



**County of Chester
Office of the Controller
Internal Audit Department**

**Management Letter
For the Year Ended
December 31, 2012**

*County of Chester
Magisterial District Court
15-1-05*

Management Letter

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Grover E. Koon

Introduction

On October 10, 2013, Internal Audit completed an audit of Magisterial District Court 15-1-05 (*District Court*). Carissa M. Petrelia was the auditor-in-charge. Internal Audit is required by County Code to review district courts annually to ensure compliance with policies and procedures mandated by the Administrative Office of Pennsylvania Courts and/or District Justice Administration and to assess their overall internal control structure. The scope of our audit included a review of the following:

- Cash and Petty Cash
- Undisbursed Funds
- Cash Receipts
- Manual Receipts
- Cash Disbursements
- Voided Transactions
- Overall Compliance

We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards* published by the Comptroller of the United States. We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters concurrent with this management letter. Disclosures and other information in that Report (also dated October 10, 2013) should be considered in conjunction with this Management Letter.

Executive Summary

The management and staff of the *District Court* are, in all material respects, in compliance with policies and procedures set forth by the Administrative Office of Pennsylvania Courts and directives imposed by District Justice Administration. Internal Audit noted no significant deficiencies or material weaknesses in the overall internal control structure.

Internal Audit did, however, note several matters of a lesser significance involving internal controls and compliance with policies and procedures. These matters have all been included within this management letter. Based on Internal Audit's testing and observations, it is our opinion that these deficiencies are not the result of negligence or deliberate misconduct, but are instead the consequence of one or more of the following:

- Oversight
- Human error

We want to thank the management and staff of the *District Court* for their cooperation and assistance during the course of this audit. We have provided herein a copy of our "Audit Findings and Recommendations" for your review and comment.

Please feel free to contact our office at (610) 344-6064 should you have any questions or concerns.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-1-05

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2012

Cash and Petty Cash

Cash is reconciled and cash adjustments are reviewed at 100%. Petty cash is counted during the course of the on-site fieldwork.

Finding 1: Cash Adjustments

The District Court correctly processed multiple debit adjustments to record bank debits for NSF fees. Although the Office Manager passed these fees on to the respective defendants and the additional monies were receipted against the related cases, the result is that the debit adjustments were not properly offset and remain outstanding on the books.

Recommendation

Internal Audit recommends that the District Court ensure that all debit adjustments have a corresponding credit adjustment and vice versa. To this end, it is further recommended that District Court management work with DJ Admin to correct the situation.

Auditee Response

See page 6 for Auditee Responses.

General Finding

Finding 2: Escheats

Internal Audit noted that in two (2) instances, a check was not escheated in a timely manner.

Recommendation

Internal Audit recommends that the *District Court* staff adhere to the stale-dated check procedures as outlined in the District Judge Automated Office Clerical Procedures Manual.

Auditee Response

See page 6 for Auditee Responses.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-1-05

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2012

For the following areas, transactions are reviewed on a sample basis according to risk. The current year risk assessment is based on prior year audit results.

Undisbursed Funds

The sample size tested for the year ended 12/31/12 was determined to be 10 out of a total population of 21 cases which were greater than or equal to 90 days.

There were no internal control or procedural weaknesses noted within our sample.

Cash Receipts

The sample size tested for the year ended 12/31/12 was determined to be 20 out of a population of 9,666 receipts issued during the year.

There were no internal control or procedural weaknesses noted within our sample.

Manual Receipts

There were 11 manual receipts used and tested for the year ended 12/31/12.

There were no internal control or procedural weaknesses noted within our sample.

Cash Disbursements

The sample size tested for the year ended 12/31/12 was determined to be 20 out of a population of 660 checks issued during the year.

There were no internal control or procedural weaknesses noted within our sample.

Voided Receipts

The sample size tested for the year ended 12/31/12 was determined to be 15 out of a population of 128 receipts voided during the year.

There were no internal control or procedural weaknesses noted within our sample.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-1-05

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2012

Voided Disbursements

The sample size tested for the year ended 12/31/12 was determined to be 10 out of a population of 38 disbursements voided during the year.

There were no internal control or procedural weaknesses noted within our sample.

Overall Compliance

In order to test compliance with all applicable policies and procedures, Internal Audit selected a statistical sample of 25 case files out of a total population of 5,384 case files created in 2012. The sample size was divided equally among the four (4) case types: traffic, non-traffic, civil/landlord tenant, and criminal.

There were no internal control or procedural weaknesses noted within our sample.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-1-05

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2012

An exit conference was not warranted for the audit of Magisterial District Court 15-1-05. Magisterial District Judge Grover E. Koon chose to accept the report as presented.

COMMONWEALTH OF PENNSYLVANIA



COUNTY OF CHESTER

Valley Township
City of Coatesville – Wards 1 & 3

GROVER E. KOON
Magisterial District Judge
Magisterial District 15-1-05

OFFICE:
Telephone: 610 380-3325
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October 1, 2013

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West Chester, PA 19380-0991

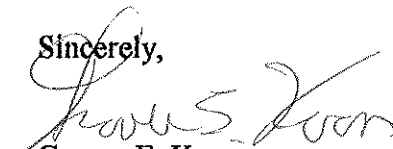
Attn: Carissa M. Petrelia

Dear Carissa,

In response to the Audit findings regarding escheating checks, it is difficult sometimes to determine when to escheat checks due to the lateness in the month, of the date of the check Meaning they do not correspond always within the time frame allowed by the County and AOPC, to the bank statements. However, management will escheat checks by 90 days in the future.

The NSF debits not credited on the bank statements from 2012 should be corrected on the September 2013 bank statement.

Sincerely,


Grover E. Koon
Magisterial District Judge
Magisterial District 15-1-05

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Highlands Corporate Center
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Coatesville, Pennsylvania 19320-1893