

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



*Management Letter  
Magisterial District Court 15-3-04*

*For the year ended December 31, 2007*

*Valentino F. DiGiorgio, III*

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Valentino F. DiGiorgio, III, Controller

**To: Magisterial District Judge Daniel Maisano**

**Introduction**

On October 3, 2008, Internal Audit completed an audit of Magisterial District Court 15-3-04 (*District Court*). Gretchen W. Sohn, CIA, was the auditor-in-charge. Internal Audit is required by the Pennsylvania 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. Minor findings involving internal control and compliance are included within this Management Letter. There were no significant internal control weaknesses identified. 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.

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) 344-6797 should you have any questions or concerns.

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-3-04**

**FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2007**

**I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS**

**RECONCILIATION/RECORDKEEPING**

**Finding 1: Cash Adjustments**

A debit adjustment for 1¢ was processed in January, 2008 on the *District Court's* books for a December, 2007 deposit posted incorrectly by the bank. The bank was not notified to add the 1¢ to the bank account, therefore an offsetting credit adjustment was never processed by the *District Court* as required.

No corrective action was taken on a prior year finding regarding a debit adjustment for 7¢ which required an offsetting credit adjustment.

**Recommendation**

Internal Audit recommends that the *District Court* exercise greater care when processing cash adjustments. Every debit adjustment requires a subsequent credit adjustment and vice-versa. Corrective action must be taken to rectify these 2 debit adjustments so that the required credit adjustments can be processed.

**Auditee Response**

*District Court management concurs with the findings and recommendation.*  
(These 2 items were rectified 9/3/08 and the offsetting credit adjustments were processed.)

**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

In order to test compliance with all applicable policies, procedures, and regulations, Internal Audit selected a statistical sample of 25 case files out of a total population of 5,209 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.

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-3-04**

**FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2007**

**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

Finding 1: Stale-dated Checks

Internal Audit noted that stale-dated checks are not being escheated/voided 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.*

Finding 2 Undisbursed Funds

Internal Audit noted the following:

- In 5 instances, funds were not disbursed in a timely manner.
- In 1 instance, postage charges were entered as server fees and not corrected in a timely manner.

Recommendation

Internal Audit recommends that *District Court* management reemphasize to the staff the importance of disbursing 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 findings and recommendation.*

**COUNTY OF CHESTER**  
**MAGISTERIAL DISTRICT COURT 15-3-04**  
**FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

Finding 3: Cash Receipts

Internal Audit noted the following:

- In 1 instance, a copy of a “non-pay” receipt was not attached to the case file.

Recommendation

Internal Audit recommends that the *District Court* staff exercise greater care to ensure that receipts are attached to the appropriate case file for accurate and complete records.

Auditee Response

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

Finding 4: Cash Disbursements

Internal Audit noted the following:

- In 1 instance, a check copy was not attached to the case file.

Recommendation

Internal Audit recommends that the *District Court* staff exercise greater care to ensure that check copies are attached to the appropriate case file for accurate and complete records.

Auditee Response

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

**COUNTY OF CHESTER**  
**MAGISTERIAL DISTRICT COURT 15-3-04**  
**FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

Finding 5: Overall Compliance

Internal Audit noted the following:

- In 1 instance, the citation “Certification of Disposition” was not signed by the Judge.
- In 1 instance, the constable cost sheet was not attached to the case file.

Recommendation

Internal Audit recommends that the *District Court* staff exercise greater care to ensure that all citations requiring the Judge’s signature are signed by him. Internal Audit also recommends that constable cost sheets are included in the appropriate case file when their services are utilized.

Auditee Response

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

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-3-04**

**SUMMARY OF EXIT CONFERENCE**

**FOR THE YEAR ENDED DECEMBER 31, 2007**

An exit conference was waived by the District Court for this year. The findings were reviewed with Judge Daniel Maisano and the Office Manager at a closing conference held on September 11, 2008 and a preliminary report and management letter were sent to the District Court for their review. The Magisterial District Judge has accepted the report and management letter as presented.