



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

**Management Letter
For the Year Ended
December 31, 2018**

***County of Chester
Magisterial District Court
15-2-03***

Management Letter

Margaret Reif, Controller

Magisterial District Court 15-2-03 - Executive Summary

Are there any MAJOR issues that require management's immediate action and/or attention?
(Sufficient controls are not in place to address the associated risk.) **No**

Are there any LESSER SIGNIFICANT issues that require management's action and/or attention?
(Process is not critical to the overall operation.) **No**

Are there any MINOR issues that do not require management's action and/or attention?
(Sufficient controls are in place and issue is strictly a result of human error and oversight.) **No**

Recap of Findings Identified	
0	MAJOR FINDINGS
0	LESSER SIGNIFICANT FINDINGS
0	MINOR FINDINGS



Margaret Reif, Controller

Introduction

On January 29, 2020, Internal Audit completed an audit of Magisterial District Court 15-2-03 (*District Court*) for the year ended December 31, 2018. Christian J. Kriza was the auditor-in-charge. Internal Audit is required by Pennsylvania County Code to review county offices annually to ensure compliance with policies and procedures and to assess their overall internal control structure. The scope of the 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 issued by the Comptroller General 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 January 29, 2020) should be considered in conjunction with this Management Letter.

Summary and Opinion

For the year ended December 31, 2018, 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 by the Administrative Office of Pennsylvania Courts. A final copy of this report will be transmitted electronically to you upon receipt of your responses. In addition, since audit reports are a matter of public record, your final report will be posted on the Controller's webpage within one week of issuance.

Methodology

Internal Audit interviewed key personnel, observed operations, reviewed written policies, procedures, system reports and source documents, and tested specific transaction activity where applicable.

Cash is reconciled and reviewed at 100%.

Petty cash is counted during the course of the on-site fieldwork. Outstanding vouchers are reviewed.

Cash receipts are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 20 out of a population of 7,897 receipts generated in 2018.

Manual receipts are tested on a sample basis. There were no manual receipts used in 2018.

Cash disbursements are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 20 out of a population of 704 checks.

Voided receipts are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 15 out of a population of 42 receipts voided in 2018.

Voided disbursements are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 10 out of a population of 43 disbursements voided in 2018.

Escheats are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 10 out of a population of 43 unclaimed property transactions.

Undisbursed Funds are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 10; however there was only a total population of 1 case which was greater than or equal to 90 days.