

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



*Management Letter  
Magisterial District Court 15-1-02*

*For the year ended December 31, 2007*

*Valentino F. DiGiorgio, III*

Valentino F. DiGiorgio, III, Controller

**To: Magisterial District Judge John Anthony**

### **Introduction**

On August 19, 2008, Internal Audit completed an audit of Magisterial District Court 15-1-02 (*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 Judge 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.

### **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 Judge Administration. Internal Audit noted no matters of a significant nature in the area of compliance or in the overall internal control structure.

Internal Audit did, however, note several matters of lesser significance involving internal controls and compliance with policies and procedures. These matters have 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:

- Oversights
- Human error
- New Office Manager

We would like 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 15-1-02**  
**FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

**I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS**

RECORDKEEPING / RECORDING

Finding 1: Daily Deposits

Internal Audit noted 1 instance in which a daily deposit was not made within 1 business day of receipting the monies.

Recommendation

Internal Audit recommends that the *District Court* exercise greater care when depositing their daily receipted monies. The daily deposit should be made the same day or next business day.

Auditee Response

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

**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

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 5,434 case files created in 2007. In addition, we performed other related tests of cash receipts, cash disbursements, manual receipts, undisbursed funds, and voided transactions. Sample size for the tested areas was determined through a risk assessment analysis based on the results of the *District Court's* prior year audit and current year case load. We believe the results of our tests are representative of the entire population on the basis of accepted audit sampling principles.

Finding 1: Undisbursed Funds

Internal Audit noted the following:

- In 3 instances, funds were not disbursed/applied in a timely manner.

**COUNTY OF CHESTER**  
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**FINDINGS AND RECOMMENDATIONS**  
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**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

Finding 1: Undisbursed Funds (continued)

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 that have been closed and/or adjudicated. The Undisbursed Funds Report should be reviewed on a monthly basis.

Auditee Response

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

Finding 2: Cash Disbursements

Internal Audit noted the following:

- In 1 instance, a check was made payable to a District Judge.

Recommendation

Internal Audit recommends that the *District Court* not disburse checks made payable to a District Judge. Instead, when transferring money to another court, cash disbursements should be made payable only to the District Court number.

Auditee Response

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

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**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

Finding 3: Voided Disbursements

Internal Audit noted the following:

- In 12 instances, stale dated checks were not escheated in a timely manner.
- In 1 instance, a copy of the voided check was not attached to the case file.
- In 1 instance, the signature line of the original check was not removed or defaced.

Recommendation

Internal Audit recommends that the *District Court* staff exercise greater care in marking checks properly as “void, stale or lost,” and to attach the appropriate voided check and its replacement to the corresponding case files. Internal Audit also recommends that *District Court* management remove or deface the signature line of the original voided check and monitor the list of outstanding checks monthly in order to perform due diligence and to escheat stale dated checks in a timely manner.

Auditee Repsonse

*District Court management concurs with the findings and recommendations.*

**COUNTY OF CHESTER**  
**MAGISTERIAL DISTRICT COURT 15-1-02**  
**SUMMARY OF EXIT CONFERENCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

An exit conference was not warranted for the audit of Magisterial District Court 15-1-02.