

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



*Management Letter
Magisterial District Court 15-4-01
For the year ended December 31, 2008*

Valentino F. DiGiorgio III

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Jeremy M. Blackburn

Introduction

On December 15, 2009, Internal Audit completed an audit of Magisterial District Court 15-4-01 (*District Court*). Carissa M. Petrelia 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 that Report (also dated December 15, 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 noted no matters of a significant nature in the area of compliance or in the overall internal control structure. Internal Audit noted only one minor finding involving escheated checks and one minor finding involving compliance, which are included within this Management Letter.

Internal Audit would like to commend the management and staff of the *District Court* for their dedication and hard work performed in the court. Our observations and testing revealed a knowledgeable and well-trained staff.

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 15-4-01
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECONCILIATION

Finding 1: Escheated Checks

Internal Audit noted that in one instance a stale dated check was not voided and escheated in a timely manner.

Recommendation

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

Auditee Response

Procedure was done, but 15 days late due to human error.

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 20 case files out of a total population of 4,885 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 each of the tested areas are 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

The checking account balance and the undisbursed funds balance at year-end are not in agreement. The Office Manager contacted the Help Desk but the matter had not been resolved as of yet.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-4-01
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II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Undisbursed Funds (continued):

Recommendation

Internal Audit recommends that the *District Court* again gets in touch with the Help Desk and explain that the checking account balance and the Undisbursed Funds balance are to be agreement at every month end.

Auditee Response

Presently we do not have any responses from the AOPC.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-01

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2008

On December 11, 2009, Magisterial District Judge Jeremy M. Blackburn indicated through a written confirmation, that an exit conference would be waived this year. The Magisterial District Judge has accepted the Audit Report and Management Letter as presented.