

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



*Management Letter
Office of the Prothonotary
For the year ended December 31, 2007*

Valentino F. DiGiorgio, III

Valentino F. DiGiorgio, III, Controller

To: Bryan Walters, Prothonotary

Introduction

On March 4, 2008, Internal Audit completed an audit of the *Office of the Prothonotary (Prothonotary)* for the year ended December 31, 2007. Gretchen W. Sohn, CIA, was the auditor-in-charge and was assisted by 2 additional auditors. 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/Escrow Payable
- Petty Cash/Change Fund
- Accounts Receivable
- Accounts Payable
- Cash Receipts
- Manual Receipts
- Cash Disbursements
- Voided Transactions
- Unclaimed Property – Escheats.
- Automation Fee Fund

Executive Summary

The management and staff of the *Prothonotary* are, in all material respects, in compliance with policies and procedures set forth by the County of Chester, the Commonwealth, and the *Prothonotary*.

Findings involving both the internal control structure and the compliance with policies and procedures are included in this Management Letter. Based on Internal Audit's testing and observations, it is our opinion that these deficiencies are not the result of negligence, but are instead the consequence of one or more of the following:

- Oversights
- Human error

Internal Audit would like to thank the management and staff of the *Prothonotary* for their cooperation and assistance during the course of this audit. Internal Audit noted a considerable improvement in the areas audited and wish to commend the Prothonotary and his accounting staff for taking the necessary actions to resolve the issues addressed in last year's 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) 344-6797 should you have any questions or concerns.

COUNTY OF CHESTER
OFFICE OF THE PROTHONOTARY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDKEEPING/RECONCILIATION

Finding 1: Payments to the State

Internal Audit noted that the February 2007 payment to the State was 25¢ too much. The number of “Transcripts and Appeals” (110) from the system report was inadvertently carried over to the State Report as 111. Internal Audit also noted that a prior year’s audit exception was not corrected. The June 2006 payment to the State was 4¢ short. The net effect of these 2 calculation errors is that the State was overpaid by 21¢.

Recommendation

Internal Audit recommends that the bookkeeper be more careful when completing the monthly State report. Internal Audit also recommends that the check signers review more carefully the support given to them before signing the check. To correct the exceptions, the bookkeeper must short the next payment to the State by 21¢.

Auditee Response

See management’s responses on pages 5-6.

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Voided Disbursements

Internal Audit noted the following:

- In 4 instances, the signature line of the original voided check was not cut-out and/or defaced.
- In 2 instances, check stubs were not properly labeled “void”.

COUNTY OF CHESTER
OFFICE OF THE PROTHONOTARY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Voided Disbursements (continued)

Recommendation

Internal Audit recommends that all voided checks and check stubs be properly labeled as such. Internal Audit also recommends that the signatures on the original voided check be cut-out and/or defaced.

Auditee Response

See management's responses on pages 5-6.

COUNTY OF CHESTER
OFFICE OF THE PROTHONOTARY
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2007

On March 4, 2008, Prothonotary Bryan Walters indicated through a written confirmation that an exit conference would be waived for this year. All findings were discussed at length at the Closing Conference. The Prothonotary has accepted the report and management letter as presented.



OFFICE OF THE PROTHONOTARY

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Bryan D. Walters
Prothonotary

Elizabeth A. Doan
First Deputy

Holly L. Setzler
Solicitor

February 28th, 2008

Gretchen W. Sohn, CIA
Senior Auditor
Office of the Controller, County of Chester
West Chester, PA 19380

Subject: Corrective Action Plan of Internal Audit, Year Ending December 31, 2007.

Ms. Sohn:

Thank you for the courtesy and professionalism shown by your staff during the 2007 audit. This letter will address the two findings noted by your office.

Area Audited: Recordkeeping/Reconciliation

Description of Findings: The State was overpaid by the Prothonotary by the amount of 12 cents.

Auditee position: the Prothonotary concurs with this finding.

Corrective action to be implemented: The bookkeeper will double-check his calculations and the check signers will review all supporting documents before signing.

Area Audited: Compliance with Policies and Procedures

Description of Findings: four instances in which the signature line of the voided check was not cut out or defaced and two instances in which the check stubs were not labeled void.

Auditee position. The Prothonotary concurs regarding voided check stubs. The Prothonotary does not concur regarding voided checks. All noted checks were marked void across the face of the check. No voided checks, either this year or any other year, have been stolen and/or cashed. In 2004, the Prothonotary received a recommendation from the controller's office that the signature line be cut or defaced. The Prothonotary chose not to adopt this recommendation and was not cited in 2005 or 2006 for declining to adopt this recommendation. A county *policy* of defacing or cutting out the signature line was not, until the 2007 audit, communicated to the Prothonotary. We are happy to comply with this new policy and have implemented it post-audit, but we do not agree that we should be cited for declining a previous recommendation.

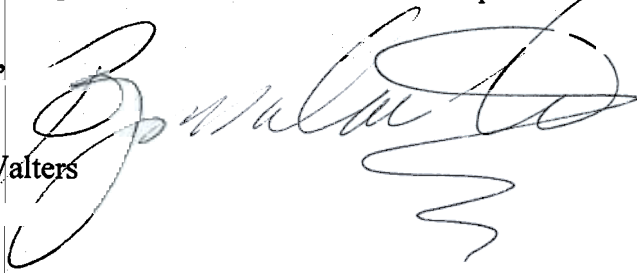
Bryan Walters
OK

Corrective action to be implemented: The bookkeeper will review all check stubs to ensure that those stubs with an associated voided check are marked void. The Prothonotary will comply with internal audit's newly communicated policy of cutting out or defacing the signature line of voided checks.

Thank you again, Gretchen, for a smooth and professional audit.

Regards,

Bryan Walters

A handwritten signature in black ink, appearing to read "Bryan Walters", written over a horizontal line. The signature is fluid and cursive, with a large initial "B" and a long, sweeping underline.