Beaver County
Center District Court
36-3-03

Audit Report
For the Period January 2005 through December 2005

Richard W. Towcimak
Beaver County Controller

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RICHARD W. TOWCIMAK
CONTROLLER

County of Beaver
Office of Controller

VINCENT LaVALLE
DEPUTY CONTROLLER

ROBERT LEWIS, JR.
SOLICITOR

BEAVER COUNTY COURTHOUSE
THIRD STREET – BEAVER, PENNSYLVANIA 15009-2196
TELEPHONE: Area Code 724-728-5700

February 15, 2007

Mr. Joseph Schafer
District Court 36-3-03
226 Center Grange Road - F
Aliquippa, PA 15001

Dear Mr. Schafer:

We have audited the financial records of District Court 36-3-03 in the county of Beaver of the state of Pennsylvania for the period January 1, 2005 through December 31, 2005. Based upon the audit we have issued our report thereon dated February 15, 2007.

We conducted our audit in accordance with generally accepted governmental auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Based upon our review of the financial records, we have made the following observations and recommendations as detailed in this report.

Richard W. Towcimak
Beaver County Controller

AUDIT SCOPE:

The scope of this audit encompasses the period from January 1, 2005 to December 31, 2005.

AUDIT OBJECTIVES:

Through the completion of internal control questionnaires, control tests, substantive tests, and observation, the following audit objectives were accomplished for this audit:

- Prepare a financial statement for each year reviewed
- Evaluate controls over the District Court checking account and change fund
- Ensure that funds are deposited on the same day received
- Ensure that funds received are disbursed to the proper payees
- Ensure that funds held in escrow are adequate
- Ensure that funds receipted are applied to the proper case
- Ensure that costs and fines are properly split upon receipt
- Ensure that reports and funds due to the Commonwealth were correct and remitted in a timely manner
- Ensure that proper documentation was maintained in the case file
- Evaluate the controls over cash
- Evaluate the controls over purchasing and the administration of the budget
- Evaluate controls over general office procedures

DISTRICT COURT 36-3-03
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2005

Beginning cash balance (1/1/2005)		**$ 19,550.63**
Receipts:		
Traffic	$ 293,457.76	
Collateral	88,996.05	
Criminal, Civil, etc.	80,844.67	
Non-Traffic	59,815.97	
Total receipts		523,114.45
Disbursements:		
Commonwealth of Pennsylvania	$ 290,636.29	
Beaver County	64,084.75	
Restitution & Refund Bail / Collateral	60,228.99	
Monaca Boro	42,182.99	
Server Costs	25,101.80	
Center Township	23,317.65	
Raccoon Township	5,346.35	
Shippingport Boro	4,648.78	
Potter Township	1,526.99	
Green Township	1,392.59	
Monaca Area School District	317.00	
Georgetown Boro	307.81	
Hookstown Boro	301.58	
South Side School District	251.55	
Center Area School District	77.29	
Hopewell Area School District	61.61	
CCBC College Library	61.52	
Community College of Beaver County	48.58	
Beaver Area School District	25.00	
Blackhawk School District	14.97	
Total disbursements		(519,934.09)
Adjustments:		
Adjustment for void checks		50.00
Reimbursed bank fees		25.50
Miscellaneous		(19.99)
Ending cash balance (12/31/2005)		**$ 22,786.50**

DISTRICT COURT 36-3-03
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 THROUGH DECEMBER 31, 2005

Note 1: Summary of Significant Accounting Policies - District Court 36-3-03 reports on the cash basis of accounting. Under the cash basis of accounting revenues are recognized when received and expenses recognized when the disbursement is made.

Note 2: Traffic Receipt/Disbursement Categories -Transactions resulting from summary proceedings for offenses arising under the Pennsylvania Motor Vehicle Code and violations of local parking ordinances.

Note 3: Non-Traffic Receipt/Disbursement Categories -Transactions resulting from non-traffic summary proceedings initiated by a police officer or private citizen.

Note 4: Criminal, Civil, etc. Receipt Categories -Transactions resulting from misdemeanor and/or felony charges brought by a police officer or private citizen. Transactions resulting from Landlord-Tenant actions or, civil actions filed for tortious conduct or contractual issues.

Note 5: Collateral Receipt Categories - Miscellaneous funds and funds deposited in escrow.

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Office of Controller

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THIRD STREET – BEAVER, PENNSYLVANIA 15009-2196
TELEPHONE: Area Code 724-728-5700

February 15, 2007

Mr. Joseph Schafer
District Court 36-3-03
226 Center Grange Road - F
Monaca, PA 15061

Report on Internal Control Structure

We have audited the accompanying statement of account of the District Court 36-3-03, Beaver County, Pennsylvania, for the period January 1, 2005 to December 31, 2005, and have issued our report thereon dated February 15, 2007.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the District Court 36-3-03, Beaver County, Pennsylvania, for the period January 1, 2005 to December 31, 2005, we considered the office's internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and the office's compliance with applicable regulations and not to provide assurance on the internal control structure.

