



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

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

***Magisterial District Court
15-3-04***

Management Letter

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Daniel Maisano

Introduction

On June 26, 2012, Internal Audit completed an audit of Magisterial District Court 15-3-04 (*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 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 June 18, 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 15-3-04

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

COMPLIANCE WITH POLICIES AND PROCEDURES

In order to test compliance with all applicable policies and procedures, Internal Audit selected a statistical sample of 20 case files out of a total population of 4,993 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: Undisbursed Funds

Internal Audit noted the following:

In four (4) out of five (5) files tested, funds were not applied/disbursed in a timely manner.

Recommendation

Internal Audit recommends that *District Court* management re-emphasize to the staff the importance of disbursing/applying 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

District Court management concurs with the finding and recommendation.

Finding 2: Cash Receipts

Internal Audit noted the following:

- In one (1) instance, the computer receipt was not included in the case file.
- In one (1) instance, the *District Court* did not take the daily deposit to the bank in a timely manner.

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Finding 2: Cash Receipts (continued)

Recommendation

Internal Audit recommends that the *District Court* exercise greater care to ensure proper documentation is included in the case files and that the daily deposit reaches the bank within one business day.

Auditee Response

District Court management concurs with the finding and recommendation.

Finding 3: Voided Disbursements

Internal Audit noted the following:

In twenty (20) 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.

Finding 4: Overall Compliance

In one (1) instance, the postage costs were included in the judgment costs.

Recommendation

Internal Audit recommends that the *District Court* staff exercise greater care to ensure postage costs are not included in judgment costs.

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Finding 4: Overall Compliance (continued)

Auditee Response

District Court management concurs with the finding and recommendation.

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SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2011

Magisterial District Judge Daniel Maisano 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.