

COMPLIANCE AUDIT

District Court 52-3-04
Lebanon County, Pennsylvania
For the Period
January 1, 2019 to December 31, 2022

December 2024



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 52-3-04, 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 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.

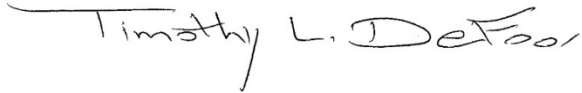
The district court is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported,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

- Inadequate Internal Controls Over Manual Receipts - Recurring.

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 52-3-04 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
November 19, 2024

CONTENTS

	<u>Page</u>
Background.....	1
Summary Of Receipts And Disbursements	2
Finding And Recommendation:	
Finding - Inadequate Internal Controls Over Manual Receipts - Recurring	3
Summary Of Prior Audit Recommendations.....	5
Report Distribution	6

DISTRICT COURT 52-3-04
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	\$ 1,842,910
Department of Military and Veterans Affairs	<u>70</u>
Total	<u>\$ 1,842,980</u>

This balance reflects the summary of monthly transmittal reports provided by the Department of Revenue. The balance also reflects a summary of any receipts disbursed directly to other state agencies.

John W. Ditzler served at District Court 52-3-04 for the period January 1, 2019 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 52-3-04
LEBANON COUNTY
SUMMARY OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Receipts:

Department of Transportation		
Title 75 Fines	\$	383,296
Overweight Fines		1,725
Commercial Driver Fines		5,325
Littering Law Fines		737
Child Restraint Fines		3,005
Department of Revenue Court Costs		201,863
Crime Victims' Compensation Bureau Costs		12,991
Crime Commission Costs/Victim Witness Services Costs		9,255
Domestic Violence Costs		3,188
Department of Agriculture Fines		6,743
Emergency Medical Service Fines		151,475
CAT/MCARE Fund Surcharges		336,732
Judicial Computer System Fees		101,716
Access to Justice Fees		54,002
Criminal Justice Enhancement Account Fees		4,117
Judicial Computer Project Surcharges		143,770
Constable Service Surcharges		11,332
Miscellaneous State Fines and Costs		<u>411,708</u>
 Total receipts		 1,842,980
 Disbursements to Commonwealth		 <u>(1,842,980)</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, 2019 to December 31, 2022	 \$	 <u><u>-</u></u>

DISTRICT COURT 52-3-04
LEBANON COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Finding - Inadequate Internal Controls Over Manual Receipts - Recurring

We cited the issue of inadequate internal controls over manual receipts in the three prior reports, with the most recent being for the period January 1, 2015 to December 31, 2018. Our current audit found that the district court did not correct this issue.

Our audit of the district court disclosed that there were 20 manual receipts and one corresponding manual receipts log that could not be located and were unavailable for review.

The Administrative Office of Pennsylvania Courts' (AOPC) policies require 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 manual receipt should be replaced by an official computer-generated receipt and included in the daily receipts.

The *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual) establishes the uniform written internal control policies and procedures for all district courts. All monies collected by the district court should be processed on official serial numbered receipt forms and processed through the computer system. All manual receipts that are generated and/or issued should be properly accounted for and maintained.

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

The District Court stated that they were unable to locate the manual receipts and the corresponding log due to a change in staff.

When the AOPC's policies are not followed, the possibility that funds received by the District Court could be lost or misappropriated increases significantly. 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 collections.

Recommendation

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

DISTRICT COURT 52-3-04
LEBANON COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2022

Finding - Inadequate Internal Controls Over Manual Receipts - Recurring (Continued)

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

This is a recurring finding. It is imperative that the district court take all steps necessary to comply with our recommendation. During our next audit, we will determine if the district court complied with our recommendation.

DISTRICT COURT 52-3-04
LEBANON 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:

- Initiate procedures to ensure that all cases are properly filed and contain appropriate documents as outlined in the *Supreme Court of Pennsylvania, Administrative Office of Pennsylvania Courts, Record Retention and Disposition Schedule with Guidelines*. We further recommended that the district court not destroy citations until after they have been subject to audit by the Department of the Auditor General.
- Establish and implement an adequate system of internal controls over manual receipts.
- 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.
- Maintain documentation that the Magisterial District Judge authorized the disposition of cases, and it is available for the audit.

During our current audit, we noted that the district court complied with our first, third, and fourth bulleted recommendations. However, the district court did not comply with our second bulleted recommendation. Please see the current year finding for additional information.

DISTRICT COURT 52-3-04
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 John W. Ditzler
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. 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.