



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

**Management Letter
For the Year Ended
December 31, 2015**

County of Chester
Office of the Clerk of Courts

Management Letter

A handwritten signature in blue ink, appearing to read "N. MacQueen".

Norman MacQueen, Controller

To: Robin Marcello, Clerk of Courts

Introduction

On September 7, 2016, Internal Audit completed an audit of the Office of the Clerk of Courts (*Clerk*) for the year ended December 31, 2015. Carissa M. Petrelia was the auditor-in-charge and was assisted by Sharon Kaye Jones. Internal Audit is required by County Code to review county offices annually to ensure compliance with policies and procedures 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
- Escheats/Stale Dated Checks

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 Internal Control over Financial Reporting and on Compliance and Other Matters concurrent with this management letter. Disclosures and other information in that Report (also dated September 7, 2016) should be considered in conjunction with this Management Letter.

Executive Summary

For the year ended December 31, 2015, Internal Audit has determined that the *Clerk's* system of internal controls is adequately *designed, in-place* and *operative*. The results of this audit indicate that, in all material respects:

- Assets are properly safeguarded from employee theft, robbery and unauthorized use
- Responsibility / Authority is established and assigned to specific individuals
- Duties (specifically authorization, custody and recordkeeping) are properly segregated
- Documents are available to provide evidence that transactions and events have occurred
- Transactions and events are properly recorded in a timely manner
- Reconciliations of internal records with bank statements occur monthly

In addition, the *Clerk* was found to be in compliance with policies and procedures mandated by the County of Chester except as outlined on the pages that follow. ***Audit Findings*** and ***Recommendations*** are provided herein for your review, comment and corrective action. The courtesy of a response is requested by August 29, 2016, otherwise in accordance with Internal Audit Policy, the absence of a response by the due date will be inferred as management's acceptance of the finding(s) and recommendation(s).

We thank the management and staff of the *Clerk* for their cooperation and assistance during the course of this review. Please feel free to contact our office at (610) 344-6064 should you have any questions or concerns or if you wish to schedule an exit conference. An exit conference is held at the request of the auditee to discuss specific concerns that were not resolved during the closing conference.

A final copy of this management letter and the corresponding Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters will be transmitted electronically to your attention upon receipt of your responses. In addition, since audit reports are a matter of public record, your final report and management letter will be posted on the Controller's webpage within one week of issuance.

A handwritten signature in blue ink, appearing to read 'N MacQueen', with a large circular flourish at the end.

Norman MacQueen
Controller

September 7, 2016

COUNTY OF CHESTER
OFFICE OF THE CLERK OF COURTS
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

Cash and Petty Cash

Cash is reconciled and cash adjustments are reviewed at 100%. Petty cash is counted during the course of the on-site fieldwork.

There were no internal control or procedural weaknesses noted.

Liabilities

Liability balances are reconciled and reviewed at 100%; specifically to ensure accurate recording of liabilities and the verification of subsequent payments following year end.

There were no internal control or procedural weaknesses noted.

For the following areas, transactions are reviewed on a sample basis according to risk. The current year risk assessment is based on prior year audit results.

Cash Receipts

The sample size tested for the year ended 12/31/15 was determined to be 20 out of a population of 64,046 receipts issued during the year.

There were no internal control or procedural weaknesses noted within our sample.

Retained Unapplied

Retained unapplied balances are reviewed at 100%; specifically to ensure that monies are either refunded or applied in a timely manner.

Finding 1: Retained Unapplied

Internal Audit noted that in seven (7) instances a refund was not issued in a timely manner.

Cause

Oversight

COUNTY OF CHESTER
OFFICE OF THE CLERK OF COURTS
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

Retained Unapplied (continued)

Finding 1: Retained Unapplied (continued)

Recommendation

Internal Audit recommends that refunds be made to interested parties within a month of receipt.

Auditee Response

Please refer to page 9 for Auditee Response.

Manual Receipts

The sample size tested for the year ended 12/31/15 was determined to be 25. The sample was to be allocated based on the percentage of manual receipts issued by the department. The allocation was as follows:

- One (1) out of a population of one (1) manual receipt issued by the *Clerk* in 2015.

(The remaining 24 were tested as part of the Audit of the Office of Adult Probation (*APO*). These results are addressed under separate cover to the Chief Probation Officer.)

There were no internal control or procedural weakness noted with in our sample of manual receipts issued by the *Clerk*.

Cash Disbursements

The sample size tested for the year ended 12/31/15 was determined to be 20. The sample was to be allocated between the four (4) accounts maintained and reconciled by the *Clerk* and the one (1) Fines, Costs and Restitution account belonging to the *Clerk* but maintained and reconciled by *APO*. The allocation was as follows:

- One (1) *CPCMS* Bail Escrow disbursement from the DNB First checking account out of a population of 474 checks created in 2015.
- One (1) *CPCMS* Filing Fee disbursement from the DNB First checking account out of a population of 31 checks created in 2015.

COUNTY OF CHESTER

OFFICE OF THE CLERK OF COURTS

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

Cash Disbursements (continued)

- One (1) *CPCMS* Summary Appeal Escrow disbursement from the DNB First checking account out of a population of 534 checks created in 2015.
- One (1) Legacy Summary Appeal / Bail Escrow disbursement from the DNB First checking account out of a population of one (1) check created in 2015.

