

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



*Management Letter
Magisterial District Court 15-3-01*

For the year ended December 31, 2006

Valent D. DiGiorgio

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge James V. DeAngelo

Introduction

On December 17, 2007, Internal Audit completed an audit of Magisterial District Court 15-3-01 (*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. We noted no significant weaknesses in the overall internal control structure. Minor findings involving compliance with policies and procedures were noted during the audit and are 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. Internal Audit would also like to commend the management and staff of the *District Court* for their dedication and hard work performed to continue to improve the overall conditions in the court. 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 15-3-01

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2006

I. COMPLIANCE WITH POLICIES AND PROCEDURES

In order to test compliance with all applicable policies and procedures, Internal Audit selected a statistical sample of 35 case files out of a total population of 5,454 case files created in 2006. In addition, we performed other related tests of cash/escrow payable, 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 / Escrow Payable

Internal Audit noted that Nova Supply Fees in the amount of \$22.40 were charged to the *District Court's* bank account on 3/10/06. *District Court* management made the appropriate debit adjustment but never followed up with District Justice Administration in order to get the bank fees reimbursed by the County. The *District Court's* current cash balance does not properly reflect the total amount of undisbursed funds of the *District Court*. The cash balance needs to be reimbursed the \$22.40 bank fees.

Recommendation

Internal Audit recommends that *District Court* management contact District Justice Administration and request reimbursement for the bank fees of \$22.40. Once the *District Court* receives the reimbursement check they should deposit it in the bank and make the appropriate offsetting credit adjustment. Internal Audit also recommends that all bank fees are to be reimbursed by the County as soon as possible to avoid any shortages with the *District Court's* bank account.

Auditee Response

District Court management concurs with the audit finding and recommendation and will discuss with staff the importance of accuracy with records.

Finding 2: Undisbursed Funds

Internal Audit noted 1 instance where funds were not disbursed in a timely manner after the case was closed.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-01

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2006

I. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 2: Undisbursed Funds (continued)

Recommendation

Internal Audit recommends that *District Court* management emphasize to the staff the importance of disbursing funds as soon as allowable on cases which have been closed and/or adjudicated. Also, the undisbursed funds report should be reviewed, at least, on a monthly basis to follow up on any dated funds.

Auditee Response

District Court management concurs with the audit finding and recommendation and will discuss with staff the importance of accuracy with records.

Finding 3: Manual Receipts

Internal Audit noted 1 instance where a manual receipt was not entered into the computer system on the same or next business day the monies were received.

Recommendation

Internal Audit recommends that the *District Court* staff exercise greater care when using a manual receipt to ensure that they enter the receipt into the computer system as soon as possible or at least by the next business day.

Auditee Response

District Court management concurs with the audit finding and recommendation and will discuss with staff the importance of accuracy with records.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-01

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2006

I. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 4: Voided Transactions

Internal Audit noted the following:

- In 1 instance, a voided receipt was not properly marked “void.”
- In 2 instances, a copy of the voided check was not attached to the case file.
- In 1 instance, a “due diligence” letter was not sent to the payee prior to escheating the stale dated check.
- In 2 instances, a copy of the replacement check for the voided check was not attached to the case file.
- In 1 instance, the voided check attached to the case file was not properly marked as “void/stale/lost.”

Recommendation

Internal Audit recommends that the *District Court* staff exercise greater care in labeling all voided receipts and disbursements and to ensure that all forms and records pertaining to the case file are included.

Auditee Response

District Court management concurs with the audit finding and recommendation and will discuss with staff the importance of accuracy with records.

Finding 5: Overall Compliance

Internal Audit noted 5 instances where the citation was not initialed by the staff clerk upon receipt into the *District Court*.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-01

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2006

I. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 5: Overall Compliance (continued)

Recommendation

Internal Audit recommends that *District Court* staff exercise greater care to ensure that each citation is initialed by that clerk upon receipting it into the *District Court*.

Auditee Response

District Court management concurs with the audit finding and recommendation and will discuss with staff the importance of accuracy with records.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-3-01
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2006

An exit conference was not warranted for the audit of Magisterial District Court 15-3-01. Magisterial District Judge James V. DeAngelo has accepted the report as presented.