



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

**Management Letter
For the Year Ended
December 31, 2011**

***Magisterial District Court
15-3-01***

Management Letter

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge James V. DeAngelo

Introduction

On October 16, 2012, Internal Audit completed an audit of Magisterial District Court 15-3-01 (*District Court*). Gretchen W. Sohn, 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 Internal Control over Financial Reporting and on Compliance and Other Matters concurrent with this management letter. Disclosures and other information in that report (also dated October 16, 2012) 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 control and compliance are included within this management letter.

We want 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 15-3-01

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

I. INTERNAL CONTROL OVER FINANCIAL REPORTING

RECORDKEEPING

Finding 1: Undisbursed Funds

In one (1) instance, funds from retained escrow were not applied in a timely manner.

Recommendation

Internal Audit recommends that management review/monitor the Undisbursed Funds Report monthly to ensure that funds are refunded/applied as soon as allowable after the adjudication of a case.

Auditee Response

District Court management concurs with the 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 20 case files out of a total population of 3,872 case files created in 2011. 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 caseload. 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

In one (1) instance, a copy of the voided check was not attached to the case file.

Recommendation

Internal Audit recommends that all checks (including voids) pertaining to a case be included in the case file to ensure complete and accurate records for that docket number.

COUNTY OF CHESTER
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FINDINGS AND RECOMMENDATIONS
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II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Voided Disbursements (continued)

Auditee Response

District Court management concurs with the finding and recommendation.

Finding 2: Overall Compliance

Internal Audit noted the following:

- In two (2) instances, warrants were not issued in a timely manner.
- In one (1) instance, the DL-38 was not transmitted to the Commonwealth in a timely manner after the Defendant's DL-38 Notice was issued.
- In one (1) instance, neither the defendant's DL-38 Notice nor the Commonwealth's DL-38 were issued.
- In one (1) instance, a warrant was not recalled within 60 days of its issuance.

Recommendation

Internal Audit recommends that the *District Court* staff adhere to the collection and warrant procedures as recommended by the Administration of Pennsylvania Courts.

Auditee Response

District Court management concurs with the finding and recommendation.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-01

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2011

On October 5, 2012 Magisterial District Judge James V. DeAngelo indicated through a written confirmation that an exit conference would be waived for this year. The findings and recommendations were reviewed/discussed with the Judge and the Office Manager at a review meeting held on September 18, 2012. Magisterial District Judge DeAngelo has accepted the audit report and management letter as presented.