



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

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

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*County of Chester  
Magisterial District Court  
15-1-03*

Management Letter

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

Norman MacQueen, Controller

**To: Gregory V. Hines, Magisterial District Judge**

**Introduction**

On December 22, 2014, Internal Audit completed an audit of Magisterial District Court 15-1-03 (*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 December 22, 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 matters of a lesser significance involving internal controls. These matters have 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) 344-6064 should you have any questions or concerns.

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-1-03**

**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

In one (1) instance, the District Court erroneously recorded a non sufficient funds (NSF) check as a debit adjustment when the transaction should have been processed as a deposit adjustment.

Recommendation

Internal Audit recommends that the District Court take greater care when processing cash adjustments to ensure that deposit adjustments are processed for all NSF check transactions. Debit adjustments need to have corresponding credit adjustments and vice versa.

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 12/31/13 was determined to be 10; however, there was only a total population of 9 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 12/31/13 was determined to be 20 out of a population of 8,651 receipts issued during the year.

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

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-1-03**

**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

**Manual Receipts**

The sample size tested for the year ended 12/31/13 was determined to be 15; however there were no manual receipts used for the year.

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

**Cash Disbursements**

The sample size tested for the year ended 12/31/13 was determined to be 20 out of a population of 554 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 73 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, a sample of escheated items was tested for compliance with escheat/stale dated check procedures. This sample was determined to be 15; however, there was only a population of 14 escheated items for 2013.

**Finding 2: Escheats**

Internal Audit noted that in five (5) instances, a check was not escheated in a timely manner.

**COUNTY OF CHESTER**  
**MAGISTERIAL DISTRICT COURT 15-1-03**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Finding 2: 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 15-1-03**

**SUMMARY OF EXIT CONFERENCE**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

An exit conference was not warranted for the audit of Magisterial District Court 15-1-03. Magisterial District Judge Gregory V. Hines chose to accept the report as presented.