

COMPLIANCE AUDIT

District Court 36-3-01
Beaver County, Pennsylvania
For the Period
January 1, 2019 to December 31, 2022

February 2024



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

The Honorable Pat Browne
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have conducted a compliance audit of the District Court 36-3-01, Beaver County, Pennsylvania (District Court), for the period January 1, 2019 to December 31, 2022, pursuant to the requirements of Section 401(c) of *The Fiscal Code*, 72 P.S. § 401(c).

The objective of the audit was to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted and to provide a report to the Department of Revenue to allow the Department of Revenue to state and settle the District Court's account. Our audit was limited to areas related to the objective identified above and was not conducted, nor was it required to be, in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

The District Court is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted. The District Court is also responsible for complying with those laws and regulations. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that our audit provides a reasonable basis for our conclusions.

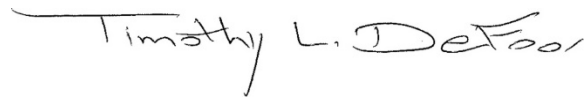
Based on our audit procedures, we conclude that, for the period January 1, 2019 to December 31, 2022, the District Court, in all significant respects, complied with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted, except as noted in the findings listed below and discussed later in this report:

- Receipts Were Not Always Deposited On The Same Day As Collected - Recurring.
- Inadequate Segregation Of Duties - Recurring
- Inadequate Arrest Warrant Procedures - Recurring.

This report includes a summary of the District Court's receipts and disbursements of funds collected on behalf of the Commonwealth (summary). We obtained data representing the District Court's receipts and disbursements from the Pennsylvania Department of Revenue, which obtains data from each of the Commonwealth's district courts and used the data to create the summary in the format required by the Department of Revenue. We also evaluated the accuracy of the data as part of our audit to conclude on the District Court's compliance with certain state laws and regulations as described in the previous paragraph. Any adjustments that we considered necessary based on our audit work are disclosed in the *Audit Adjustments* line of the summary; however, the scope of our audit does not include the issuance of an opinion on the accuracy of the amounts reported in the summary.

The purpose of this report is to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted. This report is not suitable for any other purposes.

The contents of this report were discussed with the District Court's management. We appreciate the courtesy extended to us by the Beaver County District Court 36-3-01 during the course of our audit. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first name.

Timothy L. DeFoor
Auditor General
January 23, 2024

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DISTRICT COURT 36-3-01
BEAVER COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

The Department of Auditor General is mandated by Article IV, Section 401(c) of *The Fiscal Code* (Act of April 9, 1929, P.L.343, No. 176), 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.

District Court 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.

Total disbursements during the audit period are as follows:

District Court checks issued to:

Department of Revenue	<u>\$ 845,616</u>
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This balance reflects the summary of monthly transmittal reports as settled by the Department of Revenue.

The Honorable Dale E. Nicholson served at District Court 36-3-01 for the period January 1, 2019 to November 30, 2022.

Various Senior Judges served at District Court 36-3-01 for the period August 2019 to May 2020 and June 2022 to December 31, 2022. The elected judge was off on extended leave for much of this time.

The summary of receipts and disbursements on the following page 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 summary 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.

DISTRICT COURT 36-3-01
 BEAVER COUNTY
 SUMMARY OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2019 TO DECEMBER 31, 2022

Receipts:

Department of Transportation		
Title 75 Fines	\$	160,687
Motor Carrier Road Tax Fines		50
Overweight Fines		1,149
Littering Law Fines		521
Child Restraint Fines		1,948
Department of Revenue Court Costs		153,818
Crime Victims' Compensation Bureau Costs		24,155
Crime Commission Costs/Victim Witness Services Costs		17,279
Domestic Violence Costs		6,144
Department of Agriculture Fines		2,083
Emergency Medical Service Fines		53,465
CAT/MCARE Fund Surcharges		124,122
Judicial Computer System Fees		55,176
Access to Justice Fees		31,732
Criminal Justice Enhancement Account Fees		6,098
Judicial Computer Project Surcharges		93,308
Constable Service Surcharges		5,806
Miscellaneous State Fines and Costs		<u>108,075</u>
 Total receipts		 845,616
 Disbursements to Commonwealth		 <u>(845,616)</u>
 Balance due Commonwealth (District Court) per settled reports		 -
 Audit adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (District Court) for the period January 1, 2019 to December 31, 2022		 <u><u>\$ -</u></u>

DISTRICT COURT 36-3-01
BEAVER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

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

We cited the issue of receipts not deposited on the same day as collected in the prior audit for the period January 1, 2015 to December 31, 2018. Our current audit found that the district court did not correct the issue.

