



DISTRICT COURT 52-2-01

LEBANON 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 52-2-01, Lebanon 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 Commonwealth 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 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 Magisterial District Judge Bond Coverage.

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.

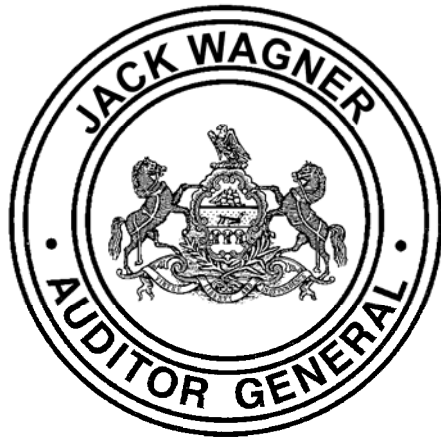
Independent Auditor's Report (Continued)

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

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.

June 23, 2008

JACK WAGNER
Auditor General



DISTRICT COURT 52-2-01
LEBANON COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2006

Receipts:

Department of Transportation		
Title 75 Fines	\$	149,535
Child Restraint Fines		501
Department of Revenue Court Costs		194,044
Crime Victims' Compensation Bureau Costs		23,448
Crime Commission Costs/Victim Witness Services Costs		17,520
Domestic Violence Costs		5,225
Emergency Medical Service Fines		38,470
CAT/MCARE Fund Surcharges		117,335
Judicial Computer System Fees		106,106
Access to Justice Fees		21,405
Constable Service Surcharges		17,478
		<hr/>
Total receipts (Note 2)	\$	691,067
Disbursements to Commonwealth (Note 3)		<hr/> <u>(690,991)</u>
Balance due Commonwealth (District Court) per settled reports (Note 4)		76
Examination adjustments		<hr/> <u>-</u>
Adjusted balance due Commonwealth (District Court) for the period January 1, 2004 to December 31, 2006	\$	<hr/> <u><u>76</u></u>

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

DISTRICT COURT 52-2-01
LEBANON 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 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:

Checks issued to the Department of Revenue	\$ 690,991
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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.

5. Magisterial District Judge Serving During Examination Period

Thomas M. Capello served at District Court 52-2-01 for the period January 1, 2004 to December 31, 2006.

DISTRICT COURT 52-2-01
LEBANON COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2006

Finding – Inadequate Magisterial District Judge Bond Coverage

During the course of our examination, we noted that the Magisterial District Judge bond coverage was not sufficient to comply with Rule 110 of the Pennsylvania Rules of Conduct, Office Standards and Civil Procedure for Magisterial District Judges. We noted that the Magisterial District Judge was bonded for \$15,000 and the minimum amount prescribed by Rule 110 is \$25,000.

Rule 110 of the Pennsylvania Rules of Conduct, Office Standards and Civil Procedure for Magisterial District Judges provides in part:

. . . The bond shall be lodged with the prothonotary of the court of common pleas, be conditioned on the faithful application of all moneys that come into the hands of the magisterial district judge as an officer, and be for the benefit of the Commonwealth and its political subdivisions and all persons who may sustain injury from the magisterial district judge in his or her official capacity.

Furthermore, Rule 110 sets forth the minimum bond amount (\$25,000) for each Magisterial District Judge. The amount of money collected by the district courts varies greatly however, and the president judge could require higher bond amounts for some or all of the courts in the judicial district.

Good business practice requires that Magisterial District Judges be bonded for an amount to adequately safeguard their assets. Without this safeguard, a permanent loss of funds could result if money is lost, stolen, or misappropriated.

Recommendation

We recommend that the Magisterial District Judge increase the surety bond coverage to adequately protect the Magisterial District Judge in compliance with Rule 110 of the Pennsylvania Rules of Conduct, Office Standards and Civil Procedure for Magisterial District Judges.

Management's Response

No formal response was offered at this time.

DISTRICT COURT 52-2-01
LEBANON COUNTY
COMMENT
FOR THE PERIOD
JANUARY 1, 2004 TO DECEMBER 31, 2006

Comment - Compliance With Prior Audit Recommendations

During our prior audit, we recommended:

- That the office establish and implement an adequate system of internal controls over downtime receipts.
- That the office review tickler reports for warrants and DL-38s daily and take appropriate action as required by the *Magisterial District Judge Automated Office Clerical Procedures Manual*.

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

DISTRICT COURT 52-2-01
LEBANON 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 52-2-01
Lebanon County
502 State Drive
Lebanon, PA 17042

The Honorable Thomas M. Capello	Magisterial District Judge
The Honorable Robert M. Mettley	Controller
The Honorable William G. Carpenter	Chairman of the Board of Commissioners
David P. Wingert, 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.