<hr/> (782,026)
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments		<hr/> -
Adjusted balance due Commonwealth (District Court) for the period January 1, 2004 to December 31, 2006	\$	<hr/> <hr/> -

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

DISTRICT COURT 42-3-04  
BRADFORD 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:

District Court checks issued to:

Department of Revenue	\$ 781,903
Department of Transportation	98
Game Commission	<u>25</u>
Total	<u><u>\$ 782,026</u></u>

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

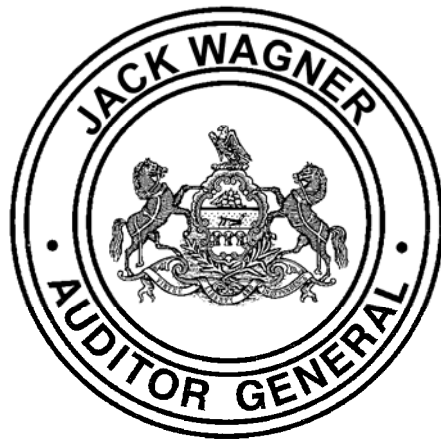
This balance reflects the summary of monthly transmittal reports as settled by the Department of Revenue. The balance also reflects the summary of any collections made by the district court that were remitted directly to other state agencies.



DISTRICT COURT 42-3-04  
BRADFORD COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2004 TO DECEMBER 31, 2006

5. Magisterial District Judge Serving During Examination Period

Fred M. Wheaton served at District Court 42-3-04 for the period January 1, 2004 to December 31, 2006.



DISTRICT COURT 42-3-04  
BRADFORD COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2004 TO DECEMBER 31, 2006

Finding No. 1 - Receipts Were Not Always Deposited On The Same Day As Collected

Our examination disclosed that receipts were not always deposited on the same day as collected. Of 45 receipts tested, 32 were not deposited on the same day as collected. The time lapse from the date of receipt to the subsequent deposit ranged from two days to seven days.

Good internal accounting controls require that all monies collected be deposited in the bank at the end of every day. 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:

All money, including partial payments received by the Magisterial District Judge office (e.g. cash, checks, and money orders), must be deposited in the bank at the end of every business day. A bank night depository may be used by all (night) courts as well as by any court that cannot get to the bank during banking hours. Money should not be taken home, left in the office overnight, or unattended. The Daily Cash Balancing procedure must be completed every day.

This condition existed because the district court failed to establish and implement an adequate system of internal controls over 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 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 deposit all receipts at the end of each day as required by good internal accounting controls and the Manual.

Management's Response

The Magisterial District Judge responded as follows:

Our office has often been short staffed. We will follow the Daily Cash Balancing procedure and deposit all money received at the close of each business day as recommended.

DISTRICT COURT 42-3-04  
BRADFORD COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2004 TO DECEMBER 31, 2006

Finding No. 2 - Escrow Monies Not Always Disbursed Timely

Our examination of the undisbursed funds report indicated that escrow funds collected from October 19, 1992 to June 8, 2006, totaling \$2,722, were not disbursed as of December 31, 2006.

The district court failed to review the undisbursed funds report on a monthly basis and take appropriate action.

The district court's bank account is essentially an escrow account on behalf of the Commonwealth and other participating parties. The court collects bail, security for motor vehicle trials, and other funds that must be held in escrow until disposition of the case. Once a case has been disposed, funds held in escrow should be transferred to the appropriate account or disbursed immediately.

Good internal accounting controls require that funds be disbursed timely. The failure to follow this procedure could result in monies not being paid to whom they are due.

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.

Recommendations

We recommend that the district court review the undisbursed funds report on a monthly basis and take appropriate action and disburse funds to whom they are due.

Management's Response

The Magisterial District Judge responded as follows:

Many of these cases were inherited by this Court from as far back as 1992 and a resolve has been difficult.

We will seek a disbursement of these cases promptly and track all on a regular monthly basis as recommended.

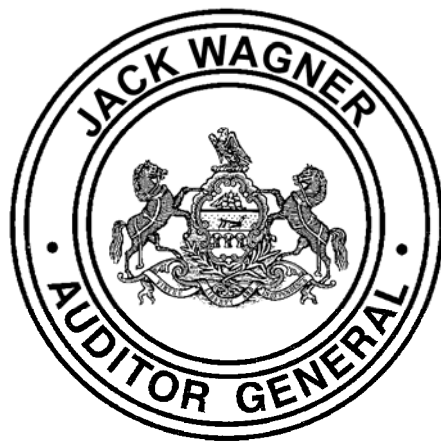
DISTRICT COURT 42-3-04  
BRADFORD COUNTY  
COMMENT  
FOR THE PERIOD  
JANUARY 1, 2004 TO DECEMBER 31, 2006

Comment - Compliance With Prior Audit Recommendation

During our prior audit, we made the following recommendation:

- That the district court establish and implement an adequate system of internal control over downtime manual receipts.

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



DISTRICT COURT 42-3-04  
BRADFORD 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 42-3-04  
Bradford County  
Rd # 2 Box 0  
Wysox, PA 18854

Ms. Mary Lou Vanderpool

District Court Administrator

The Honorable Fred M. Wheaton

Magisterial District Judge

The Honorable Nancy Schrader

Chairwoman of the Board of Commissioners

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).