



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report-Issued December 28, 2012

Northern Berkshire District Court

For the period July 1, 2009 through August 31, 2011



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INTRODUCTION AND SUMMARY

The Northern Berkshire Division of the District Court Department (NBDC), located in North Adams, is one of 62 district courts operating within the Commonwealth and presides over civil and criminal matters falling within its territorial jurisdiction. Massachusetts courts, including district courts, generate revenues from a variety of sources that are established by either a specific statute or a uniform fee schedule developed in accordance with Administrative Office of the Trial Court rules and regulations. The court system classifies revenues into two categories: general revenue or criminal case monetary assessments. General revenue is the largest source of revenue, consisting of such items as civil case filing fees, bail forfeitures, court costs, fines, and other general court revenue, all of which are deposited into the Commonwealth's General Fund. Criminal case monetary assessments are established by specific statute and can be deposited into either the General Fund or a specific fund. During our audit, we noted that NBDC's revenues decreased from \$512,381 in fiscal year 2008 to \$407,591 in fiscal year 2011.

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor conducted an audit of NBDC relative to its administration of certain fees/assessments for the period July 1, 2009 through August 31, 2011. The objectives of our audit were to assess: (1) the adequacy of the internal controls NBDC had established over its assessment, waiving, collection, and accounting of certain fees/assessments; (2) the processing and disposition of bail funds; and (3) NBDC's compliance with applicable laws, rules, regulations, and policies and procedures with respect to these fees/assessments and bail funds.

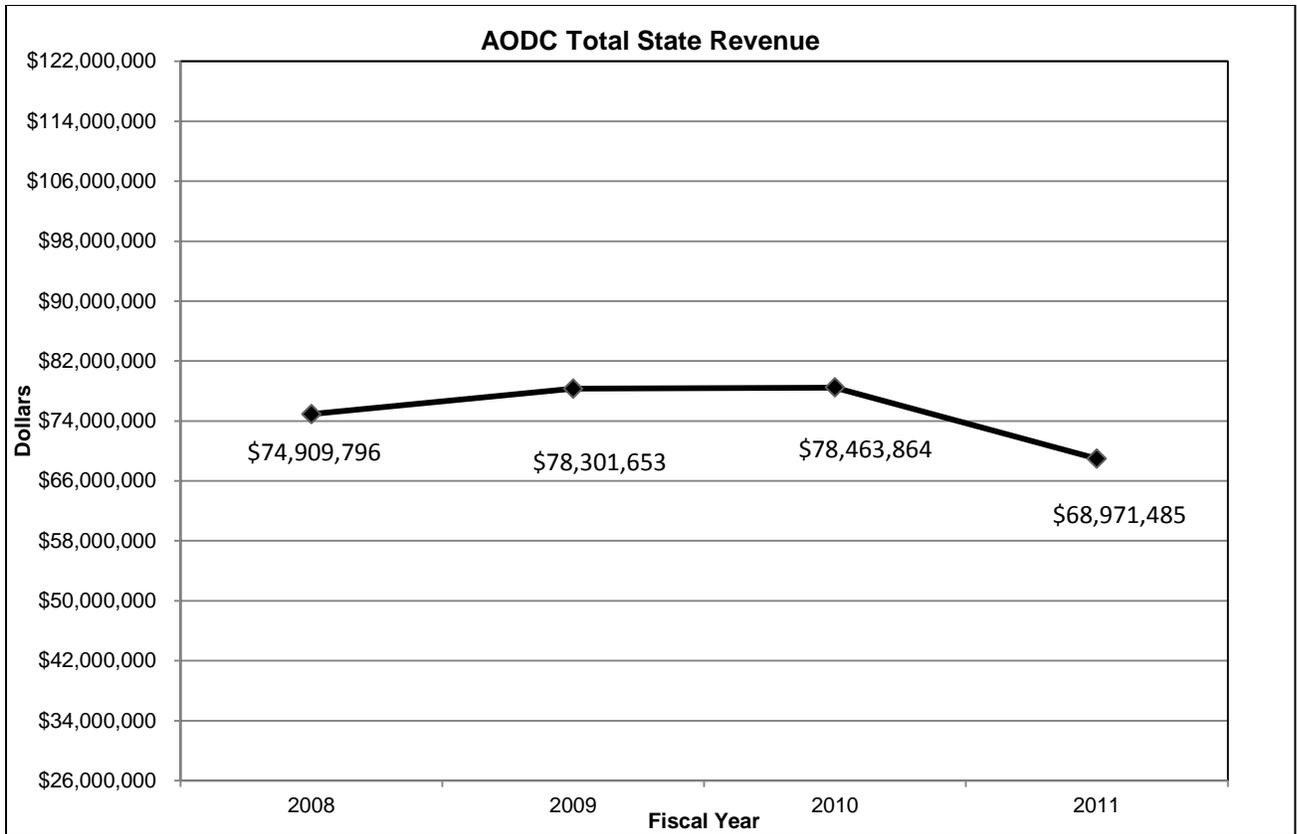
Based on our audit, we determined that for the period July 1, 2009 through August 31, 2011, NBDC (1) maintained adequate internal controls over its activities; (2) properly administered its fees/assessments revenue; and (3) complied with applicable laws, rules, regulations, policies, and procedures in the areas tested.

