



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

**Management Letter  
For the Year Ended  
December 31, 2015**

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***County of Chester  
Magisterial District Court  
15-4-01***

**Management Letter**

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**Norman MacQueen, Controller**

**To: Magisterial District Judge Analisa Sondergaard**

### **Introduction**

On October 28, 2016, Internal Audit completed an audit of Magisterial District Court 15-4-01 (*District Court*) for the year ended December 31, 2015. 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/Stale Dated Checks

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 6, 2016) should be considered in conjunction with this Management Letter.

### **Executive Summary**

For the year ended December 31, 2015, Internal Audit has determined that the *District Court's* system of internal controls is adequately *designed, in-place* and *operative*. The results of this audit indicate that, in all material respects:

- Assets are properly safeguarded from employee theft, robbery and unauthorized use
- Responsibility / Authority is established and assigned to specific individuals
- Duties (specifically authorization, custody and recordkeeping) are properly segregated
- Documents are available to provide evidence that transactions and events have occurred
- Transactions and events are properly recorded in a timely manner
- Reconciliations of internal records with bank statements occur monthly.

In addition, the District Court was found to be in compliance with policies and procedures mandated by the County of Chester and the Administrative Office of Pennsylvania Courts except as outlined on the pages that follow. ***Audit Findings*** and ***Recommendations*** are provided herein for your review, comment and corrective action. The courtesy of a response is requested by October 20, 2016, otherwise in accordance with Internal Audit Policy, the absence of a response by the due date will be inferred as management's acceptance of the finding(s) and recommendation(s).

We thank the management and staff of the *District Court* for their cooperation and assistance during the course of this review. Please feel free to contact our office at (610) 344-6064 should you have any questions or concerns or if you wish to schedule an exit conference. An exit conference is held at the request of the auditee to discuss specific concerns that were not resolved during the closing conference.

A final copy of this management letter and the corresponding Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters will be transmitted electronically to your attention upon receipt of your responses. In addition, since audit reports are a matter of public record, your final report and management letter will be posted on the Controller's webpage within one week of issuance.

A handwritten signature in blue ink, appearing to read 'N MacQueen', with a large, stylized flourish at the end.

Norman MacQueen  
Controller

October 28, 2016

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-4-01**

**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

**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 District Court appropriately processed a credit adjustment to balance with the bank; however this adjustment did not have an offsetting debit adjustment. Although a similar situation occurred in the prior year, circumstances do not suggest improper training but rather an unintentional failure to properly follow up.

Cause

Oversight

Recommendation

Internal Audit recommends that the *District Court* review all debit and credit adjustments during the year to ensure that they have corresponding offsetting entries. It is further recommended that *District Court* management work with District Justice Administration to resolve the existing out of balance condition on the books.

Auditee Response

*Please refer to page 7 for Auditee Response.*

***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 12/31/15 was determined to be 10; however there was only a total population of 6 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, 2015**

**Cash Receipts**

The sample size tested for the year ended 12/31/15 was determined to be 20 out of a population of 14,120 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 2015.

**Cash Disbursements**

The sample size tested for the year ended 12/31/15 was determined to be 20 out of a population of 918 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 12/31/15 was determined to be 15 out of a population of 70 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 12/31/15 was determined to be 10 out of a population of 81 disbursements voided during the year.

**Finding 1: Voided Disbursements**

A check was printed on blank paper instead of on the appropriate check stock. The check was voided, however when the District Court reprinted the check, they erroneously printed it on the wrong number check. As a result, all the checks for the day were affected by the mistake.

**COUNTY OF CHESTER**  
**MAGISTERIAL DISTRICT COURT 15-4-01**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**Voided Disbursements (continued)**

Finding 1: Voided Disbursements (continued)

Cause

Oversight

Recommendation

Internal Audit recommends that the District Court ensure that the system check number and the physical check numbers correspond with one another before issuance.

Auditee Reponse

*Please refer to page 7 for Auditee Response.*

**Escheat/Stale Dated Checks**

Escheats were reviewed at 100% for timeliness. In addition, 8 out of a population of 8 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, 2015**

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  
500 Chesterbrook Blvd.  
Suite B3  
Wayne, PA 19087

ANALISA SONDERGAARD  
MAGISTERIAL DISTRICT JUDGE

OFFICE:  
TEL 610-647-6533  
FAX 610-647-6535  
districtcourt15401@chesco.org

October 21, 2016

County of Chester  
Office of the Controller  
313 West Market Street, Suite 6302  
P.O. Box 2748  
West Chester, PA 19380-2014  
Attn: Carissa M. Petrelia, Internal Auditor

Re: District Court 15-4-01 Audit Response

Ms. Petrelia,

Kindly include the following as the Court's response to the 2015 audit:

Auditee response: Cash Adjustment

The Office Manager resolved the \$0.50 debit adjustment on the September bank statement, which was reconciled on October 11, 2016.

Auditee Response to Finding 1: Voided Disbursements

District Court management concurs with the findings and recommendations.

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