



DISTRICT COURT 53-3-04

LAWRENCE COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2005 TO DECEMBER 31, 2007

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Independent Auditor's Report

Acting Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 53-3-04, Lawrence 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 deficiencies described in the findings below to be significant deficiencies in internal control over reporting on the Statement:

- Failure To Properly Complete The Certification Of Disposition Section On Non-Traffic And Certain Traffic Citations.
- Inadequate Arrest Warrant And DL-38 Procedures.

Independent Auditor's Report (Continued)

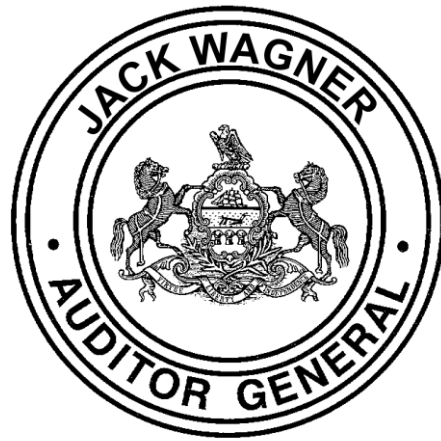
A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statement will not be prevented or detected by the District Court's internal control. Our consideration of the internal control 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, of the significant deficiencies described above, we consider the first bulleted deficiency to be 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*.

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.

March 16, 2009

JACK WAGNER
Auditor General



DISTRICT COURT 53-3-04
LAWRENCE COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

Receipts:

| | | |
|---|------|--------------------|
| Department of Transportation | | |
| Title 75 Fines | █ \$ | 196,846 |
| Overweight Fines | █ | 1,650 |
| Commercial Driver Fines | █ | 500 |
| Littering Law Fines | █ | 758 |
| Child Restraint Fines | █ | 303 |
| Department of Revenue Court Costs | █ | 102,189 |
| Crime Victims' Compensation Bureau Costs | █ | 15,405 |
| Crime Commission Costs/Victim Witness Services Costs | █ | 11,022 |
| Domestic Violence Costs | █ | 3,684 |
| Attend Care Fines | █ | 48 |
| Department of Agriculture Fines | █ | 863 |
| Fish and Boat Commission Fines | █ | 904 |
| Game Commission Fines | █ | 950 |
| Department of State Fines | █ | 135 |
| Emergency Medical Service Fines | █ | 44,483 |
| CAT/MCARE Fund Surcharges | █ | 144,936 |
| Judicial Computer System Fees | █ | 49,562 |
| Access to Justice Fees | █ | 11,471 |
| Constable Service Surcharges | █ | 2,763 |
| Department of Labor and Industry Fines | █ | 100 |
| Firearm Education and Training Costs | █ | 20 |
| State Police Crime Lab Fees | █ | 210 |
| Miscellaneous State Fines | █ | 1,500 |
| | | 1,500 |
| Total receipts (Note 2) | | \$ 590,302 |
| Disbursements and credits to Commonwealth (Note 3) | | <u>(590,302)</u> |
| Balance due Commonwealth (District Court) per settled reports (Note 4) | | - |
| Examination adjustments | | <u>-</u> |
| Adjusted balance due Commonwealth (District Court) for the period January 1, 2005 to December 31, 2007 | | <u><u>\$ -</u></u> |

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

DISTRICT COURT 53-3-04
LAWRENCE 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 And Credits

Total disbursements and credits are comprised as follows:

District Court checks issued to:

| | |
|-----------------------|------------|
| Department of Revenue | \$ 590,279 |
|-----------------------|------------|

| | |
|--|--|
| Credit taken on the current examination for the prior audit period: | |
|--|--|

| | |
|--------------------------------------|----|
| January 1, 2002 to December 31, 2004 | 23 |
|--------------------------------------|----|

| | |
|-------|-------------------|
| Total | <u>\$ 590,302</u> |
|-------|-------------------|

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

James A. Reed served at District Court 53-3-04 for the period January 1, 2005 to December 31, 2007.

