

# COMPLIANCE AUDIT

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District Court 52-2-01  
Lebanon County, Pennsylvania  
For the Period  
January 1, 2019 to December 31, 2022

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August 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 52-2-01, Lebanon 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 the district court complied with state laws, regulations, and Administrative Office of Pennsylvania Courts (AOPC) policies and administrative procedures related to the collection of moneys on behalf of the Commonwealth, including whether moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted.

The procedures we performed are summarized below:

- Obtained data from the AOPC and the Pennsylvania Department of Revenue and determined whether:
  - Amounts provided by the AOPC match amounts received by the Department of Revenue.
  - The district court's distributions to the state agree with the data provided by the Department of Revenue.
- Compared collections by category of fines, fees, and surcharges for each year in the audit period to prior year collections and determined the reason(s) for any large or unusual variances.
- Evaluated data related to cases without collections or adjustments to fines, fees, or surcharges and, if considered necessary, evaluated selected cases to determine whether such cases were handled appropriately.
- Obtained an understanding of internal controls related to the audit objective.
- Determined the adequacy of the design and operating effectiveness of internal controls we considered significant to the audit objective.
- Evaluated deposits of collections for accuracy and timeliness.
- Determined whether disbursements were accurate.
- Determined whether manual receipts were accurate and properly recorded.

- Determined whether voided receipts were necessary and proper.
- Reviewed selected cases to determine if the district court properly assessed, collected, and recorded all applicable fines, costs, fees, and surcharges.
- Determined whether the court complied with laws, regulations, and AOPC procedures related to the issuance and returns or warrants, collections related to warrants, and accounting for collections in the AOPC computer system.

Our audit was limited to the areas 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.

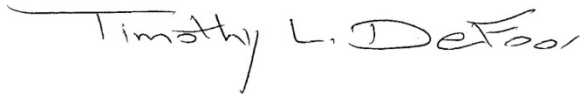
The district court is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, 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, regulations, and AOPC policies and administrative procedures related to the collection of moneys on behalf of the Commonwealth, except as noted in the findings listed below and discussed later in this report:

- Missing Case Files.
- Inadequate Internal Controls Over Manual Receipts.
- Inadequate Arrest Warrant Procedures.
- Evidence Of Authorizing The Disposition Of Citations Was Not Available.

This report includes a summary of the district court's receipts and disbursements of funds collected on behalf of the Commonwealth (summary), which the Department of Revenue may use to state and settle the district court's account. 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. Other than any adjustments that we considered necessary based on our audit work as disclosed in the *Proposed Audit Adjustments* line of the summary, nothing came to our attention to indicate inaccuracies in the amounts included in the summary.

The contents of this report were discussed with the District Court's management. We appreciate the courtesy extended to us by the Lebanon County District Court 52-2-01 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 horizontal line above the first few letters.

Timothy L. DeFoor  
Auditor General  
July 25, 2024

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DISTRICT COURT 52-2-01  
LEBANON 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>\$ 1,050,604</u>
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This balance reflects the summary of monthly transmittal reports as settled by the Department of Revenue.

Thomas Capello served at District Court 52-2-01 for the period January 1, 2019 to December 31, 2019.

Various Senior Magisterial District Judges served at District Court 52-2-01 for the period January 1, 2020 to December 31, 2021.

Aurelis Figueroa served at District Court 52-2-01 for the period January 3, 2022 to December 31, 2022.

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 52-2-01  
LEBANON COUNTY  
SUMMARY OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2019 TO DECEMBER 31, 2022

Receipts:

Department of Transportation		
Title 75 Fines	\$	208,161
Littering Law Fines		150
Child Restraint Fines		2,295
Department of Revenue Court Costs		264,229
Crime Victims' Compensation Bureau Costs		17,722
Crime Commission Costs/Victim Witness Services Costs		12,834
Domestic Violence Costs		3,104
Department of Agriculture Fines		259
Emergency Medical Service Fines		35,230
CAT/MCARE Fund Surcharges		94,672
Judicial Computer System Fees		103,609
Access to Justice Fees		55,637
Criminal Justice Enhancement Account Fees		7,835
Judicial Computer Project Surcharges		156,692
Constable Service Surcharges		37,632
Miscellaneous State Fines and Costs		<u>50,543</u>
 Total receipts		 1,050,604
 Disbursements to Commonwealth		 <u>(1,050,604)</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 52-2-01  
LEBANON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2019 TO DECEMBER 31, 2022

**Finding No. 1 - Missing Case Files**

Our audit of the district court required that certain case files be audited. We encountered considerable difficulty in finding a number of case files. There were 13 out of 110 case files needed for testing that could not be located by the court.

