

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



*Management Letter
Magisterial District Court 15-2-01
For the year ended December 31, 2008*

Valentino F. DiGiorgio III

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Theodore P. Michaels

Introduction

On December 15, 2009, Internal Audit completed an audit of Magisterial District Court 15-2-01 (*District Court*). Carissa M. Petrelia 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 December 15, 2009) 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 internal control and compliance are included within this Management Letter. There were no significant internal control weaknesses identified. 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 the following:

- Oversight
- Human error.

Internal Audit 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) 344-6064 should you have any questions or concerns.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-2-01
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDING / RECONCILIATION

Finding 1: Escheated Checks

Internal Audit noted that the District Court did not escheat stale-dated checks in a timely manner.

Recommendation

Internal Audit recommends that the District Court exercise greater care when escheating checks.

Auditee Response

We acknowledge that stale checks should be escheated within 120 days and will comply.

II. 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 7,919 case files created in 2008. In addition, we performed other related tests of cash receipts, cash disbursements, manual receipts, undisbursed funds, and voided transactions. Sample sizes for the tested areas were 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 Receipts

Internal Audit noted that in 1 instance the District Court did not collect the total amount of fines and costs on a civil case at the time of docketing the case.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-2-01
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Cash Receipts (continued)

Recommendation

Internal Audit recommends that *District Court* management reemphasize to the staff the importance of collecting the total fines and costs for a civil case at time of opening the case. Zero payment receipts are only allowed on a civil case where the defendant is found indigent or is a 2nd Class Township.

Auditee Response

The zero payment was entered in order to open a case where the plaintiff had sent in the wrong amount. We had since stopped this practice and this will not occur again. In all cases the correct filing fee was collected and submitted.

Finding 2: Voided Disbursements

Internal Audit noted that in 1 instance, a check older than 5 years was reissued.

Recommendation

Internal Audit recommends that *District Court* not reissued checks older than 5 years because these monies have already been sent to the State from the County.

Auditee Response

This was an extremely unusual event that will not happen again.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-2-01
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2008

An exit conference was not warranted for the audit of Magisterial District Court 15-2-01. Magisterial District Judge Theodore P. Michaels chose to accept the report as presented.