



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

**Management Letter
For the Year Ended
December 31, 2011**

***Magisterial District Court
15-1-05***

Management Letter

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Grover E. Koon

Introduction

On July 13, 2012, Internal Audit completed an audit of Magisterial District Court 15-1-05 (*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 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

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 July 13, 2012) 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. We noted no significant deficiencies or material weaknesses in the overall internal control structure. Minor findings involving compliance are included within this management letter.

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) 344-6797 should you have any questions or concerns.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-1-05

FINDING AND RECOMMENDATION

FOR THE YEAR ENDED DECEMBER 31, 2011

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 5,697 case files created in 2011. 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 that in one (1) instance, funds held for server fees on an Order of Possession were not disbursed when the possession was cancelled due to an appeal.

Recommendation

Internal Audit recommends that the *District Court* monitor the Undisbursed Funds Report monthly to ensure the funds are disbursed/applied as soon as possible on cases which have been adjudicated.

Auditee Response

District Court management concurs with the finding and recommendation.

Finding 2: Voided Receipts

Internal Audit noted that in one (1) instance, a voided receipt was not attached to the case file.

Recommendation

Internal Audit recommends that the staff exercise greater care to include all documents associated with a case in the case file.

Auditee Response

The office manager reprinted the void receipt and attached it to the case file.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-1-05
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2011

On July 13, 2012 Magisterial District Judge Grover E. Koon indicated through a written confirmation that an exit conference would be waived for this year. The findings and recommendations were reviewed/discussed with the Magisterial District Judge and the Office Manager at a Review Meeting on June 27, 2012. Magisterial District Judge Grover E. Koon has accepted the audit report and management letter as presented.