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*Magisterial District Court*  
*15-4-01*

Management Letter

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

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

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A handwritten signature in blue ink that reads "Valentino F. DiGiorgio III".

Valentino F. DiGiorgio, III, Controller

**To: Magisterial District Judge Analisa Sondergaard**

**Introduction**

On June 25, 2012, Internal Audit completed an audit of Magisterial District Court 15-4-01 (*District Court*). Christian J. Kriza 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 (AOPC) 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 June 25, 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. Internal Audit noted no significant deficiencies or material weaknesses in the overall internal control structure.

Internal Audit did, however, note several matters of a lesser significance involving internal controls and compliance with policies and procedures. These matters have all 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) 344-5906 should you have any questions or concerns.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-01

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECONCILIATION

Finding 1: Cash

Internal Audit noted the following:

Petty cash funds on hand exceeded the authorized balance per the County's subsidiary ledger.

Recommendation

Internal Audit recommends that the *District Court* transfer the excess funds to the County for deposit into the General Fund. The *District Court's* combined change / petty cash fund balance must always reconcile to the amount recorded on the General Ledger.

Auditee Response

Court Staff have been instructed that in the future, "found" change on the floor must be forwarded to the County instead of being placed in the petty cash fund.

Finding 2: Cash

Internal Audit noted the following:

In one (1) instance, *District Court* staff failed to reconcile the bank statement to the books in a timely manner.

Recommendation

Internal Audit recommends that the *District Court* complete all accounting functions in a timely manner to ensure stronger internal controls.

Auditee Response

The only delays in reconciliation of bank statements occurred when the Office Manager position was vacant. During that time, all Office Manager duties were the responsibility of Court Administration.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-01

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDKEEPING

Finding 1: Missing File

Internal Audit noted the following:

One (1) case file selected randomly for testing could not be located.

Recommendation

Internal Audit suggests that greater care be exercised to ensure that case files are properly maintained. It is the responsibility of the *District Court* to maintain complete and accurate case files.

Auditee Response

Proper filing procedures have been reviewed with all Court Staff.

II. COMPLIANCE WITH POLICIES AND PROCEDURES

In order to test compliance with all applicable policies and procedures, Internal Audit selected a statistical sample of 20 case files out of a total population of 3,471 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 caseload. We believe the results of our tests are representative of the entire population on the basis of accepted audit sampling principles.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-01

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Manual Receipts

Internal Audit noted the following:

- In one (1) instance, a complete set of printed manual receipts could not be located by the *District Court*. No documentation was found to indicate that the manual receipts were voided and shredded.
- In one (1) instance, a single printed manual receipt could not be located from the newest set of manual receipts.

Recommendation

Internal Audit recommends that the *District Court* ensure all manual receipts are accounted for by retaining all voided manual receipts and by properly safeguarding manual receipts which are currently available for use.

Auditee Response

The importance of accurate recordkeeping has been reviewed with Court Staff. The missing manual receipts were discovered by the Court's new administration prior to the audit. Actions were taken to document and correct this discovery. New receipts were printed by Court Administration, and it appears that the final page of manual receipts became separated from the print job.

Finding 2: Cash Disbursements

Internal Audit noted the following:

In one (1) instance, the *District Court* entered the wrong remitter when receipting bail.

Recommendation

Internal Audit recommends that the *District Court* exercise greater care to ensure that all transaction documentation is accurately completed.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-01

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 2: Cash Disbursements (continued)

Auditee Response

The importance of accurate data entry has been reviewed with all Court Staff.

Finding 3: Voided Disbursements

Internal Audit noted the following:

In sixteen (16) instances, a check was not escheated in accordance with the District Justice Automated Office Clerical Procedures Manual.

Recommendation

Internal Audit recommends that members of the staff exercise greater care to ensure checks are escheated within 120 days as directed by the District Justice Automated Office Clerical Procedures Manual.

Auditee Response

The delayed escheating of funds to the County was discovered by the Court's new administration prior to the audit. The delays occurred when the Office Manager position was vacant. During that time, all Office Manager duties were the responsibility of Court Administration. Actions were taken by the Court's new Office Manager to escheat all overdue monies.

**COUNTY OF CHESTER**

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

**SUMMARY OF EXIT CONFERENCE**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

Magisterial District Judge Analisa Sondergaard indicated through a written confirmation, that an exit conference would be waived for this year. The Magisterial District Judge has accepted the audit report and management letter as presented.