

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



*Management Letter
Magisterial District Court 15-3-07
For the year ended December 31, 2008*

Valentino F. DiGiorgio III

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Nancy A. Gill

Introduction

On September 14, 2009, Internal Audit completed an audit of Magisterial District Court 15-3-07 (*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 September 14, 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 Judge Administration. Minor findings involving internal controls 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 consequence of one or more of the following:

- Oversights
- Human Error
- New Office Manager

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. 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 15-3-07
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDING / RECONCILIATION

Finding 1: Cash

Internal Audit noted the following:

- In 1 instance, the District Court did not request reimbursement for fees assessed them from their credit card company.

Recommendation

Internal Audit recommends that the *District Court* follow proper procedures for requesting reimbursement from the County for fees charged.

Auditee Response

These fees were assessed in Feb. 2008. The Office Manager who was new to the position was unaware that reimbursement must be requested from DJ Administration until the 2007 Audit was completed in June 2008. Consequently, reimbursement for the fees assessed in February 2008 was not requested. Going forward if fees are assessed the court will ensure that reimbursement is requested.

Finding 2: Escheated Checks

Internal Audit noted the following:

- In 1 instance, the District Court did not escheat a stale-dated check in a timely manner.

Recommendation

Internal Audit recommends that the District Court exercise greater care when escheating checks.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-07

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2008

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDING / RECONCILIATION

Finding 2: Escheated Checks (continued)

Auditee Response

In 2008 a total of 23 checks were escheated. The one check that was not escheated within 4 months as required was escheated within 4.5 months. Since that time all checks have been escheated within 4 months.

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 6,701 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: Voided Disbursements

Internal Audit noted the following:

- In 4 instances, a copy of the voided check was not included in the case file.

Recommendation

Internal Audit recommends that *District Court* exercise greater care in attaching voided check copies and their replacements to the corresponding case files.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-3-07
FINDINGS AND RECOMMENDATIONS
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II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Voided Disbursements (continued)

Auditee Response

In 2008 a total of 87 checks were voided. Four of those checks were voided due to a printer jam. The Office Manager, who is relatively new to the position, had never had checks jam in the printer and therefore, was unaware that they were to be included in the case file. The Office Manager is now aware of this requirement and will ensure that the individuals who prepare checks in her absence are also made aware of the requirements.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-07

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2008

An exit conference was not warranted for the audit of Magisterial District Court 15-3-07. Magisterial District Judge Nancy A. Gill chose to accept the report as presented.