

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



*Management Letter
Magisterial District Court 15-3-04
For the year ended December 31, 2008*

Valentino F. DiGiorgio III

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Daniel Maisano

Introduction

On November 24, 2009, Internal Audit completed an audit of Magisterial District Court 15-3-04 (*District Court*). Gretchen W. Sohn, CIA, 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 November 24, 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. Minor findings involving internal control and compliance are included within this Management Letter. There were no significant internal control weaknesses identified. 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:

- 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) 344-6797 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, 2008

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECONCILIATION/RECORDKEEPING

Finding 1: Cash Adjustments

Internal Audit noted the following:

- In 3 instances, the appropriate debit/credit adjustments were processed because of differences between book and bank deposit amounts. After each occurrence, the bank was notified to reverse these items, but to date, the bank has not reversed their entries and the *District Court* has not continued follow-up procedures.
- In 1 instance, a debit adjustment was processed in August, 2008 for bank charges for credit card supplies in July, 2008. However, to date, reimbursement from the County has not been requested by the *District Court*.
- In 1 instance, the bank accepted the “written amount” of a check whereas the *District Court* had processed the receipt for the numeric amount resulting in a necessary 9¢ debit adjustment on the *District Court’s* books. The receipt should have been voided and reprocessed for the “written amount”. Nothing was done to correct the item until 9/9/09 when the *District Court* made a 9¢ special deposit and a corresponding credit adjustment.

Recommendation

Internal Audit recommends that the *District Court* exercise greater care when processing cash adjustments. Every debit adjustment requires a subsequent credit adjustment and vice-versa. Corrective action must be taken as soon as discrepancies between book and bank deposits occur. Continuous follow-up is required until the items are corrected and the *District Court* can process the appropriate debit/credit adjustment.

Auditee Response

District Court management concurs with the findings and recommendation.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-04

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2008

II. 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 5,347 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 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: Stale-dated Checks

Internal Audit noted that stale-dated checks are not being escheated/voided 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 2: Cash Receipts

Internal Audit noted the following:

- In 1 instance, a deposit was not made within 1 business day of the receipt.

Recommendation

Internal Audit recommends that the *District Court* staff exercise greater care to ensure that daily deposits are made within 1 business day of receipting the funds.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-3-04
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 2: Cash Receipts (continued)

Auditee Response

District Court management concurs with the finding and recommendation.

Finding 3: Overall Compliance

Internal Audit noted the following:

- In 1 instance, a defendant was released for a criminal hearing and then recommitted, but no constable cost sheets are attached to the case file.

Recommendation

Internal Audit recommends that the *District Court* staff exercise greater care to ensure that constable cost sheets are attached to the appropriate case file when their services are utilized.

Auditee Response

District Court management concurs with the findings and recommendations.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-3-04
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2008

An exit conference was waived by the District Court for this year. The findings were reviewed with Judge Daniel Maisano and the Office Manager at a closing conference held on November 17, 2009 and a preliminary report and management letter were sent to the District Court for their review. The Magisterial District Judge has accepted the report and management letter as presented.