



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

**Management Letter
For the Year Ended
December 31, 2014**

County of Chester
Magisterial District Court
15-4-02

Management Letter

Norman MacQueen, Controller

To: Magisterial District Judge Jeffrey J. Valocchi

Introduction

On October 27, 2015, Internal Audit completed an audit of Magisterial District Court 15-4-02 (*District Court*). Pat Lenzi 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
- Escheats/Stale Dated Checks

We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards* published by the Comptroller of the United States. We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters concurrent with this management letter. Disclosures and other information in that Report (also dated October 27, 2015) should be considered in conjunction with this Management Letter.

Executive Summary

The "Proposed Reestablishment Plan for the Magisterial District Courts of the Fifteenth Judicial Districts" set forth by the Honorable James P. MacElree II in 2013 was amended, and as a result, the "official" elimination of District Court 15-2-06 did not become effective until August 1, 2014. Until that date, the office staff of District Court 15-4-02 and Magisterial Judge Jeffrey J. Valocchi were responsible for performing all duties related to District Court 15-2-06 in addition to the normal duties of their own *District Court*. Despite the additional workload, the management and staff of the *District Court* were, in all material respects, in compliance with policies and procedures set forth by the Administrative Office of the Pennsylvania Courts and directives imposed by District Justice Administration. Magisterial Judge Valocchi and his office staff should be commended for their dedication and hard work.

Internal Audit noted no significant deficiencies or material weaknesses in the overall internal control structure, however there were a few matters of a lesser significance involving internal controls and compliance with policies and procedures identified in the processing of transactions for both district courts. 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 the increased workload, human error and oversight. Matters related to the processing of transactions for District Court 15-2-06 were discussed verbally during the review meeting with Judge Valocchi for informational purposes only since there is no follow-up required as the court was officially closed on August 1, 2014. Matters involving the processing of transactions for District Court 15-4-02 are included herein for comment and corrective action.

We want to thank the management and staff of the *District Court* for their cooperation and assistance during the course of this audit.

Please feel free to contact our office at (610) 344-6797 should you have any questions or concerns.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-02

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

Cash and Petty Cash

Cash is reconciled and cash adjustments are reviewed at 100%. Petty cash is counted during the course of the on-site fieldwork.

Finding 1: Cash Adjustments

In seven (7) instances, a credit/debit adjustment processed in the current year had no offsetting entry. In addition, an outstanding debit adjustment from the prior year remains on the books even though it should have been cleared as a result of the 12/31/13 audit.

Recommendation

Internal Audit recommends that the *District Court* review all debit and credit adjustments during the year to ensure that they have corresponding offsetting entries. It is further recommended that *District Court* management work with District Justice Administration to resolve this matter.

Auditee Response

District Court Management concurs with the finding and recommendation.

For the following areas, transactions are reviewed on a sample basis according to risk. The current year risk assessment is based on prior year audit results.

Undisbursed Funds

The sample size tested for the year ended 12/31/14 was determined to be 10 out of a total population of 50 cases which were greater than or equal to 90 days.

Finding 2: Undisbursed Funds

Internal Audit noted that in one (1) instance, funds were not applied/disbursed in a timely manner.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-02

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

Finding 2: Undisbursed Funds (continued)

Recommendation

Internal Audit recommends that the *District Court* applies/disburses funds as soon as allowable on cases which have been adjudicated and/or closed as directed by the District Justice Automated Office of Clerical Procedures Manual. To this end, the Undisbursed Funds Report should be reviewed/ monitored on a monthly basis.

Auditee Response

District Court Management concurs with the finding and recommendation.

Cash Receipts

The sample size tested for the year ended 12/31/14 was determined to be 20 out of a population of 11,208 receipts issued during the year.

There were no internal control or procedural weaknesses noted within our sample.

Manual Receipts

There were no manual receipts used in 2014.

Cash Disbursements

The sample size tested for the year ended 12/31/14 was determined to be 20 out of a population of 604 checks issued during the year.

There were no internal control or procedural weaknesses noted within our sample.

Voided Receipts

The sample size tested for the year ended 12/31/14 was determined to be 20 out of a population of 84 receipts voided during the year.

There were no internal control or procedural weaknesses noted within our sample.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-4-02
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

Voided Disbursements

The sample size tested for the year ended 12/31/14 was determined to be 10 out of a population of 182 disbursements voided during the year.

There were no internal control or procedural weaknesses noted within our sample.

Escheat/Stale Dated Checks

Escheats were reviewed at 100% for timeliness. In addition, 10 out of a population of 22 escheated items were tested for compliance with escheat/stale dated check procedures.

Finding 3: Escheats

Internal Audit noted that in two (2) instances, a check was not escheated in a timely manner.

Recommendation

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

Auditee Response

District Court Management concurs with the finding and recommendation.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-4-02
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2014

An exit conference was not warranted for the audit of Magisterial District Court 15-4-02. Magisterial District Judge Jeffrey J. Valocchi chose to accept the report as presented.