

**Beaver County
Center District Court
36-3-03**

**Audit Report
For the Period January 2006 through December 2007**

**David A. Rossi
Beaver County Controller**

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DAVID A. ROSSI
CONTROLLER



WILLIAM CALHOON
CHIEF DEPUTY CONTROLLER
ALBERT A. TORRENCE
SOLICITOR

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

April 21, 2008

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, 2006 through December 31, 2007. Based upon the audit we have issued our report thereon dated April 21, 2008.

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.

David A. Rossi

David A. Rossi
Beaver County Controller

AUDIT SCOPE:

The scope of this audit encompasses the period from January 1, 2006 to December 31, 2007.

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, 2006**

Beginning cash balance (1/1/2006) \$ 22,786.50

Receipts:

Traffic	\$ 341,639.44
Non-Traffic	173,201.04
Collateral	105,141.12
Criminal, Civil, etc.	<u>39,787.91</u>

Total receipts 659,769.51

Disbursements:

Commonwealth of Pennsylvania	\$ 336,650.24
Beaver County	84,366.28
Restitution & Refund Bail / Collateral	74,396.21
Server Costs	51,598.93
Monaca Boro	53,019.98
Center Township	38,375.88
Raccoon Township	9,421.28
Shippingport Boro	4,215.84
Green Township	3,295.86
Potter Township	2,076.11
Hookstown Boro	453.27
Monaca Area School District	225.76
Center Area School District	221.99
Community College of Beaver County	115.62
Hopewell Area School District	63.39
Georgetown Boro	55.60
Blackhawk School District	24.99
South Side School District	25.00
Ambridge Area School District	<u>15.30</u>

Total disbursements (658,617.53)

Adjustments:

Adjustment for void checks	797.76
Miscellaneous	(6.92)
Check #25969 cleared then voided	<u>(24.00)</u>

Ending cash balance (12/31/2006) \$ 24,705.32

**DISTRICT COURT 36-3-03
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2007**

Beginning cash balance (1/1/2007) \$ 24,705.32

Receipts:

Traffic	\$ 384,568.90
Collateral	138,954.60
Non-Traffic	121,968.24
Criminal, Civil, etc.	<u>50,754.33</u>

Total receipts 696,246.07

Disbursements:

Commonwealth of Pennsylvania	\$ 370,438.78
Beaver County	93,740.22
Restitution & Refund Bail / Collateral	67,929.54
Server Costs	62,367.50
Monaca Boro	51,614.22
Center Township	34,599.89
Raccoon Township	8,364.58
Shippingport Boro	4,604.09
Potter Township	2,559.05
Green Township	1,886.16
Monaca Area School District	436.70
Center Area School District	253.93
Georgetown Boro	216.98
Hookstown Boro	212.15
Community College of Beaver County	79.53
South Side School District	74.92
Blackhawk School District	<u>10.04</u>

Total disbursements (699,388.28)

Adjustments:

Adjustment for void checks	240.91
Miscellaneous	0.92
Return item not entered on the computer	(25.00)
Un-reimbursed bank fees	<u>(29.25)</u>

Ending cash balance (12/31/2007) \$ 21,750.69

DISTRICT COURT 36-3-03
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2006 THROUGH DECEMBER 31, 2007

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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April 21, 2008

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, 2006 to December 31, 2007, and have issued our report thereon dated April 21, 2008.

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, 2006 to December 31, 2007, 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 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 the processing procedures for Jail Time Served Compensation Adjustments
- Improvement was needed in the bank account reconciliation process
- 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.

David A Rossi

David A. Rossi
Beaver County Controller

OBSERVATIONS AND RECOMMENDATIONS

Observation 1: Improvement was needed in the processing procedures for Jail Time Served Compensation Adjustments

A Jail time adjustment is used to record jail time served pursuant to 75 Pa.C.S.A. § 6504 or 42 Pa.C.S.A. § 9758(c) and Pa.R.Crim.P. Rule 456. Time served compensation adjustments can be allowed if the defendant has been sentenced to pay costs and fines, a default in payment has occurred, and a payment determination hearing has been held to ascertain that the defendant was able to pay.

After a default in payment, if a sentence of imprisonment is imposed a written order imposing sentence must be issued, signed by the issuing authority and a copy must be given to the defendant per PA R. Crim. P. 456.

