



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

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

***Magisterial District Court
15-2-05***

Management Letter

Valentino F. DiGiorgio III

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Chester F. Darlington

Introduction

On November 5, 2012, Internal Audit completed an audit of Magisterial District Court 15-2-05 (*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 November 5, 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. Internal Audit noted no significant deficiencies or material weaknesses in the overall internal control structure. One matter of a lesser significance involving internal control is included within this management letter.

Internal Audit wants 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 15-2-05
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011

INTERNAL CONTROL OVER FINANCIAL REPORTING

RECORDING

Finding 1: Cash Adjustments

The credit adjustment to offset a debit adjustment processed to reflect a bank error was processed at the same time and remained as an outstanding item until the bank corrected their error two months later. At that time, the credit adjustment was cleared. The credit adjustment should not have been processed until the bank corrected their error.

Recommendation

Internal Audit recommends that offsetting debit and/or credit adjustments not be processed until the actual transaction occurs. There should not be any outstanding debit or credit adjustments on the month-end bank reconciliation.

Auditee Response

District Court management concurs with the finding and recommendation.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-2-05

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2011

On November 5, 2012 Magisterial District Judge Chester F. Darlington indicated through a written confirmation that an exit conference would be waived for this year. The finding and recommendation was reviewed and discussed with the Judge and the Office Manager at a review meeting held on October 22, 2012. Magisterial District Judge Chester F. Darlington has accepted the audit report and management letter as presented.