

ATTESTATION ENGAGEMENT

District Court 02-2-01
Lancaster County, Pennsylvania
For the Period
January 1, 2016 to December 31, 2018

July 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Independent Auditor's Report

The Honorable C. Daniel Hassell
Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 02-2-01, Lancaster County, Pennsylvania (District Court), for the period January 1, 2016 to December 31, 2018, pursuant to the requirements of Section 401(c) of *The Fiscal Code*, 72 P.S. § 401(c). The District Court's management is responsible for presenting this Statement in accordance with the criteria set forth in Note 1. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Statement is presented in accordance with the criteria described above, in all material respects. An examination involves performing procedures to obtain evidence about the statement of receipts and disbursements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the Statement, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, for the period January 1, 2016 to December 31, 2018, is presented in accordance with the criteria set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Statement; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the Statement. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. 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 internal control over reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.

Our consideration of internal control over reporting on the Statement was for the limited purpose of expressing an opinion on whether the Statement is presented in accordance with the criteria described above and was not designed to identify all deficiencies in internal control over reporting on the Statement that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency listed below to be a material weakness:

- Civil Case Collections Receipts Were Not Deposited On The Same Day As Collected.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency listed below to be a significant deficiency:

- Inadequate Arrest Warrant And DL-38 Procedures - Recurring.

Independent Auditor's Report (Continued)

As part of obtaining reasonable assurance about whether the Statement is free from material misstatement, we performed tests of the District Court's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The second examination finding contained in this report cites conditions that existed in the operation of the District Court during the previous three engagement periods and were not corrected during the current examination period. The District Court should strive to implement the recommendations and corrective actions noted in this report.

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.

We appreciate the courtesy extended by the District Court 02-2-01, Lancaster County, to us during the course of our examination. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.



Eugene A. DePasquale
Auditor General

July 7, 2020

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DISTRICT COURT 02-2-01
LANCASTER COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2018

Receipts:

Department of Transportation		
Title 75 Fines	\$	91,979
Motor Carrier Road Tax Fines		50
Child Restraint Fines		1,970
Department of Revenue Court Costs		165,453
Crime Victims' Compensation Bureau Costs		16,723
Crime Commission Costs/Victim Witness Services Costs		11,993
Domestic Violence Costs		4,477
Emergency Medical Service Fines		17,000
CAT/MCARE Fund Surcharges		63,407
Judicial Computer System Fees		73,183
Access to Justice Fees		27,876
Criminal Justice Enhancement Account Fees		5,793
Judicial Computer Project Surcharges		68,701
Constable Service Surcharges		10,459
Miscellaneous State Fines and Costs		<u>16,590</u>
 Total receipts (Note 2)		 575,654
 Disbursements to Commonwealth (Note 3)		 <u>(575,654)</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, 2016 to December 31, 2018	 \$	 <u><u>-</u></u>

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

DISTRICT COURT 02-2-01
LANCASTER COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2018

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>\$ 575,654</u>
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4. Balance Due Commonwealth (District Court) For The Period January 1, 2016 To December 31, 2018

This balance reflects the summary of monthly transmittal reports as settled by the Department of Revenue.

5. Magisterial District Judges Serving During Examination Period

Robert Herman Jr., William Reuter, and Jene Willwerth served at District Court 02-2-01 on a rotating schedule for the period January 1, 2016 to December 31, 2017.

Jodie E. Richardson served at District Court 02-2-01 for the period of January 1, 2018 to December 31, 2018.

DISTRICT COURT 02-2-01
LANCASTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2018

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

Our examination disclosed that civil case collections receipts were not always deposited on the same day as collected. Of seven civil cases tested, all seven civil payments were not receipted/deposited on the same day as collected. The time delay from the date of collection to the subsequent deposit ranged from 15 to 77 days. We also found that two of the seven payments did not have the method of payment entered into the automated system.

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.

In addition, the method of payment should be entered into the computer system to ensure an adequate audit trail.

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

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.

This condition existed because the district court failed to establish and implement an adequate system of internal controls over receipting and depositing civil cases collections.

Recommendations

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. We further recommend that the district court ensure that the payment method is recorded in the computer system.