The Center District Court processed 169 Time Served adjustments in 2007 totaling \$(31,086.94). An audit review was performed of 92 jail time compensation adjustments totaling \$(19,271.10) for 86 cases and 41 defendants. The following was noted:

1. For 65 of the 86 cases reviewed there was no documentation in the case file of MDJ authorization for the Time Served adjustment. This amounted to a reduction of fines and costs totaling \$14,988.10 without documented MDJ approval in the case files.
2. MDJ approval documentation was in the case files for 17 cases with jail time compensation adjustments totaling \$(3,406.30), however, the documentation was found to be incomplete. The authority to adjust costs and fines was given with hand written sticky notes showing only the words "Time Served" or with an "OK" scribbled on the Jail documentation indicating dates of incarceration. These notes were not dated and did not detail which defendant or which docket numbers should receive credit or for how much. It was not clearly indicated if all cases for a particular defendant should be adjusted or if only the one case file containing the note was to receive credit for time served. [For 19 cases with adjustments totaling \$(5,714.42) a notation of "Time Served" was found by the Auditor in a different case file of the same defendant.]
3. After a default in payment, if a sentence of imprisonment is imposed a written order imposing sentence must be issued, signed by the issuing authority and a copy must be given to the defendant per PA R. Crim. P. 456. None of the 86 case files reviewed contained a written order imposing the sentence of imprisonment for the jail time compensation.

4. To be in accordance with payment default procedures as described in PA R. Crim. P. 456, after a default in payment if a sentence of imprisonment has been imposed the defendant must be given a 30-day period to enter an appeal. No defendants had a signed waiver of the waiting period in the case file. Without knowledge of the date of sentencing it was impossible to determine if the 30 day period had lapsed.

5. Four case Files could not be located and therefore the associated \$(866.70) adjustment for jail time could not be evaluated. [See Observation #3]

Audit Recommendation:

Time served adjustments should only be authorized after a default in payment has occurred.

Prior to processing a jail time compensation adjustment, a payment determination hearing should be held and a determination should have been made that the defendant was able to pay.

After a sentence of imprisonment is imposed, as required by PA R. Crim. P. 456, a written order imposing sentence must be issued, signed by the issuing authority and a copy must be given to the defendant.

After a sentence of imprisonment is imposed, as required by PA R. Crim. P. 456, the effective date of imprisonment should assure that the 30-day appeal period has elapsed, or a waiver of this waiting period should be obtained from the defendant.

Prior to processing a jail time compensation adjustment, commitment information should be completely and accurately entered onto the PA State DJ computer system. The dates entered should reflect the actual dates of incarceration which apply to the adjustment.

A form should be completed and signed by the Magisterial District Justice to indicate his authorization and approval of the time served compensation adjustment. This form should contain at a minimum the date, defendants name, docket number, the amount of costs and/or fines to be reduced, and any other conditions or requirements prior to allowing the jail time compensation adjustment.

Observation 2: Improvement was needed in the bank account reconciliation process

The Checking account was not reconciled properly each month. The amount entered as the bank balance did not agree with the actual checking account balance per the bank.

The following Center District Court 2006-2007 Account Reconciliation corrections were made per audit request:

These checks cleared the bank but were not designated as such on the system:

	\$	Date Cleared
#27989	50.00	6/26/2007
#28267	114.50	8/31/2007
#28696	3.40	11/27/2007

Check number 28566 in the amount of \$50.00 was voided on the computer system on 12/21/2007 but still showed as outstanding on the manual outstanding check listing.

A bank fee of \$29.25 was charged on 7/10/2007 which was not reversed by the bank or reimbursed by the County until audit review in February 2008.

The following checks were processed by the bank for incorrect amounts:

	Check Date	\$ per Bank	\$ per Court	Difference
#25566	12/6/2005	1.85	1.86	0.01
#25791	2/6/2006	77.25	70.25	(7.00)
#27421	2/7/2007	14.55	14.52	(0.03)
#28650	11/5/2007	97.05	97.85	0.80

The following deposits amounts were incorrect:

System Date	Bank Date	\$ per Bank	\$ per Court	Difference
2/3/2006	2/6/2006	3,734.78	3,734.28	0.50
4/12/2006	4/12/2006	3,777.12	3,777.32	(0.20)
8/8/2006	8/8/2006	2,101.82	2,101.32	0.50
not recorded	9/5/2006	50.00	0.00	50.00
11/17/2006	11/20/2006	2,763.38	2,764.01	(0.63)
12/5/2006	12/5/2006	3,918.53	3,918.63	(0.10)
1/30/2007	2/1/2007	630.50	630.80	(0.30)
12/28/2007	12/31/2007	2,521.99	2,521.09	0.90

Check number 25969 dated 3/8/2006 for \$24.00 cleared the bank on 4/5/2006 however it was not marked as such on the system. It was carried as outstanding until 12/12/2006 when it was voided and escheated in error.

Audit Recommendation:

-The District Court checking account balance as shown on the bank statement should be properly reconciled to the computer system balance.

-More care should be taken in the determination of outstanding check status.

