

*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, 2008*

Valentino F. DiGiorgio III

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Rita Arnold

Introduction

On January 15, 2010, Internal Audit completed an audit of Magisterial District Court 15-2-06 (*District Court*). Carissa M. Petrelia was the auditor-in-charge. 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 January 15, 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. We noted no significant deficiencies or material weaknesses in the overall internal control structure. Minor findings involving internal control and compliance are included within this Management Letter.

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, 2008

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDING / RECONCILIATION

Finding 1: Cash

Internal Audit noted that in 2 instances, the District Court did not follow up with the bank when the bank failed to disburse IOTA interest to the State. The bank needs to send the State a total of \$4.25 (\$3.84 interest earned in November and \$.41 interest earned in December).

Recommendation

Internal Audit recommends that the *District Court* contact the bank and request that they send the State a total of \$4.25 of interest. When the bank transfers the \$4.25 of interest to the State the District Court will then do a debit IOTA.

Auditee Response

The new Office Manager was in training with Court Administration. This was overlooked by both parties and is now in the process of being corrected.

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 9,217 case files created in 2008. 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 put into collateral but were not applied in a timely manner after adjudication.

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II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Undisbursed Funds (continued)

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.

Auditee Response

District Court management concurs with the findings and recommendation.

Finding 2: Voided Disbursements

Internal Audit noted that stale-dated checks are not being voided/ 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 Justice Automated Office Clerical Procedures Manual.

Auditee Response

District Court management concurs with the findings and recommendation.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-2-06

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2008

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.