



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

**Management Letter  
For the Year Ended  
December 31, 2016**

---

***County of Chester  
Magisterial District Court  
15-4-02***

**Management Letter**

---

---

Norman MacQueen, Controller

**To: Magisterial District Judge Jeffrey J. Valocchi**

### **Introduction**

On December 22, 2017, Internal Audit completed an audit of Magisterial District Court 15-4-02 (*District Court*) for the year ended December 31, 2016. Christian J. Kriza 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 December 22, 2017) should be considered in conjunction with this Management Letter.

### **Executive Summary**

For the year ended December 31, 2016, Internal Audit has determined that the *District Court's* system of internal controls is adequately *designed, in-place* and *operative*. The results of this audit indicate that, in all material respects:

- Assets are properly safeguarded from employee theft, robbery and unauthorized use
- Responsibility / Authority is established and assigned to specific individuals
- Duties (specifically authorization, custody and recordkeeping) are properly segregated
- Documents are available to provide evidence that transactions and events have occurred
- Transactions and events are properly recorded in a timely manner
- Reconciliations of internal records with bank statements occur monthly

In addition, the *District Court* was found to be in compliance with policies and procedures mandated by the County of Chester and the Administrative Office of Pennsylvania Courts except as outlined on the pages that follow. ***Audit Findings*** and ***Recommendations*** are provided herein for your review, comment and corrective action. The courtesy of a response is requested by December 22 2017, otherwise in accordance with Internal Audit Policy, the absence of a response by the due date will be inferred as management's acceptance of the finding(s) and recommendation(s).

We thank the management and staff of the *District Court* for their cooperation and assistance during the course of this review. Please feel free to contact our office at (610) 344-5906 should you have any questions or concerns or if you wish to schedule an exit conference. An exit conference is held at the request of the auditee to discuss specific concerns that were not resolved during the closing conference.

A final copy of this management letter and the corresponding Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters will be transmitted electronically to your attention upon receipt of your responses. In addition, since audit reports are a matter of public record, your final report and management letter will be posted on the Controller's webpage within one week of issuance.

A handwritten signature in blue ink, appearing to read 'N MacQueen', with a large circular flourish at the end.

Norman MacQueen  
Controller

December 22, 2017

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-4-02**

**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

**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

- Cash adjustment errors reported during the 2014 audit still have not been properly corrected.

Cause

Inadequate training and lack of follow up on prior year findings.

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 the existing out of balance condition on the books and to obtain additional guidance and training on debit/credit adjustment processing.

Auditee Response

*Please see Page 7 for management response.*

***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 12/31/16 was determined to be 10 out of a total population of 14 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, 2016**

**Undisbursed Funds (continued)**

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. To this end, the Undisbursed Funds Report should be reviewed/ monitored on a monthly basis.

Auditee Response

*Please see Page 7 for management response.*

**Cash Receipts**

The sample size tested for the year ended 12/31/16 was determined to be 20 out of a population of 10,304 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 2016.

**Cash Disbursements**

The sample size tested for the year ended 12/31/16 was determined to be 20 out of a population of 651 checks issued during the year.

Finding 3: Cash Disbursements

Internal Audit noted that in one (1) instance, a sequence of printed checks was printed out of order and not void/corrected.

Recommendation

Internal Audit recommends that the *District Court* void any check that is printed out of order to ensure the reconciliation process is accurate.

**COUNTY OF CHESTER**  
**MAGISTERIAL DISTRICT COURT 15-4-02**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Cash Disbursements (continued)**

Finding 3: Cash Disbursements (continued)

*Auditee Response*

*Please see Page 7 for management response.*

**Voided Receipts**

The sample size tested for the year ended 12/31/16 was determined to be 20 out of a population of 87 receipts voided during the year.

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

**Voided Disbursements**

The sample size tested for the year ended 12/31/16 was determined to be 10 out of a population of 61 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 37 escheated items were tested for compliance with escheat/stale dated check procedures.

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

**COUNTY OF CHESTER**  
**MAGISTERIAL DISTRICT COURT 15-4-02**  
**SUMMARY OF EXIT CONFERENCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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.

COMMONWEALTH OF PENNSYLVANIA



COUNTY OF CHESTER

JEFFREY J. VALOCCHI  
MAGISTERIAL DISTRICT JUDGE

CALN TOWNSHIP  
DOWNTOWN BORO  
EAST BRANDYWINE TOWNSHIP  
EAST CALN TOWNSHIP

Magisterial District 15-4-02  
231 Boot Road  
Downingtown, PA 19335

OFFICE:  
TEL 610-269-5250  
FAX 610-269-5017

12/21/17  
Re: INTERNAL Audit / Chester County  
DISTRICT COURT 15-4-02  
FYE 12/31/16

Cash and Petty Cash

All of the adjustment errors reported in the 2014 audit were properly corrected except the entry noted at E-3 regarding a \$.46 debit. This regards the prior TD Bank account in existence when the court was located in Thorndale. This account was closed following the Court's relocation to Downingtown (2013/2014). In a further attempt to resolve the matter, TD Bank was contacted but was unable (or unwilling) to consider any adjustments to that closed account (see letter from TD Bank). The Court Manager has been in further contact with the Court Administrator's Office for additional assistance in getting this matter resolved with the Bank and the Administrator's office will assist as soon as they are able and we will then once again attempt to resolve that outstanding item.

Undisbursed Funds

This involved an Execution from an out-of-county Magisterial District Court and there confusion in determining whether the funds should be returned to the originating Court or directly to the Party/Plaintiff. The staff is now more familiar with the proper protocol in such situations and delay in disbursement of funds in such a situation should not reoccur.

Cash Disbursements

Printer malfunctioned. Staff now more clearly understands the proper protocol if such occurs again.

Jeffrey J. Valocchi, MDJ  
15-4-02