-More care should be taken that bank charges for deposit slips and miscellaneous expenses be accounted for properly and be reimbursed by Beaver County or the defendant as appropriate.

-More care should be taken that the amount of deposit and disbursement transactions are processed exactly as entered onto the computer system and that any discrepancies are immediately resolved.

Observation 3: Some case files were not found

Of the 148 cases reviewed for the various testing performed during this audit, 7 case files could not be located (5%).

Audit Recommendation:

A consistent method of filing should be established and maintained.

An exit conference was held on April 21, 2008 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 2006 THROUGH DECEMBER 2007**

District Court 36-3-03
Audit Responses
January 2006 through December 2007 Audit

Summary of Observations:

Observation 1: Improvement was needed in the processing procedures for Jail Time Served Compensation Adjustments

A Jail time adjustment is used to record jail time served pursuant to 75 Pa.C.S.A. §.6504 or 42 Pa.C.S.A. § 9758(c) and Pa.R.Crim.P. Rule 456. Time served compensation adjustments can be allowed if the defendant has been sentenced to pay costs and fines, a default in payment has occurred, and a payment determination hearing has been held to ascertain that the defendant was able to pay.

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2. MDJ approval documentation was in the case files for 17 cases with jail time compensation adjustments totaling \$(3,406.30), however, the documentation was found to be incomplete. The authority to adjust costs and fines was given with hand written sticky notes showing only the words "Time Served" or with an "OK" scribbled on the Jail documentation indicating dates of incarceration. These notes were not dated and did not detail which defendant or which docket numbers should receive credit or for how much. It was not clearly indicated if all cases for a particular defendant should be adjusted or if only the one case file containing the note was to receive credit for time served. [For 19 cases with adjustments totaling \$(5,714.42) a notation of "Time Served" was found by the Auditor in a different case file of the same defendant.]
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District Court 36-3-03
Audit Responses
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District Court 36-3-03
Audit Responses
January 2006 through December 2007 Audit

Corrective Action Implemented By District Court:

STARTED USING THE FORM THAT THE AUDITOR GAVE THIS OFFICE TO USE

Date Corrective Action Was Implemented:

THE DATE THE AUDITOR WAS AT THEI OFFICE

District Court 36-3-03
Audit Responses
January 2006 through December 2007 Audit

Observation 2: Improvement was needed in the bank account reconciliation process

The Checking account was not reconciled properly each month. The amount entered as the bank balance did not agree with the actual checking account balance per the bank.

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8/8/2006	8/8/2006	2,101.82	2,101.32	0.50
not recorded	9/5/2006	50.00	0.00	50.00
11/17/2006	11/20/2006	2,763.38	2,764.01	(0.63)
12/5/2006	12/5/2006	3,918.53	3,918.63	(0.10)
1/30/2007	2/1/2007	630.50	630.80	(0.30)
12/28/2007	12/31/2007	2,521.99	2,521.09	0.90

District Court 36-3-03
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Audit Recommendation:

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-More care should be taken that the amount of deposit and disbursement transactions are processed exactly as entered onto the computer system and that any discrepancies are immediately resolved.

Corrective Action Implemented By District Court:

MAKING SURE THAT THE BANK STATEMENT AND OUR DEPOSITS MATCH.

Date Corrective Action Was Implemented:

THE NEXT MONTH AFTER THE AUDITOR CAME TO THIS OFFICE AND HELPED ME CORRECT THE BANK STATEMENT.

District Court 36-3-03
Audit Responses
January 2006 through December 2007 Audit

Observation 3: Some case files were not found

Of the 148 cases reviewed for the various testing performed during this audit, 7 case files could not be located (5%).

Audit Recommendation:

A consistent method of filing should be established and maintained.

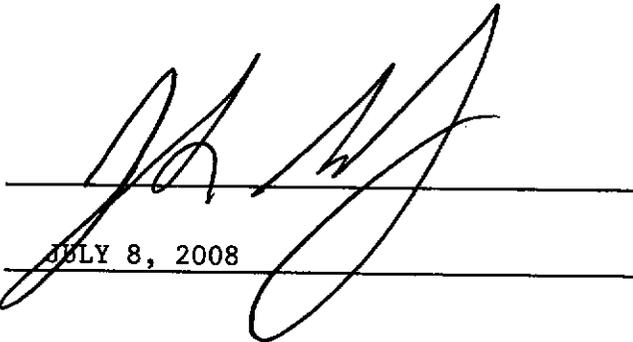
Corrective Action Implemented By District Court:

ALL CLOSED FILES ARE FILED IN THE YEAR THAT THEY ARE CLOSED OUT.

Date Corrective Action Was Implemented:

1/02/08.

Signature of Elected Official:



Date:

JULY 8, 2008