In order for an entity to have an efficient record-keeping system, each court document must be filed timely and properly. Additionally, the *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual) outlines the proper filing procedures for all district courts to follow.

The failure to follow these guidelines could result in case file documents being lost, misfiled, or intentionally destroyed. Additionally, collections associated with missing case files and documents could be misappropriated.

Court staff stated that this issue occurred due to organizational issues from prior court staff. They further stated that when a case is closed out, it is sent to the Lebanon County warehouse. While at the warehouse, cases, filed in standard No. 10 envelopes, are thrown into boxes that are not labeled.

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 case files.

**Recommendation**

We recommend that the district court initiate procedures to ensure that all cases are properly filed and contain appropriate documents as outlined in the Manual.



DISTRICT COURT 52-2-01  
LEBANON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
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**Finding No. 1 - Missing Case Files (Continued)**

Management Response

The Magisterial District Judge responded as follows:

Your office performed an audit of District Court 52-2-01, Lebanon County, Pennsylvania for the period of January 1, 2019 to December 31, 2022. During the period of January 1, 2019 to December 31, 2021, Magisterial District Judge Thomas Capello was the Magisterial District Judge until his resignation. During the remaining period of 2020, and for the year 2021, there were several different Senior Magisterial District Judges and other Lebanon County Magisterial District Judges who alternated the responsibility of office.

Policy and Procedural changes have been made since I was elected to office on January 3, 2022, which address the findings cited in the audit. Internal control structure of the office and necessary personnel changes have been made to correct the non-compliance and ensure future compliance with the recommended procedure of the Administrative Office of Pennsylvania Courts (AOPC) and in accordance with the Magisterial District Judge Clerical Procedure Manual.

Auditor Conclusion

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

DISTRICT COURT 52-2-01  
LEBANON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2019 TO DECEMBER 31, 2022

**Finding No. 2 - Inadequate Internal Controls Over Manual Receipts**

The Administrative Office of Pennsylvania Courts' (AOPC) policies require computer downtime manual receipts to be issued only in the event of a temporary power loss to the district court's computer system. When the computer system is operating again, the computer downtime manual receipt should be replaced by an official computer-generated receipt and included in the daily receipts. When the AOPC's policies are not followed, the possibility that funds received by the District Court could be lost or misappropriated increases significantly.

Our audit of the district court disclosed that there were 40 computer downtime manual receipts and one corresponding manual receipts log that were improperly disposed of and were not available for review.

Good internal accounting controls and the uniform internal control policies and procedures require that manual receipt and the corresponding receipt log are accounted for and maintained.

The District Court stated that the manual receipts were discarded on March 14, 2022 because the manual receipts had the former judge's name on them.

Adherence to good internal accounting 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 manual receipts and manual receipt logs. Failure to follow proper policies and procedures could result in lost or misappropriated funds.

**Recommendation**

We recommend that the office establish and implement an adequate system of internal controls over manual receipts as noted above.

**Management Response**

The Magisterial District Judge responded as follows:

Policy and Procedural changes have been made since I was elected to office on January 3, 2022, which address the findings cited in the audit. Internal control structure of the office and necessary personnel changes have been made to correct the non-compliance and ensure future compliance with the recommended procedure of the Administrative Office of Pennsylvania Courts (AOPC) and in accordance with the Magisterial District Judge Clerical Procedure Manual.

**Finding No. 2 - Inadequate Internal Controls Over Manual Receipts (Continued)**

**Auditor Conclusion**

DISTRICT COURT 52-2-01  
LEBANON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2019 TO DECEMBER 31, 2022

The corrective action included in the office's response isn't fully responsive to the condition, cause, and recommendation included in this finding. During our next audit, we will determine if the district court complied with our recommendation.

DISTRICT COURT 52-2-01  
LEBANON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2019 TO DECEMBER 31, 2022

**Finding No. 3 - Inadequate Arrest Warrant Procedures**

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 36 instances in which a warrant was required to be issued under Pa.R.Crim.P. 430(b)(1). Our testing disclosed that one was not issued timely. The time from the date of required issuance to issuance was 325 days.

We also tested 33 instances in which a warrant may be issued under Pa.R.Crim.P. 430(b)(3). Our testing disclosed that two were not issued at all. 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 67 warrants required to be returned or recalled, 17 were not returned timely. The time of issuance to the time of return ranged from 188 days to 1,158 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 52-2-01  
LEBANON COUNTY  
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**Finding No. 3 - Inadequate Arrest Warrant Procedures (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.

