

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



*Management Letter
Magisterial District Court 15-3-07
For the year ended December 31, 2006*

Valentino F. DiGiorgio

Valentino F. DiGiorgio, III, Controller

To: District Judge Nancy A. Gill

Introduction

On August 24, 2007, Internal Audit completed an audit of Magisterial District Court 15-3-07 (*District Court*). Gretchen W. Sohn, CIA, was the auditor-in-charge and was assisted by one additional staff 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 did not identify any matters of a significant nature in the area of compliance or in the overall internal control structure. Only minor incidents in the two areas were noted during the audit and are included within this Management Letter. Our observations and testing revealed a knowledgeable and well-trained staff.

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 15-3-07

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2006

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDKEEPING

Finding 1: Voided Disbursements

Internal Audit noted that in 2 instances, the original check that had been voided could not be located. They were not filed with the office check copy, nor were they in the case file.

Recommendation

Internal Audit recommends that *District Court* management stress to the staff the importance of maintaining source documents. Voided original checks should be labeled as “void”, the signature line defaced or cut out, and filed with the office check copies.

Auditee Response

Per Office Manager, Peggy Smith, she shredded the original checks as a safety precaution. Starting January, 2007, new Office Manager’s policy is to keep the checks that are voided in the check copy binder, with the exception of escheated checks.

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 7,351 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 caseload. We believe the results of our tests are representative of the entire population on the basis of accepted audit sampling principles.

Finding 1: Stale-dated Checks

Internal Audit noted that stale-dated checks were not being voided and escheated in a timely manner.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-07

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2006

II. COMPLIANCE WITH POLICIES AND PROCEDURES (continued)

Finding 1: Stale-dated Checks (continued)

Recommendation

Internal Audit recommends that the *District Court* adhere to the stale-dated check/escheat procedures as outlined in the District Justice Automated Office Clerical Procedures Manual.

Auditee Response

Checks were issued in August, 2006 and not escheated in a timely manner. However, during that time many other things were occurring in the Court (i.e. relocation of the Court and transition to a new Office Manager).

The new Office Manager did escheat the checks in a timely fashion after assuming the position and continues to do so.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-07

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2006

An exit conference was not warranted for the audit of Magisterial District Court 15-3-07. Magisterial District Judge Nancy A. Gill has accepted the Audit Report and Management Letter as presented.