Our audit disclosed that of 60 receipts tested, 28 were not deposited on the same day as collected. The time lapse from the date of receipt to the subsequent date of deposit ranged from two days to eight days. Additionally, cash held overnight exceeded \$500 in 14 of the 28 late deposits.

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.

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. The district court personnel stated that the prior audit recommendations were not implemented because the Magisterial District Judge was on extended leave for much of the current audit period, including the period when the prior audit report was distributed to the court.

Without a good system of internal control over funds received by the office, the possibility of funds being lost or misappropriated increases significantly.

Recommendation

We strongly recommend that the district court develop and implement appropriate internal accounting controls that ensure all receipts are deposited at the end of each day as required by the Manual.

DISTRICT COURT 36-3-01
BEAVER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

**Finding No. 1 - Receipts Were Not Always Deposited On The Same Day As Collected -
Recurring (Continued)**

Management's Response

The Deputy District Court Administrator responded as follows:

The Court adopts the recommendation of the audit and will make daily deposits as set forth in the Manual to ensure that there is a system of adequate internal controls over collections. This process has already begun. Further, in the event of an extraordinary circumstance which prevents the deposit from taking place on a particular day, that shall be documented by the court staff and/or Magisterial District Judge to maintain a record for future audits.

Auditors Conclusion

We appreciate the district court's efforts to correct this issue. This is a recurring finding. During our next audit, we will determine if the district court complied with our recommendation.

DISTRICT COURT 36-3-01
BEAVER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Finding No. 2 - Inadequate Segregation Of Duties - Recurring

We cited the issue of inadequate segregation of duties in the prior audit for the period January 1, 2015 to December 31, 2018. Our current audit found that the office did not correct the issue.

Our audit disclosed that one employee in the district court was responsible for performing the following functions:

- Opening mail.
- Collecting cash, entering collection information into the computer system, and issuing receipts.
- Preparing deposit slips.
- Making the deposit.
- Making voided transaction adjustments.
- Posting disbursements to the disbursement journal.
- Reconciling the bank account.
- Preparing checks.
- Summarizing accounting records.

A good system of internal control requires adequate segregation of duties. In order to achieve adequate segregation of duties, one employee should not have custody of cash and at the same time maintain the accounting records for the cash, make voided transaction adjustments, and follow up on citations. These duties should be segregated and rotated daily. As an alternative control, someone independent from maintaining the accounting records and handling cash should review the employee's work daily. The reviewer should sign and date the records and documents reviewed. These documents should also include the tickler reports generated by the computer system to investigate why certain citations have not been issued DL-38s or warrants.

The office manager stated that it is easier for her to perform all depositing and banking functions. In addition, district court personnel stated that the prior audit recommendations were not implemented because the Magisterial District Judge was on extended leave for much of the current audit period, including the period when the prior audit report was distributed to the court.

Without adequate segregation of duties, the possibility of funds being lost or misappropriated increases significantly.

DISTRICT COURT 36-3-01
BEAVER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Finding No. 2 - Inadequate Segregation Of Duties - Recurring (Continued)

Recommendations

We strongly recommend that the district court provide for greater segregation of duties within the office. This can be done by cross-training personnel and rotating job functions that include the handling of cash, making voided transaction adjustments, monitoring follow-up procedures on citations, and maintaining the accounting records for the cash. As an alternative and/or additional control, someone independent from the handling of cash and the accounting records should review the employee's work at the end of each day. The reviewer should sign and date the records and documents reviewed.

Management's Response

The Deputy District Court Administrator responded as follows:

Again, the Court adopts the recommendations of the audit and implementation has already begun. Staff is and will continue to rotate handling various aspects of collecting cash, preparing deposit slips, making bank deposits, reconciling bank statements, posting disbursements, summarizing account records, inter alia. The Court recognizes the need for this policy and is mandating that all employees are cross-trained as well as participating in the rotation of duties.

Auditors Conclusion

We appreciate the district court's efforts to correct this issue. This is a recurring finding. During our next audit, we will determine if the district court complied with our recommendations.

