

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



*Management Letter
Magisterial District Court 15-2-07
For the year ended December 31, 2008*

Valentino F. DiGiorgio, III

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge Stanley Scott

Introduction

On July 6, 2009, Internal Audit completed an audit of Magisterial District Court 15-2-07 (*District Court*). Robert Pinkos, 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 this report (also dated July 6, 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. Internal Audit noted no matters of a significant nature in the area of compliance or in the overall internal control structure. Internal Audit only noted minor findings involving compliance and is included within this Management Letter. Our observations and testing revealed a knowledgeable and well-trained staff.

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) 344-5906 should you have any questions or concerns.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-2-07

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2008

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 8,575 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 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

A debit adjustment was recorded in error on 4/8/08 and remained outstanding until 6/13/08, when it was cleared and an offsetting credit adjustment was recorded to correct the error.

Recommendation

Internal Audit recommends that when performing the monthly bank reconciliation, any adjustment recorded must be cleared at that time. Only checks, which are outstanding and deposits in transit can remain outstanding on the Bank Reconciled Statement after completing the monthly bank reconciliation. Management should review this report after the bank reconciliation is completed to ensure that all adjustments have been cleared.

Auditee Response

District Court management concurs with the audit finding and recommendation.

Finding 2: Undisbursed Funds

Internal Audit noted that \$27.50 was receipted on 11/3/08 for server fees. The server completed the service requested on 11/6/08 but the funds were not disbursed until 1/8/09.

Recommendation

Internal Audit recommends that the *District Court* disburse server fees once the service requested is completed. Internal Audit also recommends that management review the Undisbursed Funds Report frequently to ensure funds are disbursed in a timely manner.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-2-07
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

I. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 2: Undisbursed Funds (continued)

Auditee Response

District Court management concurs with the audit finding and recommendation.

Finding 3: Voided Transactions

Internal Audit noted the following:

- In 1 instance, a voided receipt in the case file was not labeled “void.”
- In 1 instance, a replacement receipt for the original voided receipt was not attached to the case file.
- In 1 instance, a voided receipt was not attached to the case file.
- In 2 instances, voided check copies were not attached to the case file.
- In 2 instances, stale dated checks were not voided / escheated in a timely manner.

Recommendation

Internal Audit recommends that the *District Court* staff exercise greater care in labeling all voided receipts and disbursements and to ensure that all forms and records pertaining to the case file are included. Internal Audit also recommends that *District Court* management monitor the list of outstanding checks monthly in order to void and escheat stale dated checks in a timely manner.

Auditee Response

District Court management concurs with the audit finding and recommendation.

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MAGISTERIAL DISTRICT COURT 15-2-07
FINDINGS AND RECOMMENDATIONS
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II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 4: Overall Compliance

Internal Audit noted 1 instance, where the citation was not properly sealed and completed after adjudication.

Recommendation

Internal Audit recommends that the *District Court* staff exercise greater care to ensure all citations are signed, sealed, and completed properly after adjudication.

Auditee Response

District Court management concurs with the audit finding and recommendation.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-2-07
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2008

An exit conference was not warranted for the audit of Magisterial District Court 15-2-07. Magisterial District Judge Stanley Scott has accepted the report as presented.