

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



*Management Letter
Magisterial District Court 15-3-01
For the year ended December 31, 2008*

Valentino F. DiGiorgio III

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge James V. DeAngelo

Introduction

On November 23, 2009, Internal Audit completed an audit of Magisterial District Court 15-3-01 (*District Court*). Robert Pinkos, 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 Compliance and Internal Control over Financial Reporting concurrent with this management letter. Disclosures and other information in this report (also dated November 23, 2009) 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. Several matters of a lesser significance involving internal controls and non-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) 344-5906 should you have any questions or concerns.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-01

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2008

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECONCILIATION

Finding 1: Cash / Escrow Payable

Internal Audit noted that a returned deposit fee in the amount of \$12.00 was charged to the *District Court's* bank account on 4/8/08. The bank charged this fee in error and there was no follow up by the *District Court* to get this money reimbursed to the bank account.

Recommendation

District Court management needs to contact the bank to notify them of the returned deposit fee charged in error. The bank needs to credit the bank account for the \$12.00 and then the District Court must record an offsetting credit adjustment to reconcile.

Auditee Response

District Court management concurs with the audit 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 35 case files out of a total population of 6,000 case files created in 2008. In addition, we performed other related tests of cash/escrow payable, 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 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 the following:

- In 8 instances, funds held in collateral were not refunded to the appropriate payee in a timely manner. These funds were held by the *District Court* for three to ten months after the case was adjudicated for no legitimate reason.

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FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2008

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Undisbursed Funds (continued)

- In 1 instance, the District Court has been holding funds in collateral for over two years even though the case has been sent over to the Court of Common Pleas for further proceedings.

Recommendation

Internal Audit recommends that collateral should be applied or refunded as soon as allowable on cases that have been closed and/or adjudicated. Also, the undisbursed funds report should be reviewed, at least, on a monthly basis to follow up on any dated funds. The funds held in collateral on the case that has been sent over to the Court of Common Pleas should be disbursed immediately to the appropriate payee.

Auditee Response

District Court management concurs with the audit finding and recommendation.

Finding 2: Cash Disbursements

Internal Audit noted that a *District Court* check was voided manually and was never recorded in the AOPC computer system. The check was voided due to a printer error.

Recommendation

Internal Audit recommends that all checks issued by the *District Court* must be entered into the AOPC computer system to provide a record of the check.

Auditee Response

District Court management concurs with the audit finding and recommendation.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-01

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2008

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 3: Voided Transactions

Internal Audit noted the following:

- In 1 instance, the voided receipt attached to the case file was not properly marked “void.”
- In 3 instances, a copy of the voided check was not attached to the case file.
- In several instances, stale dated checks were not voided and escheated in a timely manner.

Recommendation

Internal Audit recommends that the *District Court* staff exercise greater care in labeling all voided receipts and disbursements and to ensure that all forms and records pertaining to the case file are included. Internal Audit also recommends that *District Court* management monitor the list of outstanding checks monthly in order to void and escheat stale dated checks in a timely manner.

Auditee Response

District Court management concurs with the audit finding and recommendation.

Finding 4: Overall Compliance

Internal Audit noted the following:

- In 1 instance, a warrant was not issued in a timely manner after there was no response from the defendant. The warrant was issued nearly two months after the summons was delivered to the defendant.
- In 1 instance, the District Judge did not sign the citation after the case was adjudicated.

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FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 4: Overall Compliance (continued)

Recommendation

Internal Audit recommends that the staff exercise greater care to ensure warrants are issued in a timely manner and citations are signed, sealed, and completed upon adjudication.

Auditee Response

District Court management concurs with the audit finding and recommendation.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-3-01
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2008

An exit conference was not warranted for the audit of Magisterial District Court 15-3-01. Magisterial District Judge James V. DeAngelo has accepted the report as presented.