DISTRICT COURT 36-3-01
BEAVER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Finding No. 3 - Inadequate Arrest Warrant Procedures - Recurring

We cited the issue of inadequate arrest warrant procedures in the three prior audits with the most recent for the period January 1, 2015 to December 31, 2018. Our current audit found that the district court did not correct the issue.

Warrants 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.

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 or return warrants when required.

We tested 11 instances in which a warrant was to be issued under Pa.R.Crim.P. 430(b)(1). Our testing disclosed that three were not issued timely and three were not issued at all. The time of issuance ranged from 413 days to 1,360 days.

We also tested 15 instances in which a warrant may be issued under Pa.R.Crim.P. 430(b)(3). Our testing disclosed that seven were not issued timely and two were not issued at all. The time of issuance ranged from 260 days to 1,104 days. These results do not include instances in which the Magisterial District Judge recently ordered a payment determination hearing, sentenced the defendant to jail time in lieu of payment, or sentenced the defendant to perform community service.

In addition, of 17 warrants required to be returned or recalled, five were not returned or recalled, and four were not returned timely. The time of issuance to the time of return ranged from 189 days to 576 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. 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 36-3-01
BEAVER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Finding No. 3 - Inadequate Arrest Warrant Procedures - Recurring (Continued)

According to Pa.R.Crim.P. 430(b)(1), 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.

According to Pa.R.Crim.P. 430 (b)(3), 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.

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 120 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.

The failure to follow warrant procedures could result in uncollected fines and unpunished offenders. Additionally, the risk is increased for funds to be lost or misappropriated. Therefore, it is considered best business practice to issue warrants that fall under Pa.R.Crim.P. 430(b)(3) when other actions are not taken by the Magisterial District Judge to compel compliance by the defendant, such as ordering a payment determination hearing, sentencing to jail time in lieu of payment, or sentencing to perform community service.

DISTRICT COURT 36-3-01
BEAVER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Finding No. 3 - Inadequate Arrest Warrant Procedures - Recurring (Continued)

These conditions existed because the district court failed to review the tickler reports for warrants daily as recommended in the three prior audits. Court staff stated that in lieu of issuing warrants, the court scheduled hearings for failure to pay with the emphasis that a warrant will be issued for nonappearance. Also, the office made phone calls to defendants to try to get defendants to pay. Additionally, the district court personnel stated that the prior audit recommendations were not implemented because the Magisterial District Judge was on extended leave for much of the current audit period, including the period when the prior audit report was distributed to the court.

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.

Recommendations

We strongly recommend that the district court review the tickler reports for warrants 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 120 days for summary traffic and non-traffic cases as recommended by the Manual.

Management's Response

The Court administrator responded as follows:

The Court recognizes the need to change current procedures and adhere to the procedures promulgated by the R.Crim.P. As such, a number of steps will be taken to reduce backlog and issue warrants on a timely basis in order to adhere to the Pa. R. Crim. 430(b) (1). The process of addressing this issue began in January 2023, so it is not part of the audit period just completed.

Auditors Conclusion

We appreciate the court's efforts to correct these issues. This is a recurring finding. During our next audit, we will determine if the district court complied with our recommendations.

DISTRICT COURT 36-3-01
BEAVER COUNTY
SUMMARY OF PRIOR AUDIT RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Summary Of Prior Audit Recommendations

During our prior audit, we recommended that the district court:

- Deposit all receipts at the end of each day.
- Provide for greater segregation of duties within the office. This can be done by cross-training personnel and rotating functions that include the handling of cash, making voided transaction adjustments, monitoring follow-up procedures on citations, and maintaining the accounting records for cash.
- Review the tickler reports for warrants daily and take appropriate action as required by the Manual. We further recommended that the court review warrant control reports and notify police or other officials to return warrants that are unserved for 120 days for summary traffic and non-traffic cases as recommended by the Manual.

During our current audit, we noted that the district court did not comply with any of our bulleted recommendations. Please see the current year findings for additional information.

DISTRICT COURT 36-3-01
BEAVER COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

This report was initially distributed to:

The Honorable Pat Browne
Secretary
Pennsylvania Department of Revenue

The Honorable Andrea Tuominen
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania
Administrative Office of Pennsylvania Courts

The Honorable Daniel J. Viscuso
Magisterial District Judge

The Honorable Daniel C. Camp, III
Chairperson of the Board of Commissioners

The Honorable Maria Longo
Controller

Mr. Garrett J. Harper
District Court Administrator

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.