



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

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

***Magisterial District Court
15-4-03***

Management Letter

Valentino F. DiGiorgio III

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge John R. Bailey

Introduction

On August 21, 2012 Internal Audit completed an audit of Magisterial District Court 15-4-03 (*District Court*). Gretchen W. Sohn, CIA, 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 August 21, 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. Minor findings involving compliance are included within this management letter. There were no significant deficiencies or material weaknesses identified. Based on Internal Audit's testing and observations, it is our opinion that these exceptions are not the result of negligence or deliberate misconduct, but are instead the consequence of the following:

- Oversights
- Human error

Internal Audit wants 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) 344-6797 should you have any questions or concerns.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-03

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

COMPLIANCE WITH POLICIES AND PROCEDURES

In order to test compliance with all applicable policies, procedures, and regulations, Internal Audit selected a statistical sample of 25 case files out of a total population of 7,533 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 that a check for the bail on a criminal case was not sent to the Clerk of Courts after the defendant was declared a fugitive and bail was forfeited.

Recommendation

Internal Audit recommends that District Court staff adhere to the forfeited bail procedures as outlined in the Magisterial District Judge System Manual.

Auditee Response

District Court management concurs with the finding and recommendation. A check for the bail was issued 7/10/12 and sent to the Clerk of Courts.

Finding 2: Voided Disbursements

Internal Audit noted that in two (2) instances, a due diligence letter for a stale-dated check was not attached to the case file.

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FINDINGS AND RECOMMENDATIONS
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COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 2: Voided Disbursements (continued)

Recommendation

Internal Audit recommends that the stale-dated check procedures be followed which include the mailing of a due diligence letter to the payee.

Auditee Response

District Court management concurs with the finding and recommendation.

Finding 3: Overall Compliance

Internal Audit noted the following:

- In one (1) instance, the case file was not documented as to the distribution and/or application of the collateral posted for a hearing. The case was adjudicated 8/10/11.
- In one (1) instance, receipts were not attached to the case file to support the restitution payments that were issued.

Recommendation

Internal Audit recommends that the *District Court* take greater care to ensure that all documents pertaining to a case be included in the case file.

Auditee Response

District Court management concurs with the finding and recommendation.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-03

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2011

On August 21, 2012 Magisterial District Judge John R. Bailey indicated through a written confirmation that an exit conference would be waived for this year. The findings and recommendations were reviewed/discussed with the Magisterial District Judge and the Office Manager at a review meeting held on July 19, 2012. The Magisterial District Judge has accepted the audit report and management letter as presented.