DISTRICT COURT 53-3-04
LAWRENCE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

Finding No. 1 - Failure To Properly Complete The Certification Of Disposition Section On Non-Traffic And Certain Traffic Citations

During our examination of the district court's case files, we noted:

- Of 17 non-traffic citations tested in which the certification of disposition section was required to be signed by the Magisterial District Judge, 8 were not signed.
- On traffic citations, we tested cases that were disposed by hearings. We also tested citations that were dismissed, discharged, or withdrawn. Of 27 traffic citations tested in which the certification of disposition section was required to be signed by the Magisterial District Judge, 7 were not signed and 4 were signed with a facsimile signature stamp.

Per interview, the Magisterial District Judge authorized the use of his signature stamp to certify the disposition of cases and the signature stamp was not always in the Magisterial District Judge's possession.

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 the Magisterial District Judge sign and seal the certification of disposition section on non-traffic and traffic citations except for traffic citations in which the defendant pleads guilty and makes payment in full. The certification of disposition section is not one of the forms authorized by the Administrative Office of Pennsylvania Courts where a Magisterial District Judge can use a facsimile signature in lieu of an original signature.

Good internal controls ensure that effective measures are implemented to protect against inappropriate use of the Magisterial District Judge's signature. Only the Magisterial District Judge should have access to the facsimile signature stamp and the stamp should be stored in a secured location.

The failure to properly complete the certification of disposition section as required results in a lack of evidence that the disposition was reviewed and authorized by the Magisterial District Judge. Without these controls, there is an increase in risk that funds could be lost or misappropriated.

DISTRICT COURT 53-3-04
LAWRENCE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

Finding No. 1 - Failure To Properly Complete The Certification Of Disposition Section On Non-Traffic And Certain Traffic Citations (Continued)

Adherence to good internal 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 citations.

Recommendations

We recommend that the Magisterial District Judge sign and seal the non-traffic and traffic citation certification of disposition section in accordance with the Manual. We also recommend that the district court implement good internal controls over the access to the facsimile signature stamp by restricting the availability of the facsimile signature stamp to the Magisterial District Judge only.

Management's Response

The Magisterial District Judge responded as follows:

I was not the Magisterial District Judge during this audit period. I assumed office in January 2008. We have already initiated procedures to correct the findings.

Auditor Conclusion

During our next examination, we will determine if the office complied with our recommendations.

DISTRICT COURT 53-3-04
LAWRENCE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

Finding No. 2 - 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 tested 22 instances in which a warrant was required to be issued. Our testing disclosed that six were not issued timely and two were not issued at all. The time of issuance ranged from 91 days to 417 days.

In addition, of 20 warrants required to be returned or recalled, 6 were not returned timely. The time of issuance to the time of return ranged from 349 days to 1,101 days.

Furthermore, we tested ten instances in which a DL-38 was required to be issued. Our testing disclosed that seven were not issued timely and one was not issued at all. The time of issuance ranged from 219 days to 720 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 53-3-04
LAWRENCE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

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'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).

DISTRICT COURT 53-3-04
LAWRENCE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

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.

Recommendations

We 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.

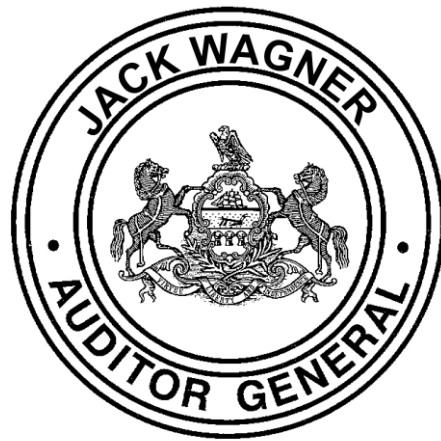
Management's Response

The Magisterial District Judge responded as follows:

I was not the Magisterial District Judge during this audit period. I assumed office in January 2008. We have already initiated procedures to correct the findings.

Auditor Conclusion

During our next examination, we will determine if the office complied with our recommendations.



DISTRICT COURT 53-3-04
LAWRENCE COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2005 TO DECEMBER 31, 2007

This report was initially distributed to:

Acting Secretary
Pennsylvania Department of Revenue

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

District Court 53-3-04
Lawrence County
3455 Wilmington Road
New Castle, PA 16105

| | |
|--------------------------------|--|
| The Honorable Scott A. McGrath | Magisterial District Judge |
| The Honorable David Gettings | Controller |
| The Honorable Steve Craig | Chairman of the Board of Commissioners |
| Mr. Michael A. Occhibone | District Court Administrator |

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