

# COMPLIANCE AUDIT

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District Court 45-1-05  
Lackawanna County, Pennsylvania  
For the Period  
January 1, 2020 to December 31, 2023

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October 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 45-1-05, Lackawanna 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 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.

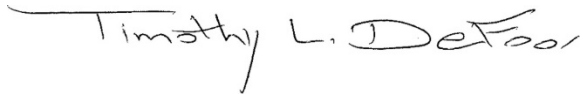
The district court is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported,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

- Bank Deposit Slips Were Not Validated.
- Inadequate Arrest Warrant Procedures

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 Lackawanna County District Court 45-1-05 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  
September 24, 2024

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DISTRICT COURT 45-1-05  
LACKAWANNA 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>\$ 458,091</u>
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This balance reflects the summary of monthly transmittal reports as settled by the Department of Revenue.

Terrence V. Gallagher served at District Court 45-1-05 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 45-1-05  
LACKAWANNA COUNTY  
SUMMARY OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2023

Receipts:

Department of Transportation		
Title 75 Fines	\$	58,719
Motor Carrier Road Tax Fines		63
Commercial Driver Fines		100
Littering Law Fines		50
Child Restraint Fines		1,686
Department of Revenue Court Costs		133,016
Crime Victims' Compensation Bureau Costs		8,218
Crime Commission Costs/Victim Witness Services Costs		8,181
Domestic Violence Costs		2,577
Emergency Medical Service Fines		23,825
CAT/MCARE Fund Surcharges		43,858
Judicial Computer System Fees		33,193
Access to Justice Fees		21,355
Criminal Justice Enhancement Account Fees		6,200
Judicial Computer Project Surcharges		63,854
Constable Service Surcharges		8,645
Miscellaneous State Fines and Costs		<u>44,551</u>
 Total receipts		 458,091
 Disbursements to Commonwealth		 <u>(458,091)</u>
 Balance due Commonwealth (District Court) per settled reports		 -
 Proposed Audit adjustments		 <u>-</u>
 Adjusted balance due Commonwealth (District Court) for the period January 1, 2020 to December 31, 2023	 \$	 <u><u>-</u></u>

DISTRICT COURT 45-1-05  
LACKAWANNA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2023

**Finding No. 1 - Bank Deposit Slips Were Not Validated**

Our audit of the district court's accounting records disclosed that the office copy of the bank deposit slip was not properly validated by the bank in 47 of the 60 deposits tested. The district court received a validated receipt from the bank, but this only confirmed the total amount deposited and not the actual make-up of the deposit (i.e. cash and check mix).

Good internal accounting controls require that the amount of each check and the total amount of cash deposited are identified on the deposit slip. The office 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.

District court staff stated that the bank was taken over and had a new way of validating the deposit slips and the bank attaches a receipt indicating total amount deposited only. The staff also stated that the bank receipt does not separate the cash and check on the receipt.

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

**Recommendations**

We recommend that the district court secure the bank's validation on the court's copy of the deposit slip. We further recommend that the validation is reconciled to receipts by someone other than the person preparing or making the deposit.

**Management's Response**

The Magisterial District Judge responded as follows:

We have corrected the deposit slip finding with the bank.

**Auditor Conclusion**

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



DISTRICT COURT 45-1-05  
LACKAWANNA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2023

**Finding No. 2 - 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.

We tested 45 instances in which a warrant was required to be returned or recalled. Our testing disclosed that 23 were not returned or recalled, and seven were not returned timely. The time of issuance to the time of return ranged from 182 days to 1,387 days.

The Manual establishes the uniform written internal control policies and procedures for all district courts.

**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.

District Court staff stated that there is a high volume of warrants issued and warrants were not always being returned from the constables on a timely basis.

DISTRICT COURT 45-1-05  
LACKAWANNA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2023

**Finding No. 2 - Inadequate Arrest Warrant Procedures (Continued)**

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.

Management's Response

The Magisterial District Judge responded as follows:

We intend to update the status of all warrants on a regular schedule basis as required. We will pull warrants to which have no new information as to whereabouts and categorize them as unserved which will prevent the need to reissue old warrants. We will set the 120-day tickler as suggested for warrants.

Auditor Conclusion

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

DISTRICT COURT 45-1-05  
LACKAWANNA 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 Sean E. Gallagher**  
Magisterial District Judge

**The Honorable William Gaughan**  
Chairperson of the Board of Commissioners

**The Honorable Gary A. DiBileo**  
Controller

**Frank P. Castellano, Esq.**  
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).