

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



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

*For the year ended December 31, 2006*

*Valentino F. DiGiorgio, III*

Valentino F. DiGiorgio, III, Controller

**To: Magisterial District Judge Rita Arnold**

**Introduction**

On September 20, 2007, Internal Audit completed an audit of Magisterial District Court 15-2-06 (*District Court*). Sharon Kaye Jones, CIA, was the auditor-in-charge and was assisted by one additional auditor. Internal Audit is required by the Pennsylvania 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.

**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. The audit disclosed one internal control weakness as well as a few minor findings involving compliance with policies and procedures. These matters have all been included within this Management Letter.

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. Please feel free to contact our office at (610) 344-5913 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, 2006**

**I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS**

**RECORDING / RECONCILIATION**

**Finding 1: Cash**

Internal Audit noted the following:

- In 4 instances, cash adjustments were left outstanding at year end.

**Recommendation**

Internal Audit recommends that more attention be made to the monthly bank reconciliations. There should be no adjustments left outstanding.

**Auditee Response**

*District Court management concurs with the findings and recommendation.*

**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 11,007 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 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: Undisbursed Funds**

Internal Audit noted the following:

- In 2 instances, funds were not disbursed or applied in a timely manner.

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-2-06**

**FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

**II. COMPLIANCE WITH POLICIES AND PROCEDURES (Continued)**

Finding 1: Undisbursed Funds (continued)

- In 1 instance funds were disbursed in a timely manner, however the events leading up to the funds being disbursed were not in a timely manner.

Recommendation

Internal Audit recommends that the *District Court* review items on the undisbursed funds report monthly so that monies may be applied or refunded in a timely manner.

Auditee Response

*District Court management concurs with the findings and recommendation.*

Finding 2: Cash Receipts

Internal Audit noted the following:

- In 1 instance, filing fees for a civil case were not paid in advance when the complaint was filed. Instead the plaintiff only pre-paid the serving costs for the case. The other costs were adjusted/removed at the time the server fees were paid. There was no evidence in the file related to proceedings in forma pauperis.

Recommendation

Internal Audit would like to remind the District Court that all advance costs and fees for service must be paid when the civil complaint is filed. Such fees may only be waived depending on applicable statues or pertaining to proceedings in forma pauperis.

Auditee Response

*District Court management concurs with the finding and recommendation.*

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-2-06**

**FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

**II. COMPLIANCE WITH POLICIES AND PROCEDURES (Continued)**

Finding 3: Manual Receipts

Internal Audit noted the following:

- In 1 instance, the information on the manual receipt was not accurately entered into the state system.

Recommendation

Internal Audit recommends that *District Court* management re-emphasize to the staff the importance of adhering to the manual receipt procedures as outlined in the District Justice Automated Office Clerical Procedures Manual.

Auditee Response

*District Court management concurs with the finding and recommendation.*

Finding 4: Voided Receipts

Internal Audit noted the following:

- In 1 instance, the voided receipt was not in the case file.

Recommendation

Internal Audit recommends that *District Court* management re-emphasize to the staff the importance of adhering to the voided receipt procedures 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 15-2-06**  
**FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**II. COMPLIANCE WITH POLICIES AND PROCEDURES (Continued)**

Finding 5: Overall Compliance

Internal Audit noted the following:

- In 2 instances, the citation was date stamped but not initialed.
- In 1 instance, a warrant was not recalled in a timely manner.
- In 1 instance, DL-38 notification was not mailed in a timely manner.
- In 1 instance, DL-38 was not sent to PennDOT in a timely manner.
- In 1 instance, a warrant was not issued in a timely manner
- In 1 instance, there was no follow-up on a case once filed for 3 months. As a result, all actions were untimely.

Recommendation

Internal Audit recommends that *District Court* management re-emphasize to the staff the importance of adhering to 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 15-2-06**

**SUMMARY OF EXIT CONFERENCE**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

An exit conference was not warranted for the audit of Magisterial District Court 15-2-06. Magisterial District Judge Rita Arnold chose to accept the report as presented.