



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

**Management Letter
For the Year Ended
December 31, 2013**

*County of Chester
Magisterial District Court
15-1-02*

Management Letter

A handwritten signature in blue ink, appearing to read "N MacQueen".

Norman MacQueen, Controller

To: Magisterial District Judge Thomas Tartaglio

Introduction

On June 2, 2014, 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
- Escheats

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 June 2, 2014) 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, 2013

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

Cash adjustment errors reported in the prior year (2012) were not properly researched and resolved in 2013.

Finding 2: Cash Adjustments

The *District Court* failed to properly research a credit adjustment made by the bank to the *District Court's* checking account in October 2013. As a result, this adjustment remained a "reconciling item" as of 12/31/13.

Recommendation

Internal Audit recommends that the *District Court* review all debit and credit adjustments during the year to ensure that they have corresponding offsetting entries. It is further recommended that *District Court* management work with District Justice Administration to resolve the aforementioned cash adjustments.

Auditee Response

District Court management concurs with the finding and recommendation.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-1-02

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2013

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 12/31/13 was determined to be 10; however, there was only a total population of 8 cases which were greater than or equal to 90 days.

Finding 3: Undisbursed Funds

Internal Audit noted that in one (1) instance, funds were not applied/disbursed in a timely manner.

Recommendation

Internal Audit recommends that the *District Court* applies/disburses funds as soon as allowable on cases which have been adjudicated and/or closed as directed by the District Justice Automated Office of Clerical Procedures Manual. To this end, the Undisbursed Funds Report should be reviewed/ monitored on a monthly basis.

Auditee Response

District Court management concurs with the finding and recommendation.

Cash Receipts

The sample size tested for the year ended 12/31/13 was determined to be 20 out of a population of 5,908 receipts issued during the year.

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

Manual Receipts

There were no manual receipts used in 2013.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-1-02

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2013

Cash Disbursements

The sample size tested for the year ended 12/31/13 was determined to be 20 out of a population of 617 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 12/31/13 was determined to be 20 out of a population of 66 receipts voided during the year.

Finding 4: Voided Receipts

Internal Audit noted that in one (1) instance, the voided receipt copy was not included in the case file.

Recommendation

Internal Audit recommends that the *District Court* staff be diligent in properly recording necessary information in each case file.

Auditee Response

District Court management concurs with the finding and recommendation.

Voided Disbursements

The sample size tested for the year ended 12/31/13 was determined to be 10 out of a population of 40 disbursements voided during the year.

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

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-1-02

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2013

Escheat/Stale Dated Checks

Escheats were reviewed at 100% for timeliness. In addition, 15 out of a population of 38 escheated items were tested for compliance with escheat/stale dated check procedures.

Finding 5: Escheats

Internal Audit noted the following:

- In seven (7) instances, a check was not escheated in a timely manner.
- In three (3) instances, there was no evidence that due diligence was performed prior to escheating the check.
- In one (1) instance, a copy of the escheated check copy was not included in the case file.

Recommendation

Internal Audit recommends that the *District Court* staff adhere to the stale-dated check procedures as outlined in the District Judge Automated Office Clerical Procedures Manual.

Auditee Response

District Court management concurs with the finding and recommendation.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-1-02

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2013

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.