

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



*Management Letter
Magisterial District Court 15-4-03*

For the year ended December 31, 2007

Valentino F. DiGiorgio, III

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Larry Smith

Introduction

On July 25, 2008, Internal Audit completed an audit of Magisterial District Court 15-4-03 (*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 Judge 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.

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 control and compliance are included within this Management Letter. There were no significant deficiencies or material weaknesses identified. Based on Internal Audit's testing and observations, it is our opinion that these exceptions are not the result of negligence or deliberate misconduct, but are instead the consequence of the following:

- Oversights
- Human error.

Internal Audit 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) 344-6797 should you have any questions or concerns.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-03

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2007

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

Recording

Finding 1: Undisbursed Funds

On 2 civil cases, the server fee notice for order of execution services was printed in a timely manner and given to the constables. However, the funds held for the constable's services were not transferred from "collateral" to "server fees" in the AOPC system and remained on the 12/31/07 Undisbursed Funds Report as "collateral".

Recommendation

Internal Audit recommends that the *District Court* management review/monitor the Undisbursed Funds Report on a monthly basis to ensure that funds are properly disbursed/applied in a timely manner.

Auditee Response

District Court management concurs with the finding and recommendation.

Finding 2: Cash Disbursements

In 1 instance, a numbered check form was manually labeled "void" due to a printer jam. However, the check number was never voided in the State system, therefore it is missing from the check number sequence and neither appears on the system Check Register Report nor the Voided Disbursement Report.

Recommendation

Internal Audit recommends that management review all voided transactions daily to ensure that they have been properly voided in the system. All check numbers should be accounted for and appear on the Check Register Report.

Auditee Response

District Court management concurs with the finding and recommendation.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-03

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2007

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 25 case files out of a total population of 6,665 case files created in 2007. 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 1 instance, percentage bail was not timely disbursed on a criminal case adjudicated in June, 2007.
- In 1 instance, the bail check from a posted percentage bail payment was not remitted to the Clerk of Courts with the paperwork on a criminal case waived to court in September, 2007. Instead, the total amount of bail was refunded to the remitter in February, 2008.

Recommendation

Internal Audit recommends that management review/monitor the Undisbursed Funds Report on a monthly basis to ensure that funds are properly disbursed in a timely manner.

Auditee Response

District Court management concurs with the findings and recommendations.

Finding 2: Manual Receipts

Internal Audit noted the following:

- In 2 instances, the manual receipt payment information does not agree with the system receipt payment information.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-4-03
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 2 (continued)

Recommendation

Internal Audit recommends that *District Court* staff adhere to the manual receipt procedures as outlined in the District Justice Automated Office Clerical Procedures Manual. Information entered in the system should agree with the information on the manual receipt.

Auditee Response

District Court management concurs with the finding and recommendation.

Finding 3: Overall Compliance

Internal Audit noted the following:

- In 1 instance, a warrant was not recalled within 60 days of issuance.
- In 1 instance, the certified postage amount was included in the judgment costs on a civil case.

Recommendation

Internal Audit recommends that the *District Court* adhere to the Commonwealth regulations with respect to the issuance and recalling of warrants. Internal Audit also recommends that the District Court comply with District Court Operational Regulations which exclude postage as part of the judgment costs.

Auditee Response

District Court management concurs with the findings and recommendations.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-4-03
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2007

On July 30, 2008, Magisterial District Judge Larry Smith 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.