

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



*Management Letter
Magisterial District Court 15-1-02
For the year ended December 31, 2008*

Valentino F. DiGiorgio III

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Thomas Tartaglio

Introduction

On November 6, 2009, Internal Audit completed an audit of Magisterial District Court 15-1-02 (*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 Compliance and Internal Control over Financial Reporting concurrent with this Management Letter. Disclosures and other information in that Report (also dated November 6, 2009) 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 matters of a significant nature in the area of compliance or in the overall internal control structure.

Internal Audit did, however, note several matters of lesser significance involving internal controls and compliance with policies and procedures. These matters have 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:

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

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-1-02
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDING / RECONCILIATION

Finding 1: Escheated Checks

Internal Audit noted the following:

- In 1 instance, the District Court did not escheat a stale-dated check in a timely manner.

Recommendation

Internal Audit recommends that the *District Court* exercise greater care when escheating checks.

Auditee Response

District Court management concurs with the finding 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 25 case files out of a total population of 5,324 case files created in 2008. 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 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/applied in a timely manner.

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II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Undisbursed Funds (continued)

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 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: Voided Disbursements

Internal Audit noted the following:

- In 2 instances, replacement checks copies were not attached to the corresponding case files.
- In 2 instances, check copies were not attached to the case files; therefore Internal Audit could not verify if the check was marked “void/stale/lost”.
- In 1 instance, a check was escheated when it should have been coded as “lost” and then reissued.

Recommendation

Internal Audit recommends that the *District Court* staff exercise greater care in attaching check copies and their replacements to the corresponding case files. Internal Audit also recommends that *District Court* management take greater care when coding voided checks.

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II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 2: Voided Disbursements (continued)

Auditee Response

District Court management concurs with the findings and recommendations.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-1-02
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2008

An exit conference was not warranted for the audit of Magisterial District Court 15-1-02. Magisterial District Judge Thomas Tartaglio chose to accept the report as presented.