(The remaining 16 disbursements were allocated to the DNB First Fines, Costs and Restitution account which was tested as part of the Audit of *APO*. These results are addressed under separate cover to the Chief Probation Officer.)

There were no internal control or procedural weaknesses noted within our sample of disbursements issued by the *Clerk*.

Voided Receipts

The sample size tested for the year ended 12/31/15 was determined to be 15 out of a population of 234 receipts voided in 2015. The sample was allocated between the four (4) accounts maintained and reconciled by the *Clerk* and the one (1) Fines, Costs and Restitution account belonging to the *Clerk* but maintained and reconciled by *APO*. The allocation was as follows:

- One (1) *CPCMS* Bail Escrow receipt out of a population of eight (8) receipts voided in 2015.
- One (1) *CPCMS* Summary Appeal Escrow receipt out of a population of one (1) receipt voided in 2015.
- Two (2) *CPCMS* Filing Fee receipt out of a population of 38 receipts voided in 2015.
- There were no Legacy account receipts issued or voided in 2015.

(The remaining 11 voided receipts were selected from the Fines, Costs and Restitution account which were tested as part of the Audit of *APO*. These results are addressed under separate cover to the Chief Probation Officer.)

There were no internal control or procedural weaknesses noted within our sample of receipts voided by the *Clerk*.

COUNTY OF CHESTER

OFFICE OF THE CLERK OF COURTS

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

Voided Disbursements

The sample size tested for the year ended 12/31/15 was 10 out of a population of 226 disbursements voided in 2015. The sample was allocated between the four (4) accounts maintained and reconciled by the *Clerk* and the one (1) Restitution account belonging to the *Clerk* which is maintained and reconciled by *APO*. The allocation was as follows:

- One (1) *CPCMS* Bail Escrow disbursement out of a population of six (6) checks voided in 2015.
- One (1) *CPCMS* Summary Appeal Escrow disbursements out of a population of 38 checks voided in 2015.
- There were no voided disbursements for the *CPCMS* Filing Fee account nor the Legacy Summary Appeal / Bail Escrow account.

(The remaining eight (8) voided disbursements were selected from the Fines, Costs and Restitution account which were tested as part of the Audit of *APO*. These results are addressed under separate cover to the Chief Probation Officer.)

There were no internal control or procedural weaknesses noted within our sample of disbursements voided by the *Clerk*.

Unclaimed Property / Escheats

The sample size tested for the year ended 12/31/15 was 15 out of a population of 281 items escheated in 2015. The sample was allocated between the *Clerk* and *APO*. The allocation was as follows:

- Two (2) escheated items out of a population of 40 items escheated in 2015 by the *Clerk*.

(The remaining 13 escheated items were selected from *APO*. These results are addressed under separate cover to the Chief Probation Officer.)

There were no internal control or procedural weaknesses noted within our sample of unclaimed property / escheats completed by the *Clerk*.

COUNTY OF CHESTER
OFFICE OF THE CLERK OF COURTS
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

Automation Fund Disbursements

Automation Fund disbursements are tested at 100% specifically to ensure that money in the account is used in accordance with PA House Bill 1715, Act 98-164.

There were no internal control or procedural weaknesses noted.

COUNTY OF CHESTER
OFFICE OF THE CLERK OF COURTS
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2015

An exit conference was not warranted for the audit of the Office of the Clerk of Courts. The Clerk of Courts, Robin Marcello has accepted the report as presented.



THE COUNTY OF CHESTER



OFFICE OF THE CLERK OF COURTS

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ROBIN L. MARCELLO
Clerk of Courts

LINDA S. SPAK
First Deputy

DATE: August 26, 2016

TO: Norman MacQueen, Controller, County of Chester

FROM: Robin L. Marcello, Clerk of Courts, County of Chester 

SUBJECT: Auditee Response to Office of the Clerk of Court Audit Finding

REFERENCE: (A) County of Chester, Office of the Clerk of Courts Management Letter for the Year ended December 31, 2015

Reference (A) states, "For the year ended 12/31/15, Internal Audit has determined that the Clerk's system of internal controls is adequately designed, in-place and operative."

Finding 1: Retained Unapplied

Internal Audit noted that in seven (7) instances a refund was not issued in a timely manner.

Recommendation

Internal Audit recommends that refunds be made to interested parties within a month of receipt.

Auditee Response

The Auditee uses CPCMS (Common Pleas Court Management System) as the required docketing and financial management system throughout the Commonwealth. The seven (7) items were identified as a check or money order reflecting overpayments as follows: one (1) overpayment of \$1; five (5) overpayments of \$2 each; one (1) overpayment of \$10.

The CPCMS system places an automatic-fourteen (14) day hold on all checks and money orders. Depending upon the timing of the when the check or money order is received, deposited, and the hold put in place, including other factors, this could result in a refund being processed after 30 days, which is a CPCMS system control based upon best practices and does not constitute a failure of internal controls or oversight. The Auditee will look to discuss the implementation of a consistent, uniform 45 day refund policy in lieu of the current Internal Audit recommendation of one month so that it is consistent with the Clerk's Restitution account handled by the Adult Probation Department, which is 45 days on refunds.