

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



*Management Letter  
Magisterial District Court 15-1-03*

*For the year ended December 31, 2007*

*Valentino F. DiGiorgio, III*

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Valentino F. DiGiorgio, III, Controller

**To: Magisterial District Judge Robert Davis**

### **Introduction**

On July 3, 2008, Internal Audit completed an audit of Magisterial District Court 15-1-03 (*District Court*). Gretchen W. Sohn, CIA, 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 Judge 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.

### **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 Judge Administration. Also, Internal Audit noted no significant deficiencies or material weaknesses in the overall internal control structure.

Internal Audit did note several matters of a lesser significance involving compliance with policies and procedures that have been included within this Management Letter. We would like to commend the management and staff of the *District Court* for the hard work performed to continually improve the overall conditions in the court.

Internal Audit would also like 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) 344-6797 should you have any questions or concerns.

**COUNTY OF CHESTER**

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

**FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2007**

**I. COMPLIANCE WITH POLICIES AND PROCEDURES**

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 5,512 case files created in 2007. In addition, we performed other related tests of cash receipts, cash disbursements, manual receipts, undisbursed funds, and voided transactions. Sample size for the tested areas was determined through a risk assessment analysis based on the results of the *District Court's* prior year audit and current year case load. We believe the results of our tests are representative of the entire population on the basis of accepted audit sampling principles.

Finding 1: Cash Adjustments

Internal Audit noted the following:

- In 2 instances, follow-up had not been done on cash adjustments processed during 2007 (1/5/07 credit for \$1 and 8/7/07 debit for \$.04).
- In 1 instance, a credit adjustment processed in error in January, 2008 for year-end 2007 had not been cleared.
- In 1 instance, an IOLTA debit adjustment was processed as a regular debit adjustment.

Recommendation

Internal Audit recommends that *District Court* management perform follow-up on previously processed cash adjustments as they perform the monthly bank reconciliation procedures.

Auditee Response

*Auditee concurs with the findings and recommendation.*

Finding 2: Manual Receipts

Internal Audit noted the following:

- In 1 instance, a copy of the manual receipt was not attached to the case file.

**COUNTY OF CHESTER**  
**MAGISTERIAL DISTRICT COURT 15-1-03**  
**FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

**I. COMPLIANCE WITH POLICIES AND PROCEDURES**

Finding 2: Manual Receipts (continued)

Recommendation

Internal Audit recommends that *District Court* management reemphasize to the staff the importance of adhering to the manual receipt procedures as outlined in the District Justice Automated Office Clerical Procedures Manual.

Auditee Response

*Auditee concurs with the finding and recommendation.*

Finding 3: Voided Disbursements

Internal Audit noted the following:

- In 2 instances, a copy of the void check was not attached to the case file.

Recommendation

Internal Audit recommends that the *District Court* staff re-familiarize themselves with the District Court Handbook –Administrative Procedures – page 12 regarding the proper handling of voided checks.

Auditee Response

*Auditee 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, 2007**

On July 23, 2008 Magisterial District Judge Robert Davis indicated through a written confirmation that an exit conference would be waived for this year. All findings were discussed at the Closing Conference. Magisterial District Judge Robert Davis has accepted the Audit Report and Management Letter as presented.