OVERVIEW OF AUDITED AGENCY

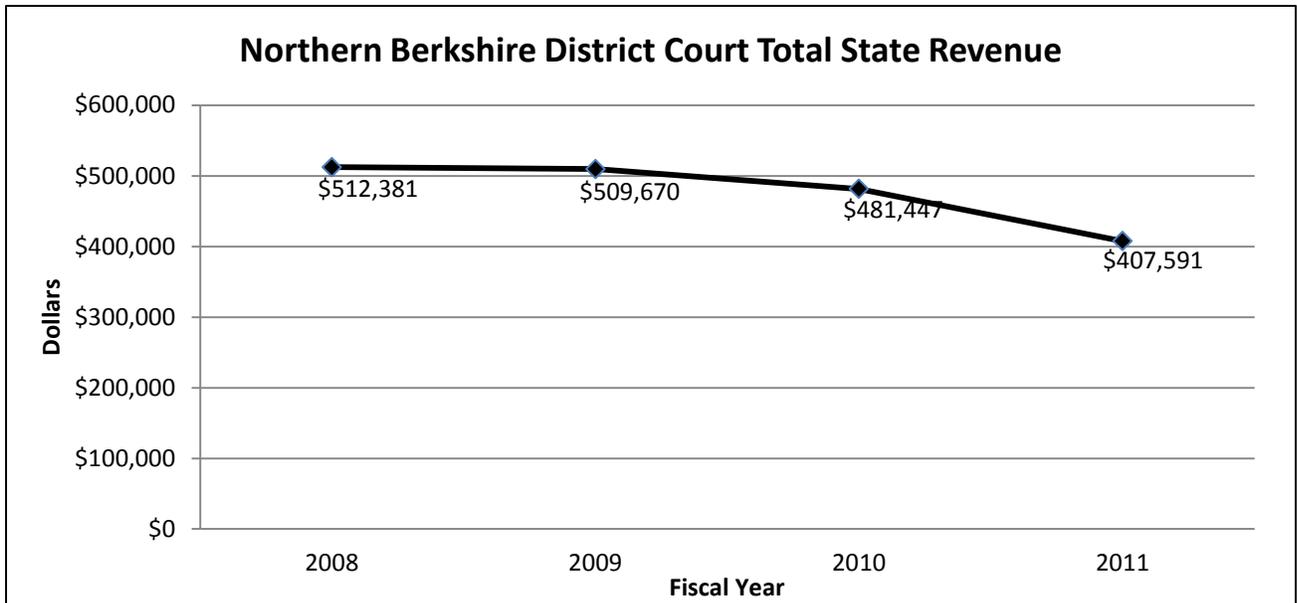
Chapter 478 of the Acts of 1978 reorganized Massachusetts courts into seven Trial Court Departments, including the District Court. The 1978 statute created a central administrative office called the Administrative Office of the Trial Court (AOTC) which, during our audit period, was supervised by the Chief Justice for Administration and Management (CJAM) and was responsible for the overall management of the Trial Court. The District Court Department is headed by a Chief Justice who is appointed by the CJAM. The Chief Justice oversees the management of the 62 district courts from a central administrative office referred to as the Administrative Office of the District Court Department (AODC). The Northern Berkshire Division of the District Court Department (NBDC), located in North Adams, is one of the 62 district courts operating within the Commonwealth and presides over civil and criminal matters falling within its territorial jurisdiction, which includes: the City of North Adams and the towns of Adams, Williamstown, Clarksburg, Florida, New Ashford, Cheshire, Savoy, Hancock, and Windsor.

