

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



*Management Letter  
Magisterial District Court 15-2-06  
For the year ended December 31, 2009*

*Valentino F. DiGiorgio III*  
Valentino F. DiGiorgio, III, Controller

**To: Magisterial District Judge Rita Arnold**

### **Introduction**

On June 23, 2010, Internal Audit completed an audit of Magisterial District Court 15-2-06 (*District Court*). Carissa M. Petrelia was the auditor-in-charge and was assisted by 1 additional audit staff member. Internal Audit is required by the Pennsylvania 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 Compliance and Internal Control over Financial Reporting concurrent with this Management Letter. Disclosures and other information in that Report (also dated June 23, 2010) 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 internal control and compliance are 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 consequences of one or more of the following:

- Oversights
- Human error.

We would like 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) 344-6064 should you have any questions or concerns.

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-2-06**

**FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

**II. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS**

RECONCILIATION

Finding 1: Change Fund

When conducting the count of the change fund, Internal Audit observed that it was overstated by \$1.00.

Recommendation

Internal Audit recommends that the staff of the *District Court* take greater care when making change to ensure that the change fund remains in balance with the County's petty cash subsidiary ledger.

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 25 case files out of a total population of 8,611 case files created in 2009. In addition, we performed other related tests of cash receipts, cash disbursements, manual receipts, undisbursed funds, and voided transactions. Sample sizes for the tested areas were determined through a risk assessment analysis based on the results of the *District Court's* prior year audit and current year case load. 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 in 2 instances funds, were not disbursed in a timely manner.

Recommendation

Internal Audit recommends that the *District Court* review items on the undisbursed funds report monthly so that monies may be applied in a timely manner.

**COUNTY OF CHESTER**  
**MAGISTERIAL DISTRICT COURT 15-2-06**  
**SUMMARY OF EXIT CONFERENCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

Finding 1: Undisbursed Funds (continued)

*Auditee Response*

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

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-2-06**

**SUMMARY OF EXIT CONFERENCE**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

An exit conference was not warranted for the audit of Magisterial District Court 15-2-06. Magisterial District Judge Rita Arnold chose to accept the report as presented.