



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

**Management Letter  
For the Year Ended  
December 31, 2014**

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*County of Chester*  
*Office of Adult Probation*

Management Letter

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Norman MacQueen, Controller

**To: Christopher Murphy, Chief Adult Probation Officer**

**Introduction**

On September 8, 2015, Internal Audit completed an audit of the Office of Adult Probation (*APO*). Carissa Petrelia was the auditor-in-charge. Internal Audit is required by the Pennsylvania 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
- Liabilities
- Cash Receipts
- Retained Unapplied Balances
- Manual Receipts
- Cash Disbursements
- Voided Transactions
- Unclaimed Property / Escheats

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 8, 2015) should be considered in conjunction with this Management Letter.

**Executive Summary**

The management and staff of *APO* are in all material respects, in compliance with policies and procedures imposed by the County of Chester and by *APO*. Internal Audit noted no significant deficiencies or material weaknesses in the overall internal control structure.

Internal Audit did, however, note several matters of a lesser significance involving internal controls and compliance with policies and procedures. These matters have all been included within this management letter. Based on Internal Audit's testing and observations, it is our opinion that these deficiencies are not the result of negligence or deliberate misconduct, but are instead the consequence of one or more of the following:

- Oversight
- Human error

We want to thank the management and staff of the *APO* for their cooperation and assistance during the course of this audit.

Please feel free to contact our office at (610) 344-6064 should you have any questions or concerns.

**COUNTY OF CHESTER**  
**OFFICE OF ADULT PROBATION**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**Cash and Petty Cash**

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

Finding 1: Cash Adjustments

Internal Audit noted that in one (1) instance a deposit adjustment was not reconciled in a timely manner.

Recommendation

Internal Audit recommends that the *Supervisor* take greater care when processing deposit adjustments to ensure that they are reconciled in a timely manner.

Auditee Response

See pages 9-10 for Auditee Responses.

**General Finding**

Finding 2: Reimbursement Not Processed

Internal Audit noted that in one (1) instance did not request reimbursement for counterfeit bills received over the counter.

Recommendation

Internal Audit recommends that the *Supervisor* review the monthly reconciliation reports and compare them to prior months to ensure that the credit/debit adjustments from the previous month have been resolved. If the credit/debit adjustments have been resolved the *Supervisor* would then process the corresponding credit/debit adjustments.

Auditee Reponse

See pages 9-10 for Auditee Responses.

**COUNTY OF CHESTER**  
**OFFICE OF ADULT PROBATION**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**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 12/31/14 was 20 out of a population of 60,569 receipts generated in 2014.

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 3: Retained Unapplied**

Internal Audit noted that in (26) twenty-six 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**

See pages 9-10 for Auditee Responses.

**COUNTY OF CHESTER**

**OFFICE OF ADULT PROBATION**

**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

**Manual Receipts**

The sample size tested for the year ended 12/31/14 was determined to be 35. The sample was to be allocated based on the percentage of manual receipts issued by the department. The allocation was as follows:

- Thirty-four (34) out of a population of 205 manual receipts issued by *APO* in 2014.
- Two (2) manual receipts issued by the Clerk of Courts (*Clerk*) in 2014. These results are addressed under separate over to the Clerk of Courts.

Finding 4: Manual Receipts

Internal Audit noted that in one (1) instance a manual receipt was not entered into the Common Pleas Court Management System (*CPCMS*) on the same or next business day.

Recommendation

Internal Audit recommends that the staff take greater care when entering / processing manual receipts to ensure that they are entered on the same or next business day and that the information on the manual receipt matches what is entered into *CPCMS* and vice versa.

Auditee Response

See pages 9-10 for Auditee Responses.

**Cash Disbursements**

The sample size tested for the year ended 12/31/14 was determined to be 25. The sample was to be allocated between the four (4) accounts maintained and reconciled by the *Clerk* and the one (1) Restitution account belonging to the *Clerk* but maintained and reconciled by *APO*. The allocation was as follows:

- Twenty-one (21) *CPCMS* Fines, Costs and Restitution disbursements from the DNB First checking account out of a population of 9,681 checks created in 2014.

**COUNTY OF CHESTER**

**OFFICE OF ADULT PROBATION**

**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

**Cash Disbursements (continued)**

(The remaining four (4) disbursements were allocated to the DNB First CPCMS Bail Escrow, Filing Fee, Summary Appeal Escrow and Legacy Summary Appeal / Bail Escrow, which were tested as part of the Audit of the Clerk. These results are addressed under separate cover to the Clerk of Courts.)

