

*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, 2009*

*Valentino F. DiGiorgio III*  
Valentino F. DiGiorgio, III, Controller

**To: Magisterial District Judge Gregory V. Hines**

### **Introduction**

On June 24, 2010, 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 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 Compliance and Internal Control over Financial Reporting concurrent with this Management Letter. Disclosures and other information in that Report (also dated June 24, 2010) 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. Also, Internal Audit noted no significant deficiencies or material weaknesses in the overall internal control structure.

Minor findings involving internal control and compliance with policies and procedures are 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, 2009**

**I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS**

RECONCILIATION/RECORDING

Finding 1: Cash Adjustments

Internal Audit noted the following:

- In 1 instance, the appropriate debit adjustment was processed by the *District Court* because of a difference between the book and bank deposit amount on May 13, 2009. To date, the bank has not been contacted to explain their posting and/or to reverse the entry.

Recommendation

Internal Audit recommends that the *District Court* exercise greater care when processing cash adjustments needed to reconcile their bank account at month-end. Every debit adjustment requires a subsequent credit adjustment and vice-versa. Corrective action should be taken as soon as discrepancies between book and bank deposits occur. Continuous follow-up is required until the items are corrected and the *District Court* can process the appropriate debit/credit adjustment.

Auditee Response

*District Court management concurs with the 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 20 case files out of a total population of 4,934 case files created in 2009. 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.

**COUNTY OF CHESTER**  
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**FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

Finding 1: Stale-dated Checks

Internal Audit noted that stale-dated checks were not being voided/escheated in a timely manner.

Recommendation

Internal Audit recommends that District Court staff adhere to the stale-dated check procedures as outlined in the District Justice Automated Office Clerical Procedures Manual.

Auditee Response

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

Finding 2: Cash Receipts

Internal Audit noted the following:

- In 1 instance, a non-pay receipt for a Landlord/Tenant Civil docket did not have the required Informa Pauperis Affidavit/Petition attached to the case file.

Recommendation

Internal Audit recommends that the *District Court* exercise greater care to ensure that appropriate documentation and support are attached to case files for which a non-pay receipt has been processed.

Auditee Response

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

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**FOR THE YEAR ENDED DECEMBER 31, 2009**

**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

Finding 3: Voided Disbursements

Internal Audit noted the following:

- In 1 instance, a copy of the replacement check for a voided disbursement was not attached to the case file.

Recommendation

Internal Audit recommends that a copy of all voided checks be attached to the appropriate case file and be labeled “void/stale/lost” to ensure complete and accurate records.

Auditee Response

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

Finding 4: Overall Compliance

Internal Audit noted the following:

- In 1 instance, the citation “Certification of Disposition” was not completed with the adjudication, sentence, and signature and seal of the district judge on a case which was closed.
- In 1 instance, a warrant was not recalled after 60 days of issuance.

**COUNTY OF CHESTER**  
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**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

Finding 4: Overall Compliance (continued)

Recommendation

Internal Audit recommends that the citation “Certification of Disposition” be completed upon adjudication of the case. Internal Audit also recommends that the *District Court* staff adhere to the procedures regarding the issuance and recalling of warrants as outlined in the District Justice Automated Office Clerical Procedures Manual. Per the AOPC procedures, warrants are to be recalled 60 days of the issuance date.

Auditee Response

*District Court management concurs with the findings and recommendations.*

**COUNTY OF CHESTER**

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

**SUMMARY OF EXIT CONFERENCE**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

An exit conference is not warranted for the 12/31/09 audit. The findings were reviewed and discussed at a Closing Conference held on June 7, 2010. Magisterial District Judge Gregory V. Hines has accepted the Audit Report and Management Letter as presented.