

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



*Management Letter  
Magisterial District Court 15-4-04  
For the year ended December 31, 2006*

*Valentino F. DiGiorgio*

Valentino F. DiGiorgio, III, Controller

**To: Magisterial District Judge Thomas E. Martin, Jr.**

**Introduction**

On December 10, 2007, Internal Audit completed an audit of Magisterial District Court 15-4-04 (*District Court*). Sharon Kaye Jones, CIA, was the auditor-in-charge. 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. Minor findings involving internal control and compliance 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) 344-5913 should you have any questions or concerns.

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-4-04**

**FINDINGS AND RECOMMENDATIONS**

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

**I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS**

RECONCILIATION

Finding 1: Cash/Escrow payable

The *District Court* receipted a bail check payment for \$1 on 1/20/06. In preparing the deposit for the day, the dollar was included on the Daily Deposit listing and on the deposit slip, but the check was not physically placed in the deposit bag. The bank recorded the deposit amount as was listed on the deposit slip despite the missing check. At this point, the book balance and bank balance agree. Upon discovering that the check had not been taken to the bank, the *District Court* prepared a separate deposit for the \$1 and took the check and deposit slip to the bank. As a result, the bank recorded the \$1 deposit twice and the account balance is now overstated by \$1.

Recommendation

The *District Court* needs to contact the bank to inform them of the error and to request that the account balance be reduced by \$1.

Auditee Response

The *District Court* has sent a letter to the bank, along with copies of supporting documentation, requesting that their checking account be adjusted (reduced) in the amount of \$1.

**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

In order to test compliance with all applicable policies and procedures, Internal Audit selected a statistical sample of 25 case files out of a total population of 5,425 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.

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-4-04**

**FINDINGS AND RECOMMENDATIONS**

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

**II. COMPLIANCE WITH POLICIES AND PROCEDURES (continued)**

Finding 1: Voided Disbursements

In 5 instances, offices copies of voided checks were not properly marked “void”.

Recommendation

Internal Audit would like to remind the *District Court* that all copies of voided disbursements should be properly cancelled / defaced.

Auditee Response

The *District Court* has rectified this error on 11/27/07. Each of these check copies are now marked “void”

**COUNTY OF CHESTER**  
**MAGISTERIAL DISTRICT COURT 15-4-04**  
**SUMMARY OF EXIT CONFERENCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

An exit conference was not warranted for the audit of District Court 15-4-04. Magisterial District Judge Thomas E. Martin, Jr. has accepted the report as presented.