District courts such as NBDC generate revenues from a variety of sources that are established by either a specific statute or a uniform fee schedule developed in accordance with AOTC rules and regulations. Collected revenues are transmitted either directly to municipalities in the courts' jurisdiction or indirectly to the Commonwealth through the AOTC. The court system classifies revenues into two categories: general revenue or criminal case monetary assessments. General revenue is the largest source of revenue, consisting of such items as civil case filing fees, bail forfeitures, court costs, fines, and other general court revenue, all of which are deposited into the Commonwealth's General Fund. Criminal case monetary assessments are established by specific statute and can be deposited into either the General Fund or a specific fund. Revenues are generally paid in cash, but certain circumstances allow for the waiving of fees or performance of community service (unpaid work at not-for-profit or governmental entities) in lieu of cash payment of certain fees.

Between fiscal years 2008 and 2011, total revenues received by the AODC decreased from \$74,909,796 to \$68,971,485, as indicated in the following chart:



Similarly, NBDC’s revenues decreased from \$512,381 in fiscal year 2008 to \$407,591 in fiscal year 2011, as shown in the following chart.



AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor (OSA) conducted an audit of the Northern Berkshire Division of the District Court Department (NBDC) relative to its administration of certain fees/assessments for the period July 1, 2009 through August 31, 2011. The objectives of our audit were to assess: (1) the adequacy of the internal controls NBDC had established over its assessment, waiving, collection, and accounting of certain fees/assessments; (2) the processing and disposition of bail funds; and (3) NBDC's compliance with applicable laws, rules, regulations, policies, and procedures with respect to these fees/assessments and bail funds.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To achieve our audit objectives, our work focused on the activities and operations of NBDC's Judge's Lobby, Clerk-Magistrate's Office, and Probation Office; accordingly, we reviewed the following:

- Massachusetts General Laws and Trial Court, Administrative Office of the District Court Department, and Office of the Commissioner of Probation rules, regulations, and directives to determine compliance with any specific guidelines relative to the audit objectives.
- Internal control plans to determine whether NBDC has controls in place to ensure that revenue collections are safeguarded against loss, theft, and misuse and are transmitted in compliance with rules and regulations.
- Criminal case activity to determine whether the fees and bails were properly assessed or waived, subsequently collected, and accounted for accordingly. A nonstatistical sampling approach based on the auditors' professional judgment was used to test criminal case activity.
- Recordkeeping procedures to determine whether revenues were properly transmitted, reconciled, and supported by adequate documentation.
- The adequacy and timeliness of monthly trial balances and revenue transmittal reports to determine whether they were in compliance with Administrative Office of the Trial Court (AOTC) requirements.

We obtained revenue information from systems maintained by the Commonwealth, AOTC, and NBDC. We compared this information with other source documents and interviewed knowledgeable NBDC officials about the data. We determined that the data were sufficiently reliable for the purposes of this report.

For our audit, we selected the three largest dollar value revenues (excluding general revenue) received by NBDC during the audit period for testing—specifically, probation, indigent counsel, and victim witness fees. We excluded general revenue because previous OSA audits at district courts covered items comprising the general revenue category. Additionally, we chose to examine bail activity at NBDC based on issues identified in previous OSA audits of courts, as bail can also be a source of revenue if defendants do not appear in court as required by the terms of their release from jail.

The table below summarizes the revenues, excluding bail, that were subject to our review.

Revenue Source	2008	2009	2010	2011
Probation Fees	\$168,155	\$147,700	\$155,687	\$140,296
Indigent Counsel Fees	69,527	69,486	61,929	55,155
Victim Witness Fees	<u>40,955</u>	<u>40,272</u>	<u>30,705</u>	<u>28,732</u>
Total	<u>\$278,637</u>	<u>\$257,458</u>	<u>\$248,321</u>	<u>\$224,183</u>

At the conclusion of our audit, the results of our audit were discussed with NBDC officials, and any comments made by these officials were considered in the final drafting of this report.

Based on our audit, we determined that for the period July 1, 2009 through August 31, 2011, NBDC (1) maintained adequate internal controls over its activities; (2) properly administered its fees/assessments revenue; and (3) complied with applicable laws, rules, regulations, and policies and procedures in the areas tested.