

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



*Management Letter
Magisterial District Court 15-3-05
For the year ended December 31, 2008*

Valentino F. DiGiorgio III

Valentino F. DiGiorgio, III, Controller

To: District Judge Harry W. Farmer

Introduction

On August 28, 2009, Internal Audit completed an audit of Magisterial District Court 15-3-05 (*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 August 28, 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.

Internal Audit would like to thank the management and staff of the *District Court* for their cooperation and assistance during the course of this audit.

Please feel free to contact our office at (610) 344-6064 should you have any questions or concerns.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-05

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2008

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

AUTHORIZATION / RECONCILIATION / DOCUMENTATION

Finding 1: Cash

In March, 2008 the *District Court* needed to process a \$2.00 credit adjustment due to an over credit given by the bank. The Office Manager wrote a letter to the bank requesting them to debit the *District Court's* account for \$2.00. The Office Manager was told that the bank does not correct anything under \$10.00. As a result, the *District Court's* checking account is overstated by \$2.00.

Recommendation

Internal Audit recommends that the *District Court* contact the bank again to have the checking account reduced by \$2.00. Once the adjustment is processed by the bank, the *District Court* will need to process an offsetting debit adjustment on the books.

Auditee Response

I, Sherri Allen, went to National Penn Bank and spoke with the Head Teller, Mary Anne on 8/7/09. She assured me that this \$2.00 adjustment would show on our next bank statement.

Finding 2: Cash

In August, 2007 the *District Court* needed to process a \$0.03 credit adjustment due to bank deposit error on 8/3/2007. The Office Manager wrote a letter to the bank asking them to correct the matter in September, 2007, however the bank did not follow through. As a result, the *District Court's* checking account remains overstated by \$0.03. For the year ending 2008 this matter is unresolved.

Recommendation

Internal Audit recommends that the *District Court* contact the bank again to have the checking account reduced by \$0.03. Once the adjustment is processed by the bank, the *District Court* will need to process an offsetting debit adjustment on the books.

Auditee Response

I, Sherri Allen, went to National Penn Bank and spoke with the Head Teller, Mary Anne on 8/7/09. She assured me that this \$0.03 adjustment would show on our next bank statement.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-05

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 and procedures, Internal Audit selected a statistical sample of 25 case files out of a total population of 5,785 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: Cash Disbursements

Internal Audit noted that in 1 instance a check was issued without an authorized signature.

Recommendation

Internal Audit recommends that members of the staff exercise greater care to ensure that disbursement checks contain an authorized signature.

Auditee Response

District Court will take better care in making sure that all checks are signed prior to leaving the office.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-05

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2008

On August 21, 2009, Magisterial District Judge Harry W. Farmer indicated through a written confirmation that an exit conference would be waived for this year. All findings were discussed at the Closing Conference. The Audit Report and Management Letter have been accepted as presented.