

*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, 2007

Valent D. Giorgio

Valentino F. DiGiorgio, III, Controller

To: Magisterial District Judge James V. DeAngelo

Introduction

On December 19, 2008, Internal Audit completed an audit of Magisterial District Court 15-3-01 (*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.

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 internal controls and non-compliance are included within this management letter. It does not appear that these matters are the result of deliberate misconduct but are instead the consequence of human error, oversight, and failure to follow up with cash adjustments and reimbursements.

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 15-3-01

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2007

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECONCILIATION

Finding 1: Cash / Escrow Payable

Internal Audit noted the following:

- In 2 instances, the deposit slip total was filled out incorrectly for more money than the *District Court* collected for the day. The bank did not catch these errors and credited their account for the incorrect amounts, which were \$25.00 and \$0.50 too much.
- In 2 instances, the *District Court* was charged Nova Supply bank fees in the amount of \$37.67 and \$21.99 but never requested reimbursement from District Justice Administration.

Recommendation

Internal Audit recommends that management contact the bank to notify them of the errors and to have the bank debit the account for \$25.50. Once the bank debits the account, management can then make the offsetting debit adjustments to reconcile the account. We also recommend the staff exercise greater care in ensuring that the receipt amounts and total amount listed on the deposit slip reconcile to the daily balancing report amounts. If the amounts do not match, the staff needs to determine why and correct the deposit slip before the deposit is taken to the bank.

Internal Audit also recommends that management request reimbursement from District Justice Administration for the Nova Supply bank fees totaling \$59.66. When reimbursement is received, the *District Court* should make a separate deposit and an offsetting credit adjustment to the account. Management should be reminded that valid bank fees charged to the account need to be reimbursed by District Justice Administration as soon as they are incurred.

Auditee Response

District Court management concurs with the audit finding and recommendation.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-01

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2007

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECONCILIATION

Finding 2: Petty Cash

A physical count of the *District Court's* change / petty cash fund exceeded the balance recorded on the County's General Ledger by \$1.00.

Recommendation

Internal Audit recommends that the *District Court* transfer the excess funds to the County for deposit into the General Fund. The *District Court's* combined change / petty cash fund balance must always agree to the amount recorded on the General Ledger. Any over / under difference must be either transferred to or from the General Fund.

Auditee Response

District Court management concurs with the audit finding and recommendation.

RECORDKEEPING

Finding 1: Case Files

The *District Court* could not locate 2 case files that Internal Audit requested for review.

Recommendation

Internal Audit recommends that *District Court* management re-emphasize to the staff the importance of properly filing closed case files. Case files should be readily accessible for review by Internal Audit.

Auditee Response

District Court management concurs with the audit finding and recommendation.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-01

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2007

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDKEEPING

Finding 2: Daily Deposit

Internal Audit noted that a deposit was not taken to the bank for deposit within 1 business day of receipting the monies.

Recommendation

Internal Audit recommends that *District Court* management ensure that all monies receipted daily are deposited in the bank on the same day or on the next business day.

Auditee Response

District Court management concurs with the audit finding and recommendation.

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 6,951 case files created in 2007. 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: Undisbursed Funds

Internal Audit noted 2 instances, where funds placed in collateral were not disbursed in a timely manner.

Recommendation

Internal Audit recommends that collateral should be disbursed or applied as soon as allowable on cases which have been closed and/or adjudicated. Also, the undisbursed funds report should be reviewed, at least, on a monthly basis to follow up on any dated funds.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-01

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2007

I. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Undisbursed Funds (continued)

Auditee Response

District Court management concurs with the audit finding and recommendation.

Finding 2: Voided Transactions

Internal Audit noted the following:

- In 1 instance, a voided receipt was not properly marked “void.”
- In 2 instances, a copy of the replacement check for the voided check was not attached to the case file.
- In 1 instance, the office copy of a voided check was not properly marked “void/stale/lost.”
- In 9 instances, stale dated checks were not voided and 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.

COUNTY OF CHESTER

MAGISTERIAL DISTRICT COURT 15-3-01

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2007

I. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 3: Overall Compliance

Internal Audit noted the following:

- In 1 instance, a DL-38 license suspension notification was not issued in a timely manner after the defendant failed to respond to a citation.
- In 1 instance, the certification of disposition was not completed after the adjudication was made and the case was closed.
- In 1 instance, a warrant was not issued in a timely manner after the defendant failed to respond to a Notice of Impending Warrant of Arrest.
- In 4 instances, the citation was not initialed by the clerk upon receipt into the Court.
- In 1 instance, a hearing notification was not attached to the case file.
- In 1 instance, a warrant was not issued after the defendant failed to respond to a citation.

Recommendation

Internal Audit recommends that *District Court* management reemphasize to the staff the importance of adhering to the docketing, billing, and collection procedures as outlined in the District Justice Automated Office Clerical Procedures Manual.

Auditee Response

District Court management concurs with the audit finding and recommendation.

COUNTY OF CHESTER
MAGISTERIAL DISTRICT COURT 15-3-01
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2007

An exit conference was not warranted for the audit of Magisterial District Court 15-3-01. Magisterial District Judge James V. DeAngelo has accepted the report as presented.