



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

**Management Letter
For the Year Ended
December 31, 2012**

County of Chester
Magisterial District Court
15-1-02

Management Letter

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Thomas Tartaglio

Introduction

On September 23, 2013, Internal Audit completed an audit of Magisterial District Court 15-1-02 (*District Court*). Christian J. Kriza 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 September 23, 2013) 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) 344-5906 should you have any questions or concerns.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-1-02

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2012

Cash and Petty Cash

Cash is reconciled and cash adjustments are reviewed at 100%. Petty cash is counted during the course of the on-site fieldwork.

Finding 1: Cash Adjustments

Internal Audit noted the following:

- Two prior year cash adjustments were not properly corrected by the *District Court*. The offsetting adjustments remain outstanding.
- A monthly interest payment from the bank was incorrectly recorded on the books.
- Two current year debit adjustments were incorrectly left outstanding at year end. The District Court did not properly follow up on these adjustments, and consequently no offsetting credits were processed.

Recommendation

Internal Audit recommends that the District Court review all debit and credit adjustments at year end to ensure that they have corresponding off-setting entries when applicable and that they only use IOLTA adjustments to process interest transactions. In addition, it is recommended that District Court management work with District Justice Administration to resolve the existing out-of-balance conditions on the books between IOLTA and “ordinary” debit and credit adjustments.

Auditee Response

District Court management concurs with the finding and recommendation.

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General Finding

Finding 2: Escheats

Internal Audit noted that in thirteen (13) instances, a check was not escheated in a timely manner.

Recommendation

Internal Audit recommends that *District Court* management exercise greater care to ensure that outstanding checks are voided within 120 days as outlined in the District Judge Automated Office of Clerical Procedures Manual.

Auditee Response

District Court management concurs with the finding and recommendation.

For the following areas, transactions are reviewed on a sample basis according to risk. The current year risk assessment is based on prior year audit results.

Undisbursed Funds

The sample size tested for the year ended 12/31/12 was determined to be 10 out of a total population of 14 cases which were greater than or equal to 90 days.

There were no internal control or procedural weaknesses noted within our sample.

Cash Receipts

The sample size tested for the year ended 12/31/12 was determined to be 20 out of a population of 5,238 receipts issued during the year.

There were no internal control or procedural weaknesses noted within our sample.

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Manual Receipts

There were no manual receipts used for the year ended 12/31/12.

Cash Disbursements

The sample size tested for the year ended 12/31/12 was determined to be 20 out of a population of 620 checks issued during the year.

There were no internal control or procedural weaknesses noted within our sample.

Voided Receipts

The sample size tested for the year ended 12/31/12 was determined to be 15 out of a population of 53 receipts voided during the year.

There were no internal control or procedural weaknesses noted within our sample.

Voided Disbursements

The sample size tested for the year ended 12/31/12 was determined to be 10 out of a population of 43 disbursements voided during the year.

There were no internal control or procedural weaknesses noted within our sample.

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Overall Compliance

In order to test compliance with all applicable policies and procedures, Internal Audit selected a statistical sample of 20 case files out of a total population of 3,517 case files created in 2012. The sample size was divided equally among the four (4) case types: traffic, non-traffic, civil/landlord tenant, and criminal.

Finding 3: Overall Compliance

Internal Audit noted the following:

- In one (1) instance, a case disposition was never entered which caused the case to remain open for an unnecessary period of time.

Recommendation

Internal Audit recommends that the *District Court* staff adhere to AOPC policies, procedures and a recommendation ensuring a case disposition is timely entered into the system.

Auditee Response

District Court management concurs with the finding and recommendation.

COUNTY OF CHESTER

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SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2012

Magisterial District Judge Thomas Tartaglio 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.