DISTRICT COURT 52-2-01  
LEBANON COUNTY  
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**Finding No. 3 - Inadequate Arrest Warrant Procedures (Continued)**

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.

The District Court stated that the prior staff did not keep up with returning warrants. The District Court also stated that when the current judge came into office in January 2022, there was a significant backlog of approximately 1,800 warrants that were over the 120-day threshold that had not been recalled or returned. It was further stated that the current Judge and her staff have been working to get all warrants recalled and returned.

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 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.

DISTRICT COURT 52-2-01  
LEBANON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
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**Finding No. 3 - Inadequate Arrest Warrant Procedures (Continued)**

Management Response

The Magisterial District Judge responded as follows:

Your office performed an audit of District Court 52-2-01, Lebanon County, Pennsylvania for the period of January 1, 2019 to December 31, 2022. During the period of January 1, 2019, to December 31, 2021, Magisterial District Judge Thomas Capello was the Magisterial District Judge until his resignation. During the remaining period of 2020 and for the year 2021 there were several different Senior Magisterial District Judges and other Lebanon County Magisterial District Judges who alternated the responsibility of office.

Policy and Procedural changes have been made since I was elected to office on January 3, 2022, which address the findings cited in the audit. Internal control structure of the office and necessary personnel changes have been made to correct the non-compliance and ensure future compliance with the recommended procedure of the Administrative Office of Pennsylvania Courts (AOPC) and in accordance with the Magisterial District Judge Clerical Procedure Manual.

Auditor Conclusion

During our next audit, we will determine if the district court complied with our recommendations.

DISTRICT COURT 52-2-01  
LEBANON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2019 TO DECEMBER 31, 2022

**Finding No. 4 - Evidence Of Authorizing The Disposition Of Citations Was Not Available**

During our audit of the district court's case files, we tested 65 cases with dispositions of not guilty, dismissed, discharged, or withdrawn, and cases that had a guilty plea disposition without an accompanying full payment. There was no evidence in 17 cases that the disposition was authorized by the Magisterial District Judge. Of the 17 cases the following was noted:

- 15 cases had no evidence in the file that the disposition was authorized by the Magisterial District Judge.
- We were unable to determine if the disposition was authorized by the Magisterial District Judge for two cases due to missing case files. Please see Finding No. 1 for further information.

Good internal accounting controls ensure that there is evidence that the disposition on these cases were authorized by the Magisterial District Judge. The failure to follow this procedure increases the risk for funds to be lost or misappropriated.

The District Court staff stated the lack of evidence in the file that the disposition was authorized by a Magisterial District Judge (MDJ) may have been an issue due to having rotating senior judges in the office for an extended period of time. District Court staff also stated that the judge signs the disposition worksheet at hearing when disposition is determined and then signs the back of the citation when the case is closed out and paid off.

Adherence to good internal controls would have ensured that there were adequate internal controls over citations.

**Recommendation**

We recommend that the district court maintain documentation that the Magisterial District Judge authorized the disposition of these cases and it is available for audit.



DISTRICT COURT 52-2-01  
LEBANON COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2019 TO DECEMBER 31, 2022

**Finding No. 4 - Evidence Of Authorizing The Disposition Of Citations Was Not Available**  
**(Continued)**

Management Response

The Magisterial District Judge responded as follows:

Your office performed an audit of District Court 52-2-01, Lebanon County, Pennsylvania for the period of January 1, 2019 to December 31, 2022. During the period of January 1, 2019 to December 31, 2021, Magisterial District Judge Thomas Capello was the Magisterial District Judge until his resignation. During the remaining period of 2020 and for the year 2021 there were several different Senior Magisterial District Judges and other Lebanon County Magisterial District Judges who alternated the responsibility of office.

Policy and Procedural changes have been made since I was elected to office on January 3, 2022, which address the findings cited in the audit. Internal control structure of the office and necessary personnel changes have been made to correct the non-compliance and ensure future compliance with the recommended procedure of the Administrative Office of Pennsylvania Courts and in accordance with the Magisterial District Judge Clerical Procedure Manual.

Auditor Conclusion

The corrective action included in the office's response isn't fully responsive to the condition, cause, and recommendation included in this finding. During our next audit, we will determine if the district court complied with our recommendation.

DISTRICT COURT 52-2-01  
LEBANON 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 Aurelis Figueroa**  
Magisterial District Judge

**The Honorable Robert J. Phillips**  
Chairperson of the Board of Commissioners

**The Honorable Robert M. Mettley**  
Controller

**Ms. Stephanie A. Axarlis**  
District Court Administrator

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://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](mailto:news@PaAuditor.gov).