

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



*Management Letter
Magisterial District Court 15-3-01
For the year ended December 31, 2009*

Valentino F. DiGiorgio III

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge James V. DeAngelo

Introduction

On August 5, 2010, Internal Audit completed an audit of Magisterial District Court 15-3-01 (*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 August 5, 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. We noted no significant deficiencies or material weaknesses in the overall internal control structure. Several matters of a lesser significance 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 15-3-01

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2009

I. 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 5,426 case files created in 2009. In addition, we performed other related tests of cash/escrow payable, 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: Cash Disbursements

- In 2 instances, a check form was manually voided, but not entered in the AOPC computer system. As a result, the 2 check numbers did not appear on the 2009 Check Register.

Recommendation

Internal Audit recommends that all checks used by the *District Court* be entered into the AOPC computer system to provide an accurate and complete record of all check numbers used.

Auditee Response

Checks were voided on the same day, however, check numbers were not removed from the check register first before voiding. The checks should have been marked "unusable" to keep the numbers on the register. Per the Help Desk, because they were voided, cannot add this information to the check register now.

Finding 2: Voided Transactions

Internal Audit noted the following:

- In 1 instance, the voided receipt attached to the case file was not labeled "void".
- In 1 instance, the voided receipt was not attached to the case file.
- In 1 instance, the office copy of a voided check was not labeled "void/stale/lost".
- In 1 instance, the voided check copy attached to the case file was not labeled "void/stale/lost".

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

I. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 2: Voided Transactions (continued)

Recommendation

Internal Audit recommends that the *District Court* staff exercise greater care in labeling all voided receipts and disbursements and that all forms and documents be included in the appropriate case file to ensure complete and accurate records.

Auditee Response

All the voided transaction exceptions have been corrected by the District Court as of 7/8/10.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-01

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2009

On August 3, 2010 Magisterial District Judge James V. DeAngelo indicated through a written confirmation that an exit conference would be waived for this year. The findings were reviewed and discussed at a closing conference held on July 23, 2010. Magisterial District Judge DeAngelo has accepted the Audit Report and Management Letter as presented.