



**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
15-2-06*

Management Letter

Norman MacQueen, Controller

To: Elizabeth Dumond, Minor Judiciary Administrator

Introduction

On May 2, 2014, Internal Audit completed an audit of Magisterial District Court 15-2-06 (*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
- 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 May 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
- Staffing fluctuations

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 15-2-06

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.

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

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 20; however, there was only a total population of 12 cases which were greater than or equal to 90 days.

Finding 1: Undisbursed Funds

Internal Audit noted that in three (3) instances exceptions from the prior year were not properly corrected. To this end, three (3) cases on the Undisbursed Funds Report do not have sufficient identifying information (defendant name, docket number) listed on the Undisbursed Funds Report and as a result, Internal Audit could not determine why the funds were not properly paid out.

Recommendation

Internal Audit recommends that the *District Court* contact the Help Desk in order to receive sufficient identifying information. When the identifying information is obtained, the District Court should research and have the funds applied/disbursed.

Auditee Response

District Court management concurs with the finding and recommendation.

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Finding 2: Undisbursed Funds

Internal Audit noted that in seven (7) instances, 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 7,323 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.

Cash Disbursements

The sample size tested for the year ended 12/31/13 was determined to be 20 out of a population of 774 checks issued during the year.

Finding 3: Cash Disbursements

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

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Finding 3: Cash Disbursements (continued)

Recommendation

Internal Audit recommends that the *District Court* staff be diligent in including all proper documentation in each case file.

Auditee Response

District Court management concurs with the finding and recommendation.

Voided Receipts

The sample size tested for the year ended 12/31/13 was determined to be 15 out of a population of 99 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 12/31/13 was determined to be 10 out of a population of 58 disbursements voided during the year.

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

Escheat/Stale Dated Checks

Escheats were reviewed at 100% for timeliness. In addition, 15 out of a population of 20 escheated items were tested for compliance with escheat/stale dated check procedures.

Finding 4: Escheats

Internal Audit noted that in thirty-one (31) instances, a check was not escheated in a timely manner.

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Finding 4: Escheats (continued)

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 15-2-06

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2013

An exit conference was not warranted for the audit of Magisterial District Court 15-2-06. Elizabeth Dumond, Minor Judiciary Administrator chose to accept the report as presented.