



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

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

***Magisterial District Court
15-2-06***

Management Letter

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Rita Arnold

Introduction

On December 27, 2012, Internal Audit completed an audit of Magisterial District Court 15-2-06 (*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 27, 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.

Internal Audit did, however, note several matters of a lesser significance involving internal controls and compliance with policies and procedures. These matters have all been 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 15-2-06

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

I. INTERNAL CONTROL OVER FINANCIAL REPORTING

RECONCILIATION

Finding 1: Cash

Internal Audit noted that in forty-two (42) instances, the District Court did not escheat stale-dated checks in a timely manner.

Recommendation

Internal Audit recommends that *District Court* management exercise greater care to ensure outstanding checks are voided within 120 days as directed by the District Justice Automated Office Clerical Procedures Manual. All voided checks should have proper due diligence completed prior to escheatment.

Auditee Response

District Court management concurs with the finding and recommendation. The District Court and District Justice Administration are in the process of putting procedures in place so that the situation does not occur in the future.

RECORDKEEPING

Finding 2: Missing Files

In one (1) instance, a case file randomly selected for testing could not be located.

Recommendation

Internal Audit suggests that greater care be exercised to ensure that case files are properly maintained. It is the responsibility of the *District Court* to maintain complete and accurate case files.

Auditee Response

District Court management concurs with the finding and recommendation. The District Court and District Justice Administration are in the process of putting procedures in place so that the situation does not occur in the future.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-2-06

FINDINGS AND RECOMMENDATIONS

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 6,279 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 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: Undisbursed Funds

Internal Audit noted the following:

- In nine (9) instances, funds held at year-end were not held for an appropriate reason.
- In two (2) instances, funds were not applied/disbursed in a timely manner.

Recommendation

Internal Audit recommends that *District Court* management re-emphasize to the staff the importance of disbursing/applying funds as soon as allowable on cases which have been adjudicated and/or closed as directed by the District Justice Automated Office Clerical Procedures Manual.

Auditee Response

District Court management concurs with the finding and recommendation. The District Court and District Justice Administration are in the process of putting procedures in place so that the situation does not occur in the future.

Finding 2: Overall Compliance

Internal Audit noted the following:

- In one (1) instance, the DL-38 was not mailed to the defendant after 10 days of no response after the issuance of a citation.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-2-06

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 2: Overall Compliance (continued)

- In one (1) instance, collateral was not applied in a timely manner after final disposition.
- In one (1) instance, a warrant was not recalled after 60 days.

Recommendation

Internal Audit recommends that the *District Court* staff adhere to AOPC policies and procedures. For traffic cases, when a defendant has not responded within ten days of the citation being issued, a DL-38 needs to be mailed to the defendant. For all cases, collateral should be applied at the time of disposition and all warrants should be recalled after 60 days, 30 days if they are criminal.

Auditee Response

District Court management concurs with the finding and recommendation. The District Court and District Justice Administration are in the process of putting procedures in place so that the situation does not occur in the future.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-2-06

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2011

Magisterial District Judge Rita Arnold indicated through a written confirmation, that an exit conference would be waived for this year. The Magisterial District Judge has accepted the audit report and management letter as presented.