

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



*Management Letter  
Magisterial District Court 15-3-06  
For the year ended December 31, 2006*

*Valentino F. DiGiorgio*

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Valentino F. DiGiorgio, III, Controller

**To: District Judge Michael J. Cabry III**

**Introduction**

On July 11, 2007, Internal Audit completed an audit of Magisterial District Court 15-3-06 (*District Court*). Robert Pinkos, 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 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. We did, however, note several matters of a lesser significance involving internal controls and compliance with policies and procedures which have been included within this Management Letter.

Internal Audit 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 15-3-06**

**FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

**I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS**

RECONCILIATION

Finding 1: Cash / Escrow Payable

Internal Audit noted that two disbursement checks cleared the bank for \$0.50 less than the actual amount of the checks. The bank corrected one of the two errors and the *District Court* made a credit adjustment to reconcile the account with the bank. No follow up was done by the *District Court* to correct the other check clearing error, therefore leaving the balance of the checking account overstated by \$0.50.

Recommendation

Internal Audit recommends that the *District Court* contact the bank to debit the account for \$0.50 to correct the check clearing error. Once the bank makes the correction, the *District Court* will need to make a debit adjustment for the \$0.50 to offset the prior credit adjustment and balance the account.

Auditee Response

*District Court management acknowledges Internal Audit's finding and concurs with its recommendation.*

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-3-06**

**FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

**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 6,419 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 sizes for each of the tested areas are 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: Manual Receipts

Internal Audit noted 1 instance where the information filled out on the manual receipt was not accurately entered into the state system.

Recommendation

Internal Audit recommends that *District Court* staff take more care to ensure that the information recorded on the manual receipt is transferred accurately into the state computer system.

Auditee Response

*District Court management acknowledges Internal Audit's finding and concurs with its recommendation.*

Finding 2: Voided Transactions

Internal Audit noted 5 instances where stale dated checks were not escheated in a timely manner.

Recommendation

Internal Audit recommends that *District Court* perform due diligence by trying to contact the payee before they escheat a stale dated check. 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.

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-3-06**

**FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

Finding 2: Voided Transactions (continued)

Auditee Response

*District Court management acknowledges Internal Audit's finding and concurs with its recommendation.*

Finding 3: Overall Compliance

Internal Audit noted the following:

- In 1 instance, a warrant was not recalled after 60 days, on a non-criminal case.
- In 1 instance, a warrant was not issued after 10 days of non-response to a Non-Traffic Summons.

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

*District Court management acknowledges Internal Audit's finding and concurs with its recommendation.*

**COUNTY OF CHESTER**  
**MAGISTERIAL DISTRICT COURT 15-3-06**  
**SUMMARY OF EXIT CONFERENCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

An exit conference was not warranted for the audit of Magisterial District Court 15-3-06. District Judge Michael Cabry III chose to accept the report as presented.