



**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
15-4-01*

Management Letter

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Analisa Sondergaard

Introduction

On October 3, 2013, Internal Audit completed an audit of Magisterial District Court 15-4-01 (*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 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 October 3, 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:

- Human error
- New office manager

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

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-01

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

The District Court correctly processed multiple debit adjustments to record bank debits for NSF fees. In addition the Office Manager was instructed to pass these fees on to the respective defendants. Although this was done, and the additional monies were receipted against the related cases, the result is that the debit adjustments were not properly offset and remain outstanding on the books.

Recommendation

Internal Audit recommends that the District Court ensure that all debit adjustments have a corresponding credit adjustment and vice versa. To this end, it is further recommended that District Court management work with DJ Admin to correct the situation.

Auditee Response

See pages 6 & 7 for Auditee Responses.

General Finding

Finding 2: Escheats

Internal Audit noted that in fourteen (14) 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.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-01

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2012

Finding 2: Escheats (continued)

Auditee Response

See pages 6 & 7 for Auditee Responses.

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 18 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 5,343 receipts issued during the year.

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

Manual Receipts

Manual receipts were tested at 100% since there was only one manual receipt used in 2012.

Finding 3: Manual Receipts

The manual receipt number was not referenced on the computer receipt.

Recommendation

Internal Audit recommends that the District Court staff reference manual receipt numbers on computer receipts and vice versa.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-4-01
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

Finding 3: Manual Receipts (continued)

Auditee Response

See pages 6 & 7 for Auditee Responses.

Cash Disbursements

The sample size tested for the year ended 12/31/12 was determined to be 20 out of a population of 503 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 69 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 46 disbursements voided during the year.

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

Overall Compliance

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 7,047 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.

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

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-01

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2012

An exit conference was not warranted for the audit of Magisterial District Court 15-4-01. Magisterial District Judge Analisa Sondergaard chose to accept the report as presented.

COMMONWEALTH OF PENNSYLVANIA



COUNTY OF CHESTER

Magisterial District 15-4-01
500 Chesterbrook Blvd,
Suite C-6
Wayne, PA 19087

ANALISA SONDERGAARD
DISTRICT JUDGE

OFFICE:
TEL 610-647-6533
FAX 610-647-6535

September 27, 2013

Officer of the Controller
313 West Market Street
West Chester, PA 19380
Attn: Carissa Petrelia

Re: District Court 15-4-01 Audit Reponse

Ms. Petrelia,

Kindly include the following as the Court's response to the 2012 audit:

Auditee Response to Finding 1: Cash Adjustments

There is no written policy regarding the preferred method for recording the receipt of NSF fees from defendants who present bad checks to the Court. Although the Court properly charged, collected and disbursed all NSF fees, the Audit identified how to better record the receipt of NSF fees. The Court requested that DJ Administration provide a copy of any policy regarding how to record the receipt of NSF fees. Verbal instructions have since been provided to the Court by DJ Administration. Court Staff will work with DJ Administration to make appropriate adjustments to more accurately reflect the receipt of NSF fees.

Auditee Response to Finding 2: Escheats

The Office Manager is responsible for escheating funds. The only delays in escheating funds occurred when the Office Manager was on pre-approved maternity leave. During that time, all Office Manager duties were the responsibility of DJ Administration. At all other times during 2012, the Court timely escheated funds.

Auditee Response to Finding 3: Manual Receipts

Although all documentation was properly contained within the file, the importance of writing the manual receipt number on the file copy has been reviewed with Court Staff.

Sincerely,

A handwritten signature in cursive script that reads "Analisa Sondergaard".

Analisa Sondergaard
Magisterial District Judge
District Court 15-4-01