



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

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

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*County of Chester*  
*Magisterial District Court*  
*15-4-02*

Management Letter

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Valentino F. DiGiorgio, III, Controller

**To: Magisterial District Judge Jeffery J. Valocchi**

### **Introduction**

On December 12, 2013, Internal Audit completed an audit of Magisterial District Court 15-4-02 (*District Court*). Pat Lenzi 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 December 12, 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) 344-6797 should you have any questions or concerns.

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-4-02**

**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 and Petty Cash

An adjustment should have been recorded as a deposit adjustment but was instead recorded as a debit adjustment without an offsetting credit. As a result, a debit adjustment was incorrectly left outstanding.

Recommendation

Internal Audit recommends that *District Court* Management work with District Justice Administration to resolve this matter.

Auditee Response

*District Court management concurs with the finding and recommendation.*

**General Finding**

Escheated checks are tested at 100% for the year.

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

*District Court management concurs with the finding and recommendation.*

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-02

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; however there was only a total population of 6 cases which were greater than or equal to 90 days.

Finding 3: Undisbursed Funds

Internal Audit noted that in one (1) instance, funds were not applied in a timely manner.

Recommendation

Internal Audit recommends that *District Court* management re-emphasize to the staff the importance of disbursing/applying funds as soon as allowable on cases which have been adjudicated and/or closed. To this end, the Undisbursed Funds Report should be reviewed/monitored on a monthly basis.

Auditee Response

*District Court management concurs with the finding and recommendation.*

Finding 4: Undisbursed Funds

Internal Audit noted that in one (1) instance, an ineligible out-of-county constable was used by the *District Court* to perform a service. According to the Chester County Constable Handbook (*Handbook*), only those out-of-county constables who have signed a contract with District Justice Administration are considered “approved” to receive work from Chester County Agencies. There was no contract on file for the constable in question. It was further noted that the constable was paid directly by the *District Court*. This is also a violation of the *Handbook*, which stipulates that all out-of-county constables are required to be paid by the Office of the Controller upon submission of an approved server fee notice in the same manner as in-county constables. The payment was made to the constable after the defendant defaulted on their payment plan and the case was declared “inactive”. It is unclear why the *District Court* violated County policy and why proper documentation related to the case is not included in the respective case file.

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-4-02**

**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

Finding 4: Undisbursed Funds (continued)

Recommendation

Internal Audit recommends that the *District Court* refer to the *Handbook* in regards to the procedures for acquiring and paying out constables. Documentation of the *District Court's* efforts to follow up and try to retrieve the remaining balance after a defendant fails to meet the requirements of their payment plan should be included in the case file.

Auditee Response

*District Court management concurs with the finding and recommendation.*

**Cash Receipts**

The sample size tested for the year ended 12/31/12 was determined to be 20 out of a population of 9,340 receipts issued during the year.

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

**Manual Receipts**

There were no manual receipts used for the year ended 12/31/12.

**Cash Disbursements**

The sample size tested for the year ended 12/31/12 was determined to be 20 out of a population of 470 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 72 receipts voided during the year.

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

**COUNTY OF CHESTER**  
**MAGISTERIAL DISTRICT COURT 15-4-02**  
**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 19 disbursements voided during the year.

Finding 5: Voided Disbursements

Internal Audit noted the following:

In one (1) instance, the voided check copy attached to the case file was not properly marked “void”.

Recommendation

Internal Audit recommends that the *District Court* staff be diligent in including all proper documentation in each case file.

Auditee Response

*District Court management concurs with the finding and recommendation.*

**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 5,202 case files created in 2012. The sample size was divided equally among the five (5) 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 15-4-02**

**SUMMARY OF EXIT CONFERENCE**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

Magisterial District Judge Jeffery J. Valocchi indicated through a written confirmation, that an exit conference would be waived for this year. The Magisterial District Judge has accepted the audit report and management letter as presented.