



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

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

***Magisterial District Court
15-4-02***

Management Letter

Valentino F. DiGiorgio III

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Jeffrey J. Valocchi

Introduction

On December 19, 2012, Internal Audit completed an audit of Magisterial District Court 15-4-02 (*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 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 December 19, 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 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:

- Oversight
- Human Error

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) 344-6064 should you have any questions or concerns.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-02

FINDING AND RECOMMENDATION

FOR THE YEAR ENDED DECEMBER 31, 2011

I. INTERNAL CONTROL FINDING AND RECOMMENDATION

RECONCILIATION

Finding 1: Cash Adjustments

Internal Audit noted the following:

- The *District Court* processed both a deposit and debit adjustment to correct a recording error related to the same receipt. A check in the amount of \$388.94 was recorded in the court system as \$338.94. The receipt was properly voided and rerun for the correct amount. At this point, the transaction was fixed and in agreement with the bank, since the bank read the check for the correct amount of \$388.94. As a result, the deposit adjustment was left outstanding at year-end 12/31/11 and there was no offsetting credit for the debit adjustment.
- The *District Court* processed a debit adjustment to correct a recording error. A money order in the amount of \$111.00 was recorded in the court system as \$111.50. The receipt should have been voided and rerun for the correct amount, instead the District Court processed a debit adjustment that did not have a corresponding credit at year end 12/31/11.

Recommendation

Internal Audit recommends that the *District Court* take greater care when processing cash adjustments to ensure that all debit adjustments have a corresponding credit adjustment and vice versa. Internal Audit also recommends that the *District Court* process deposit adjustments in order to correct discrepancies between the book and bank balances.

Auditee Response

District Court Management concurs with the finding and recommendation.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-02

FINDING AND RECOMMENDATION

FOR THE YEAR ENDED DECEMBER 31, 2011

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 5,621 case files created in 2011. 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: Overall Compliance

Internal Audit noted the following:

- In one instance, a citation was not date stamped or initialed by *District Court* personnel upon receipt into the *District Court*.

Recommendation

Internal Audit recommends that the *District Court* date stamp and initial all citations upon receipt into the court as outlined in the District Justice Automated Office Clerical Procedures Manual.

Auditee Response

District Court Management concurs with the finding and recommendation.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-02

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2011

An exit conference was not warranted for the audit of Magisterial District Court 15-4-02. Magisterial District Judge Jeffrey J. Valocchi chose to accept the report as presented.