The management of the District Court is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with prescribed policies. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, future

reliance on any evaluation of the structure, past or current, is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the internal control structure we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation. Additionally, we assessed control risk for the internal control structure. Compliance with applicable laws and regulations was considered when assessing control risk for the internal control structure.

We noted certain matters involving the internal control structure and its operation that we consider reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce, to a relatively low level, the risk that material errors or irregularities affecting the financial statements being audited may occur and not be timely detected by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above. We noted the following reportable conditions:

- Improvement was needed in cash controls procedures
- Some case files were not found

For further elaboration on these weaknesses, refer to the "Observations and Recommendations" section of this audit report.

This report is intended solely for the information and use of the Office of the Controller, management, and others within the administration. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Richard W. Towcimak
Beaver County Controller

OBSERVATIONS AND RECOMMENDATIONS

Observation 1: Improvement was needed in cash controls procedures

Individual responsibility was not established for change fund cash. The $60.00 change fund was used by all clerks. The change fund totaled $61.93 upon audit count on February 7, 2007.

Audit Recommendation:

Cash balancing procedures should be formalized. These procedures should include the requirements that:

-Each staff member be individually responsible for the daily control and balancing of change funds.
-A record be maintained by individual to document any un-resolvable cash overages or shortages.
-A standard method be developed for replenishing change funds and a record be maintained documenting the independent periodic count of these funds.
-Any time cash or cash items change hands the individual assuming physical custody must verify the amount in the presence of the individual relinquishing control.

Observation 2: Some case files were not found

Of the 50 cases reviewed for the various testing performed during this audit, 4 case files could not be located (8%).

Audit Recommendation:

A consistent method of filing should be established and maintained.

An exit conference was held on February 15, 2007 at District Court 36-3-03 for the purpose of discussing the items presented in this report. Those in attendance were:

District Court 36-3-03

Joseph Schafer - District Justice

Mary Kruppa - Office Manager

Beaver County Controller's Office

Cheryl Spagnola - Auditor

The results of the audit were discussed in their entirety during this conference.

A form has been enclosed with this report to be completed by the District Court. This form restates all observations noted in the audit. The District Court is requested to complete the corrective action section for each observation. If no corrective action has been taken, please state this. Return this form to the Office of the Controller within thirty days of receipt. This form will be incorporated and become a part of this report. As a part of the Office of the Controller's normal reporting procedure, a copy of this report along with your responses will be distributed to the Beaver County Court Administrator and will be posted in the Controller's section of the Beaver County website.

DISTRICT COURT 36-3-03 - CENTER TOWNSHIP
AUDIT RESPONSES
FOR THE PERIOD JANUARY 2005 THROUGH DECEMBER 2005

District Court 36-3-03
Audit Responses
January 2005 through December 2005 Audit

Summary of Observations:

Observation 1: Improvement was needed in cash controls procedures

Individual responsibility was not established for change fund cash. The $60.00 change fund was used by all clerks. The change fund totaled $61.93 upon audit count on February 7, 2007.

Audit Recommendation:

Cash balancing procedures should be formalized. These procedures should include the requirements that:

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-A standard method be developed for replenishing change funds and a record be maintained documenting the independent periodic count of these funds.
-Any time cash or cash items change hands the individual assuming physical custody must verify the amount in the presence of the individual relinquishing control.

Corrective Action Implemented By District Court:

THE PETTY CASH FUNDS WERE DIVIDED, AND EACH CLERK WAS GIVEN A CERTAIN AMOUNT AND THEY ARE RESPONSIBLE, AMOUNT CHECKED DAILY. EACH CLERK IS RESPONISBLE TO ADD UP THERE DEPOSIT AND TURN IT OVER TO THE PERSON THAT IS GOING TO THE BANK FOR THAT DAY.

Date Corrective Action Was Implemented:

ONE WEEK AFTER WE WERE INFORMED BY THE COUNTY AUDITOR.

District Court 36-3-03
Audit Responses
January 2005 through December 2005 Audit

Observation 2: Some case files were not found

Of the 50 cases reviewed for the various testing performed during this audit, 4 case files could not be located (8%).

Audit Recommendation:

A consistent method of filing should be established and maintained.

Corrective Action Implemented By District Court:

CASES ARE FILED IN THE YEAR THAT THEY ARE CLOSED, NOT BY THE YEAR THAT THEY WERE DOCKET.

Date Corrective Action Was Implemented:

THIS WAS CORRECTED THE DATE THAT THE COUNTY AUDITOR INFORMED THIS OFFICE.

Signature of Elected Official: _____

Date: 3-23-07