



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

**Management Letter
For the Year Ended
December 31, 2014**

County of Chester
Magisterial District Court
15-1-03

Management Letter

A handwritten signature in blue ink, appearing to read "N MacQueen".

Norman MacQueen, Controller

To: Magisterial District Judge Gregory V. Hines

Introduction

On April 13, 2015, Internal Audit completed an audit of Magisterial District Court 15-1-03 (*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
- Escheats/Stale Dated Checks

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 April 13, 2015) 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 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 the following:

- Human error
- New office manager

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 15-1-03

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

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.

There were no internal control or procedural weaknesses noted.

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 12/31/14 was determined to be 10; however, there was only a total population of 5 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 12/31/14 was determined to be 20 out of a population of 7,537 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 in 2014.

Cash Disbursements

The sample size tested for the year ended 12/31/14 was determined to be 20 out of a population of 562 checks issued during the year.

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

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SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

Voided Receipts

The sample size tested for the year ended 12/31/14 was determined to be 15 out of a population of 59 receipts voided during the year.

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

Voided Disbursements

The sample size tested for the year ended 12/31/14 was determined to be 10 out of a population of 22 disbursements voided during the year.

Finding 1: Voided Disbursements

Internal Audit noted that in seven (7) instances, the check copy included in the case file was not marked “void”.

Recommendation

Internal Audit recommends that *District Court* staff label the check copies included in the case files as “void”, when applicable.

Auditee Response

District Court management concurs with the finding and recommendation.

Escheat/Stale Dated Checks

Escheats were reviewed at 100% for timeliness. In addition, 10 out of a population of 14 escheated items were tested for compliance with escheat/stale dated check procedures.

Finding 2: Escheats

Internal Audit noted that in nine (9) instances, the check copy included in the file was not marked “stale/escheated/void”.

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MAGISTERIAL DISTRICT COURT 15-1-03
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

Finding 2: Escheats (continued)

Recommendation

Internal Audit recommends that the *District Court* staff adhere to the state-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 15-1-03
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2014

An exit conference was not warranted for the audit of Magisterial District Court 15-1-03. Magisterial District Judge Gregory V. Hines chose to accept the report as presented.