DISTRICT COURT 02-2-01
LANCASTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2018

Finding No. 1 - Civil Case Collections Receipts Were Not Always Deposited On The Same Day As Collected (Continued)

Management's Response

The Magisterial District Judge responded as follows:

Our former Office Manager, who was the only person trained to handle and process civil and landlord/tenant cases, is no longer employed with the County. As a result, I am unable to provide a response as to why civil case receipts were not receipted in a timely manner. Since their departure, I have been made aware of this issue and it is being addressed. Staff are working to clear up past issues and ensure this does not happen in the future.

Auditor's Conclusion

We appreciate the district court's effort to correct these issues. During our next examination, we will determine if the district court complied with our recommendations.

DISTRICT COURT 02-2-01
LANCASTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2018

Finding No. 2 - Inadequate Arrest Warrant And DL-38 Procedures - Recurring

We cited the issue of inadequate arrest warrant and DL-38 procedures in the three prior examination reports, with the most recent being for the period March 1, 2012 to December 31, 2015. Our current examination found that the district court did not correct this issue.

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 47 instances in which a warrant was required to be issued. Our testing disclosed that 12 were not issued timely and two were not issued at all. The time of issuance ranged from 65 days to 127 days.

Furthermore, we tested 17 instances in which a DL-38 was required to be issued. Our testing disclosed that six were not issued timely and five were not issued at all. The time of issuance ranged from 77 days to 405 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 02-2-01
LANCASTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2018

Finding No. 2 - Inadequate Arrest Warrant And DL-38 Procedures - Recurring (Continued)

According to Pa.R.Crim.P. 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.

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. §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).

In addition, 75 Pa.C.S. §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.

DISTRICT COURT 02-2-01
LANCASTER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2018

Finding No. 2 - Inadequate Arrest Warrant And DL-38 Procedures - Recurring (Continued)

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.

These conditions existed because the district court failed to review the tickler reports for warrants and DL-38s and warrant control reports as recommended in the prior examination report. 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.

Recommendation

We again strongly recommend that the district court review the tickler reports for warrants and DL-38s daily and take appropriate action as required by the Manual.

Management's Response

The Magisterial District Judge responded as follows:

Speaking from 2018 and forward, due to staff turnover, extended periods of time not being fully staffed, and training of new employees, the list that are to be monitored and managed were not handled/addressed on a daily and timely basis. This is a very busy office. When not fully staffed, this office suffers and office duties/responsibilities inevitably get behind/delayed. To date, we continue to be short staffed with the hope to be at full complement by the end of July 2020.

Auditor's Conclusion

This is a recurring finding. Although we recognize the district court's concerns about staffing, it is imperative that the district court take all corrective actions necessary to comply with our recommendation.

During our next examination, we will determine if the district court complied with our recommendation.

DISTRICT COURT 02-2-01
LANCASTER COUNTY
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2018

Summary Of Prior Examination Recommendations

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

- Initiate procedures to ensure all cases are properly filed and contain appropriate documents as outlined in the Manual.
- Review the undisbursed funds report on a monthly basis and take appropriate action and disburse funds to whom they are due.
- Review the tickler reports for warrants and DL-38s 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 60 days for summary traffic and non-traffic cases as recommended by the Manual.
- Maintain documentation that the Magisterial District Judge authorized the disposition on these cases and it is available for examination.

During our current examination, we noted that the district court complied with our first, second, and fourth bulleted recommendations. However, the district court did not comply with our third bulleted recommendations. Please see the current year Finding No. 2 for additional information.

DISTRICT COURT 02-2-01
LANCASTER COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2018

This report was initially distributed to:

The Honorable C. Daniel Hassell
Secretary
Pennsylvania Department of Revenue

The Honorable H. Geoffrey Moulton, Jr.
Court Administrator of Pennsylvania
Supreme Court of Pennsylvania
Administrative Office of Pennsylvania Courts

The Honorable Jodie Richardson
Magisterial District Judge

The Honorable Joshua G. Parsons
Chairperson of the Board of Commissioners

The Honorable Brian Hurter
Controller

Mr. Mark M. Dalton
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.