

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



*Management Letter
Magisterial District Court 15-4-04*

For the year ended December 31, 2009

Valentino F. DiGiorgio III

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Matthew Seavey

Introduction

On June 14, 2010, Internal Audit completed an audit of Magisterial District Court 15-4-04 (*District Court*). Sharon Kaye Jones, CIA, was the auditor-in-charge and was assisted by one additional member of the audit staff. 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 14, 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. Minor findings involving compliance are included within this Management Letter.

We would 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) 344-5913 should you have any questions or concerns.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-04

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 20 case files out of a total population of 4,885 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 caseload. We believe the results of our tests are representative of the entire population on the basis of accepted audit sampling principles.

Finding 1: Stale-Dated Checks

- In 4 instances, stale dated checks were not voided/escheated in a timely manner.

Recommendation

Disbursements that remain outstanding for a period that exceeds the official *void date* printed on the check (60 days) should be considered stale and non-negotiable. These checks should be voided and held until proper due diligence has been performed. Should follow-up procedures prove unsuccessful, the items should then be forwarded to the County for future escheatment to the state.

Auditee Response

District Court management concurs with the audit findings and recommendations.

Finding 2: Overall Compliance

Internal Audit noted the following:

- In 1 instance, a warrant was not recalled after 60 days of issuance.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-4-04
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009

I. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 2: Overall Compliance (continued)

Recommendation:

Steps should be taken to ensure that outstanding warrants are recalled after 60 days from the original issue date in accordance with AOPC mandates.

Auditee Response

District Court management concurs with the audit findings and recommendations.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-4-04

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2009

An exit conference was not warranted for the audit of District Court 15-4-04. The report has been accepted as presented.