

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



*Management Letter  
Magisterial District Court 15-4-02*

*For the year ended December 31, 2007*

*Valentino F. DiGiorgio*

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Valentino F. DiGiorgio, III, Controller

**To: Magisterial District Judge James J. Charley, Jr.**

### **Introduction**

On September 3, 2008, Internal Audit completed an audit of Magisterial District Court 15-4-02 (*District Court*). Robert Pinkos, 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 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
- 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 Justice Administration. Minor findings involving internal controls and compliance are 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:

- Oversights
- Human error

We would 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) 344-5906 should you have any questions or concerns.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-02

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2007

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECONCILIATION

Finding 1: Daily Cash Balancing

Internal Audit noted 1 instance, in which the cash and check total per the Daily Cash Balancing Report did not reconcile to the total of the deposit slip taken to the bank.

Recommendation

Internal Audit recommends that the *District Court* staff reconcile the total of the Daily Cash Balancing Report to the deposit slip. Any difference must be investigated and corrected prior to taking the deposit to the bank.

Auditee Response

*District Court management concurs with the audit finding and recommendation.*

Finding 2: Cash/Escrow Payable

Internal Audit noted the following:

- According to the Daily Balancing Report, the *District Court* receipted money totaling \$2,564.86 on 1/10/07. However, the bank credited the *District Court's* account for \$2,564.36, which was \$0.50 less than what was actually receipted for that day. The *District Court* made the adjustments to reconcile with the bank, but there was no follow up with the bank in order to correct the bank error and adjust the account's balance to reflect the proper amount of money receipted on 1/10/07.
- The bank made a debit memo for \$0.20 to the *District Court's* account on 1/16/07. The *District Court* made the adjustment to reconcile with the bank, but they did not follow up with the bank in order to find out why the bank debited their account and to have the bank reimburse them for this bank error.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-02

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2007

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECONCILIATION

Finding 2: Cash/Escrow Payable (continued)

Recommendation

Internal Audit recommends that the *District Court* follow up with the bank in order to have them **credit** their account for the two bank errors from January 2007, which total \$0.70. Once the account is credited by the bank the *District Court* should then make a credit adjustment to reconcile the account.

Auditee Response

*District Court management concurs with the audit finding and recommendation.*

II. 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 7,115 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: Undisbursed Funds

Internal Audit noted 1 instance, in which funds to be refunded were not disbursed to the remitter in a timely manner.

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-4-02**

**FINDINGS AND RECOMMENDATIONS**

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

**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

Finding 1: Undisbursed Funds (continued)

Recommendation

Internal Audit recommends that members of the staff exercise greater care to ensure that the Undisbursed Funds Report is monitored at least on a monthly basis to ensure that collateral, bail and server fees are properly processed in a timely manner. Internal Audit also recommends that *District Court* management reemphasize to the staff the importance of disbursing funds as soon as allowable on cases which have been closed and/or adjudicated.

Auditee Response

*District Court management concurs with the audit finding and recommendation.*

Finding 2: Cash Receipts

Internal Audit noted 6 instances, in which the *District Court* did not charge and collect any filing fees from a municipality at the time that a civil action was filed.

Recommendation

Internal Audit recommends that the District Court should charge and collect filing fees from all municipalities unless that municipality falls under Act 172 of the “Second Class Township Code, Title 53PS Sec. 66601.” According to Act 172, when a civil action is filed by a *Second Class Township* to enforce an ordinance, no filing fees are to be collected from the township at the time of filing.

Auditee Response

*District Court management concurs with the audit finding and recommendation.*

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-4-02**

**FINDINGS AND RECOMMENDATIONS**

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

**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

Finding 3: Voided Disbursements

Internal Audit noted 2 instances, in which a replacement check copy for a voided check was not attached to the case file.

Recommendation

Internal Audit recommends that the *District Court* staff exercise greater care to ensure that all pertinent information to the case be included in the case file.

Auditee Response

*District Court management concurs with the audit finding and recommendation.*

Finding 4: Overall Compliance

Internal Audit noted the following:

- In 1 instance, a warrant was not being recalled every 60 days from the date of issue.
- In 1 instance, a citation was not date stamped and initialed by the clerk upon receipt into the *District Court*.
- In 1 instance, a case file did not contain a copy of a restitution payment.

Recommendation

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

Auditee Response

*District Court management concurs with the audit finding and recommendation.*

**COUNTY OF CHESTER**  
**MAGISTERIAL DISTRICT COURT 15-4-02**  
**SUMMARY OF EXIT CONFERENCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

An exit conference was not warranted for the audit of Magisterial District Court 15-4-02. Magisterial District Judge James Charley, Jr. has accepted the report as presented.