

*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, 2008*

*Valentino F. DiGiorgio, III*

Valentino F. DiGiorgio, III, Controller

**To: Tricia Norwood-Foden, Minor Judiciary Administrator**

### **Introduction**

On December 17, 2009, Internal Audit completed an audit of Magisterial District Court 15-4-04 (*District Court*). Sharon Kaye Jones, 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 December 17, 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.

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, 2008**

**I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS**

RECONCILIATION

Finding 1: Cash / Escrow Payable

A prior year recommendation to correct a \$615 duplicate payment was not addressed and resolved in a timely manner.

Recommendation

All adjustments to cash must be processed in a timely manner to ensure that the checking account balance accurately reflects monies owed to the State, County, municipalities and individuals.

Auditee Response

*District Court management concurs with the audit finding and recommendation.*

**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 6,080 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 caseload. 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

In 2 instances, collateral was not refunded in a timely manner.

Recommendation

Internal Audit would like to remind the *District Court* that once a case has been adjudicated and charges have been withdrawn, the defendant should be processed a refund in a timely manner. An acceptable timeframe would be within 4 weeks.

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-4-04**

**FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

**II. COMPLIANCE WITH POLICIES AND PROCEDURES**

Finding 1: Undisbursed Funds (continued)

Auditee Response

*District Court management concurs with the audit finding and recommendation.*

Finding 2: Stale-Dated Checks

In 5 instances, a stale dated check was not voided 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 finding and recommendation.*

**COUNTY OF CHESTER**

**MAGISTERIAL DISTRICT COURT 15-4-04**

**SUMMARY OF EXIT CONFERENCE**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

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