

COMPLIANCE AUDIT

District Court 40-2-01 Indiana County, Pennsylvania For the Period January 1, 2020 to December 31, 2023

September 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov**

**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 40-2-01, Indiana County, Pennsylvania (District Court), for the period January 1, 2020 to December 31, 2023, 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 of 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.

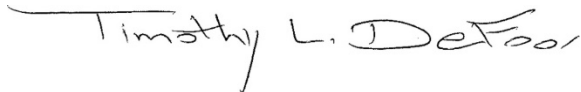
The district court is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, 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, 2020 to December 31, 2023, 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 finding listed below and discussed later in this report.

- Inadequate Internal Controls Over Receipts

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 Indiana County District Court 40-2-01 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 dark ink, reading "Timothy L. DeFoor". The signature is written in a cursive style with a horizontal line extending from the left of the first name.

Timothy L. DeFoor
Auditor General
August 15, 2025

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DISTRICT COURT 40-2-01
INDIANA COUNTY
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

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>\$ 534,174</u>
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This balance reflects the summary of monthly transmittal reports provided by the Department of Revenue.

Guy B. Haberl served at District Court 40-2-01 for the period January 1, 2020 to December 31, 2023.

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 40-2-01
INDIANA COUNTY
SUMMARY OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

Receipts:

Department of Transportation	
Title 75 Fines	\$ 83,610
Littering Law Fines	250
Child Restraint Fines	450
Department of Revenue Court Costs	113,440
Crime Victims' Compensation Bureau Costs	20,652
Crime Commission Costs/Victim Witness Services Costs	26,530
Domestic Violence Costs	6,938
Department of Agriculture Fines	1,769
Emergency Medical Service Fines	30,332
CAT/MCARE Fund Surcharges	60,713
Judicial Computer System Fees	32,931
Access to Justice Fees	20,826
Criminal Justice Enhancement Account Fees	5,561
Judicial Computer Project Surcharges	62,053
Constable Service Surcharges	5,808
Miscellaneous State Fines and Costs	62,311
	<hr/>
Total receipts	534,174
Disbursements to Commonwealth	<hr/> (534,174)
Balance due Commonwealth (District Court) per Department of Revenue data	-
Proposed audit adjustments	<hr/> -
Adjusted balance due Commonwealth (District Court) for the period January 1, 2020 to December 31, 2023	<hr/> <hr/> \$ -

DISTRICT COURT 40-2-01
INDIANA COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

Finding - Inadequate Internal Controls Over Receipts

Our audit of the accounting records for the district court disclosed the following deficiencies in the internal controls over receipts. Of 60 receipts tested, we noted the following:

- There were 25 instances in which receipts were not deposited timely. The time lapse from the date of receipt to the subsequent date of deposit ranged from two days to 11 days.
- There were eight instances in which the cash held overnight was in excess of \$500 ranging from \$506 to \$2,075.
- There were 21 instances in which the receipt session was not closed daily. The time lapse from the beginning of the receipt session to the end of the receipt session ranged from two days to seven days.
- There were 15 instances in which the district court copy of the bank deposit slip was not validated by the bank. The district court received a validated receipt from the bank, but this confirmed the total amount deposited and not the actual make-up of the deposit (i.e., cash and check mix).

A good system of internal controls ensures that:

- All monies collected are deposited intact at the bank at the end of every day.
- Daily receipt sessions are closed on a daily basis.
- The amount of each check and the total amount of cash deposited are identified on the deposit slip. The district court copy of each deposit should be brought to the bank to be validated. If the bank cannot validate the deposit slip, the district court should obtain a deposit ticket from the bank that validates total cash and the total deposit. After the district court receives the validation from the bank, it should be reconciled to the receipts by someone other than the person preparing or making the deposit.

District court staff stated that they do not get many payments in the office because most of their payments are processed online and deposited directly into their bank account. The court also stated that the amount of in-office collections did not warrant a trip to the bank for deposit.

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

DISTRICT COURT 40-2-01
INDIANA COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

Finding - Inadequate Internal Controls Over Receipts (Continued)

Recommendation

We recommend that the district court follow the AOPC's established procedures to ensure an adequate system of internal controls exists for its receipts.

Management's Response

The Magisterial District Judge responded as follows:

I do not believe that a written finding was warranted for the bank deposits of the daily receipts. The audit report noted that "for 16 of the 60 days the deposit slip was not validated as to the mix of cash and checks. During our exit interview with the auditor, it was discovered that one of the 16 days was actually validated by the bank and all of the deposits included a statement itemizing the mix of cash and checks which was initialed by the bank's personal service representative. A number of the receipts tested were during the Covid pandemic where the deposits would have been made by a drive-through which would prevent the insistence of the bank's validation stamp.

Most importantly, however, from the date of the audit interview on July 23, 2024, consistent with the recommendations of the auditor, a procedure was established to ensure that deposits were made on a daily basis and that the deposits be validated by bank personnel. A review of all deposits since July 23, 2024, was conducted by my office manager, confirms that every single deposit was made on a daily basis and was validated by bank personnel.

Auditors Conclusion

We appreciate the district court's effort to correct this issue. Although the court was utilizing the daily deposit listing, which itemizes the mix of cash and checks, this was not always properly validated by the bank. Furthermore, while we recognize the Magisterial District Judge's concern regarding the COVID-19 pandemic as it relates to the deposits not being properly validated, we noted that this issue occurred throughout the audit period. The finding remains as stated. During our next audit, we will determine if the district court complied with our recommendation.

DISTRICT COURT 40-2-01
INDIANA COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

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 Anthony Sottile, III
Magisterial District Judge

The Honorable R. Michael Keith
Chairperson of the Board of Commissioners

Ms. Katrina McCombie
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.