

*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, 2006

Valent D. Giorgio

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge John Anthony

Introduction

On August 31, 2007, Internal Audit completed an audit of Magisterial District Court 15-1-02 (*District Court*). Robert Pinkos, CIA, was the auditor-in-charge and was assisted by one additional auditor. 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.

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 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

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) 344-5906 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, 2006

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDKEEPING / RECORDING

Finding 1: Daily Deposits

Internal Audit noted in 3 instances, the 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

The finding of the audit is acknowledged and the court will make every effort to deposit daily receipted monies.

II. COMPLIANCE WITH POLICIES AND PROCEDURES

In order to test compliance with all applicable policies and procedures, Internal Audit selected a statistical sample of 30 case files out of a total population of 5,557 case files created in 2006. 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: Cash Disbursements

Internal Audit noted in 2 instances, the *District Court* disbursed checks 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.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-1-02

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2006

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Cash Disbursements (continued)

Auditee Response

The finding is acknowledged and the court will take special care to avoid this problem in the future.

Finding 2: Voided Disbursements

Internal Audit noted the following:

- In 10 instances, stale dated checks were not escheated in a timely manner.
- In 10 instances, a copy of the voided check was not attached to the case file.
- In 2 instances, the office copy check was not properly marked “void, stale or lost.”
- In 1 instance, the check copy attached to the case file was not properly marked “void, stale or lost.”
- In 1 instance, a copy of the replacement check for the voided check was not attached to the case file.

Recommendation

Internal Audit recommends that *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 monitor the list of outstanding checks monthly in order to perform due diligence and to escheat stale dated checks in a timely manner.

Auditee Response

The discrepancies are noted and our court staff has been instructed to check the list of outstanding checks on a monthly basis to avoid a recurrence of these issues.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-1-02

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2006

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 3: Overall Compliance

Internal Audit noted the following:

- In 3 instances, warrants outstanding for more than 60 days were not recalled or were not recalled in a timely manner.
- In 1 instance, a warrant was not issued in a timely manner after the Notice of Impending Warrant of Arrest was issued.

Recommendation

Internal Audit recommends that *District Court* management emphasize to the staff the importance of adhering to procedures as outlined in the District Justice Automated Office Clerical Procedures Manual relating to the issuance of warrants.

Auditee Response

Our constables have been advised to return warrants in a timely manner. Our staff will adhere to the procedures relating to the issuance of warrants.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-1-02
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2006

An exit conference was not warranted for the audit of Magisterial District Court 15-1-02. Magisterial District Judge John Anthony has accepted the report as presented.