



**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
15-4-01*

Management Letter

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

Norman MacQueen, Controller

To: Magisterial District Judge Analisa Sondergaard

Introduction

On October 23, 2014, Internal Audit completed an audit of Magisterial District Court 15-4-01 (*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 October 23, 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 a matter of lesser significance involving compliance with policies and procedures. This matter has been included within this management letter. Based on Internal Audit's testing and observations, it is our opinion that this deficiency is not the result of negligence or deliberate misconduct, but is 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 15-4-01

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

The following cash adjustment errors reported in the prior year (2012) were not properly researched and resolved in 2013:

“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.”

The prior year errors reported above also occur in additional instances in the current year’s audit and both years should be corrected collectively.

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 page 5 for Auditee Reponse.

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 out of a total population of 11 cases which were greater than or equal to 90 days.

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

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-01

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2013

Cash Receipts

The sample size tested for the year ended 12/31/13 was determined to be 20 out of a population of 6,027 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 500 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 15 out of a population of 40 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 19 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, 14 out of a population of 14 escheated items were tested for compliance with escheat/stale dated check procedures.

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, 2013

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
Chesterbrook Shopping
Center
500 Chesterbrook Blvd.
Suite C6
Wayne, PA 19087

MAGISTERIAL DISTRICT JUDGE
ANALISA SONDERGAARD

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

October 17, 2014

Office of the Controller
313 West Market Street, Suite 6302
P.O. Box 2748
West Chester, PA 19380-2014
Attn: Christian J. Kriza

Re: District Court 15-4-01 Audit Response

Mr. Kriza,

Kindly include the following as the Court's response to the 2013 audit:

Auditee Response to Finding 1: Cash Adjustments

This problem was first identified in the 2012 Audit. At that time, the Court noted that there was no written policy regarding the preferred accounting method for recording the receipt of NSF fees from defendants who present bad checks to the Court. The Court requested DJ Administration to provide a copy of any policy regarding how to record the receipt of NSF fees. Court Administration provided verbal instructions to Court Staff. However, the verbal instructions were insufficient, and Court Staff again requested a written policy. To date, DJ Administration has not provided either clarification to the verbal instructions or a written policy needed for the Court to make appropriate accounting adjustments to accurately reflect the receipt of NSF fees. It is important to note that at all times the Court properly charged, collected and disbursed all NSF fees.

Thank you for your attention in this matter.

Sincerely,

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

Analisa Sondergaard
Magisterial District Judge, 15-4-01