

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



*Management Letter
Magisterial District Court 15-1-01
For the year ended December 31, 2006*

Valentino F. DiGiorgio

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Mark Bruno

Introduction

On November 1, 2007, Internal Audit completed an audit of Magisterial District Court 15-1-01 (*District Court*). Gretchen W. Sohn, CIA, was the auditor-in-charge and was assisted by an auditor-in-training. 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 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:

- Oversights
- Human error.

We 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 15-1-01
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2006

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

Reconciliation

Finding 1: Bank Account

Internal Audit noted that a deposit and the offsetting deposit adjustment were left outstanding by the *District Court* when performing their bank reconciliation for December, 2006 month-end.

Recommendation

Internal Audit recommends that the *District Court* exercise greater care when performing the month-end bank account reconciliation. Deposits, with the exception of deposits in transit, and deposit adjustments should never be left outstanding.

Auditee Response

District Court management concurs with the finding and recommendation.

Finding 2: Cash Adjustments

Internal Audit noted that a debit adjustment was correctly processed on the *District Court's* books for Nova supplies charged to their bank account in June, 2006. However, the *District Court*, to date, has not requested reimbursement of the charges from the county.

Recommendation

Internal Audit recommends that the *District Court* request reimbursement from the county so that when received and deposited, the offsetting credit adjustment can be processed.

Auditee Response

District Court management concurs with the finding and recommendation.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-1-01

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2006

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS (continued)

Recordkeeping

Finding 1: Case Files

Internal Audit noted the following:

- In 1 instance, a case file could not be located for review.

Recommendation

Internal Audit recommends that *District Court* management re-emphasize to the staff the importance of properly filing closed case files. Case files should be readily accessible for review by Internal Audit.

Auditee Response

District Court management concurs with the finding and recommendation.

Finding 2: Daily Deposit

Internal Audit noted the following:

- In 2 instances, the daily deposit was not made within 1 business day of receipting the monies.

Recommendation

Internal Audit recommends that the *District Court* exercise greater care when depositing their daily receipted monies. The daily deposit should be made the same day or next business day.

Auditee Response

District Court management concurs with the finding and recommendation.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-1-01

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2006

II. COMPLIANCE WITH POLICIES AND PROCEDURES

In order to test compliance with all applicable policies and procedures, Internal Audit selected a statistical sample of 30 case files out of a total population of 16,407 case files created in 2006. 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, funds were not disbursed/applied in a timely manner.

Recommendation

Internal Audit recommends that *District Court* management reemphasize to the staff the importance of disbursing/applying funds as soon as allowable on cases that have been closed and/or adjudicated. The Undisbursed Funds Report should be reviewed on a monthly basis.

Auditee Response

District Court management concurs with the finding and recommendation.

Finding 2: Cash Disbursements

Internal Audit noted the following:

- In 1 instance, percentage bail was refunded to the surety in its entirety. The 40% commission was not sent to the County.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-1-01
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2006

II. COMPLIANCE WITH POLICIES AND PROCEDURES (continued)

Finding 2: Cash Disbursements (continued)

Recommendation

Internal Audit recommends that the *District Court* exercise greater care when refunding percentage bail. Criminal Court Rule 535 states that “the issuing authority shall retain 40% of the amount deposited”.

Auditee Response

District Court management concurs with the finding and recommendation.

Finding 3: Voided Transactions

Internal Audit noted the following:

- In 3 instances, the voided receipt attached to the case file was not labeled “void”.
- In 1 instance, the replacement receipt was not attached to the case file.
- In 1 instance, the voided receipt was not attached to the case file.
- In 1 instance, the replacement receipt was labeled “void”.
- In 1 instance, a voided check copy was not attached to the case file.

Recommendation

Internal Audit recommends that the *District Court* exercise greater care in the labeling of voided receipts and disbursements. Internal Audit also recommends that *District Court* management reemphasize to the staff the importance of adhering to void check procedures pursuant to the District Court Handbook/Administrative Procedures (Rev. 5/04 – DJA).

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-1-01
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2006

II. COMPLIANCE WITH POLICIES AND PROCEDURES (continued)

Finding 3: Voided Transactions (continued)

Auditee Response

District Court management concurs with the findings and recommendation.

Finding 4: Overall Compliance

Internal Audit noted the following:

- In 2 instances, the warrant on an open case was not recalled/reissued within 60 days.
- In 1 instance, a citation was initialed but not date stamped upon receipt in the district court.
- In 1 instance, the “filed date” was entered in the system incorrectly. The issue date (10/27/05) was entered instead of the date received in the district court (12/27/05). The citation should have been docketed in 2005, but was not docketed until 2006.

Recommendation

Internal Audit recommends that *District Court* management reemphasize to the staff the importance of adhering to the docketing, billing, and collection procedures as outlined in the District Justice Automated Office Clerical Procedures Manual.

Auditee Response

District Court management concurs with the findings and recommendation.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-1-01
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2006

On November 9, 2007, Magisterial District Judge Mark Bruno 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.