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*Magisterial District Court*  
*15-1-04*

Management Letter

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

**Management Letter  
For the Year Ended  
December 31, 2011**

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A handwritten signature in blue ink that reads "Valentino F. DiGiorgio, III".

Valentino F. DiGiorgio, III, Controller

**To: Magisterial District Judge Gwenn Knapp**

**Introduction**

On April 17, 2012, Internal Audit completed an audit of Magisterial District Court 15-1-04 (*District Court*). 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 (AOPC) 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

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 April 17, 2012) should be considered in conjunction with this management letter.

**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 noted no significant deficiencies or material weaknesses in the overall internal control structure.

Internal Audit did, however, note several matters of a lesser significance involving internal controls and compliance with policies and procedures. These matters have all been included within this management letter. 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 one or more of the following:

- Oversight
- Human error

We want 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) 344-5906 should you have any questions or concerns.

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-1-04**

**FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

**I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS**

**RECONCILIATION**

**Finding 1: Cash**

Internal Audit noted the following:

The *District Court* issued a refund to a defendant prior to the defendant's check clearing the bank. The refund was issued after the mandatory 14 day hold period; however, the funds were still not verified as cleared prior to the check being issued. The check was void and therefore never cashed.

**Recommendation**

Internal Audit recommends that the *District Court* verify deposits and check NSF notifications prior to issuing a refund to a defendant.

**Auditee Response**

*District Court management concurs with the finding and recommendation.*

**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

In order to test compliance with all applicable policies and procedures, Internal Audit selected a statistical sample of 30 case files out of a total population of 10,181 case files created in 2011. 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: Manual Receipts**

Internal Audit noted the following:

- In one (1) instance, a copy of the manual receipt was not attached to the case file.
- In one (1) instance, the manual receipt number was not entered on the corresponding computer receipt.

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-1-04**

**FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

Finding 1: Manual Receipts (continued)

- In two (2) instances, the *District Court* staff failed to fully complete the manual receipt log with the necessary information.

Recommendation

Internal Audit recommends that *District Court* personnel ensure all manual receipt documentation is fully completed and included in the case file.

Auditee Response

*District Court management concurs with the finding and recommendation.*

Finding 2: Cash Disbursements

Internal Audit noted the following:

- In one (1) instance, the physical check information did not match the corresponding system information. This check was printed, mailed and cashed without proper review.
- In one (1) instance, a server fee payment was issued directly to the constable instead of being referred to the county for payment. The check was voided prior to being cashed.

Recommendation

Internal Audit recommends that *District Court* management exercise greater care when printing checks to ensure all checks are in order and properly printed. It should also be re-emphasized to the staff that misprinted checks should be voided and re-issued.

In regards to server fees, constable server fees should be referred directly to the county for payment to the constable.

Auditee Response

*District Court management concurs with the finding and recommendation.*

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-1-04**

**FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

Finding 3: Voided Disbursements

Internal Audit noted the following:

- In forty-one (41) instances, a check was not escheated in accordance with the District Justice Automated Office Clerical Procedures Manual.
- In two (2) instances, the office check copy was not notated as “void/lost/stale.”
- In one (1) instance, the original voided check was unable to be located.
- In four (4) instances, the check copy attached to the case file was not notated as “void/lost/stale.”

Recommendation

Internal Audit recommends that members of the staff exercise greater care to ensure that all copies of “voided/lost/staled” checks are indeed labeled as such and available for review upon request. In addition, checks should be escheated within 120 days as directed by the District Justice Automated Office Clerical Procedures Manual.

Auditee Response

*District Court management concurs with the finding and recommendation.*

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-1-04**

**SUMMARY OF EXIT CONFERENCE**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

Magisterial District Judge Gwenn Knapp indicated through a written confirmation, that an exit conference would be waived for this year. The Magisterial District Judge has accepted the audit report and management letter as presented.