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

**Voided Receipts**

The sample size tested for the year ended 12/31/14 was determined to be 15 out of a population of 287 receipts voided in 2014. 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* but maintained and reconciled by *APO*. The allocation was as follows:

- Eleven (11) *CPCMS* Fines, Costs and Restitution voided receipts out of a population of 241 receipts voided in 2014.

(The remaining four (4) voided receipts were selected from the *CPCMS* Bail Escrow, Summary Appeal Escrow, Filing Fee and Legacy Summary Appeal / Bail Escrow accounts, which were tested as part of the Audit of the *Clerk*. These results are addressed under separate cover to the Clerk of Courts.)

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

**Voided Disbursements**

The sample size tested for the year ended 12/31/14 was 15 out of a population of 236 disbursements voided in 2014. 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:

- Twelve (12) *CPCMS* Fines, Costs and Restitution voided disbursements out of a population of 224 disbursements voided in 2014.

**COUNTY OF CHESTER**

**OFFICE OF ADULT PROBATION**

**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

**Voided Disbursements (continued)**

(The remaining three (3) voided disbursements were selected from the *CPCMS* Bail Escrow, Summary Appeal, Filing Fee accounts and the Legacy Summary Appeal/Bail Escrow account which were tested as part of the Audit of the *Clerk*. These results are addressed under separate cover to the Clerk of Courts.)

Finding 5: Voided Disbursements

Internal Audit noted that in two (2) instances voided disbursements were not referenced to their replacements.

Recommendation

Internal Audit recommends that *APO* staff take greater care when voiding checks to ensure that they are referenced to their replacements and vice versa.

Auditee Response

See pages 9-10 for Auditee Responses.

**Unclaimed Property / Escheats**

Monies that have been escheated to the state are tested on a predetermined sample basis. For the year ended 12/31/14, the sample size was determined to be 48 transactions.

Finding 6: Unclaimed Property / Escheats

Over the past two (2) years Internal Audit noted that *APO* did not properly perform due diligence prior to escheating funds. In September of 2013, the Office (through a grant) acquired an individual who was assigned this task. Although it appears that some follow-up is now occurring prior to funds being escheated, documentation is inconsistent and in some cases still lacking to provide proof that attempts had been made to get restitution monies to their rightful owners.

Recommendation

Internal Audit recommends that the *Supervisor* assemble an “escheat package” every year to include a copy of the Escheat Report and any/all documentation and correspondence

**COUNTY OF CHESTER**  
**OFFICE OF ADULT PROBATION**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

Finding 6: Unclaimed Property / Escheats (continued)

for each item included on that report as evidence that the Office made a reasonable effort to contact the rightful owner of the funds before they were transferred to the Commonwealth's Bureau of Unclaimed Property.

Auditee Response

See pages 9-10 for Auditee Responses.

**COUNTY OF CHESTER**  
**OFFICE OF ADULT PROBATION**  
**SUMMARY OF EXIT CONFERENCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

An exit conference was not warranted for the audit of Adult Probation. The Chief Adult Probation Officer, Christopher Murphy has accepted the report as presented.

**CHESTER COUNTY ADULT PROBATION, PAROLE & PRETRIAL SERVICES**



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**CHRISTOPHER J. MURPHY**  
CHIEF ADULT PROBATION OFFICER

**JENNIFER M. LOPEZ**  
DEPUTY CHIEF

**SANDRA L. LARSON**  
SECTION DIRECTOR

**RICHARD J. MARINARI**  
SECTION DIRECTOR

Cash and Petty Cash

Finding 1: Cash Adjustments

Auditee Response: Account Clerk I, II and III along with the Section Director have been reminded that payments in the past for a defendant's case can't be voided but only moved from one case to another case.

General Finding

Finding 2: Reimbursement Not Processed

Auditee Response: Internal Audit recommendation has been in place since 2013.

Retained Unapplied

Finding 3: Retained Unapplied

Auditee Response: Chester County Adult Probation will enact a new policy that will state that refunds will be disbursed 45 days after a payment that results in a refund.

Manual Receipts

Finding 4: Manual Receipts

Auditee Response: Supervisor will make sure that all hand receipts are entered the next business day and in event that the Supervisor is out of the office that the Account Clerk III or Section Director will handle this responsibility.

## Voided Disbursements

### Finding 5: Voided Disbursements

Auditee Response: Account Clerk III and Crimes Victim personnel have been reminded that a replacement check needs to be documented on the due diligence form.

## Unclaimed Property/Escheats

### Finding 6: Unclaimed Property/Escheats

Auditee Response: Due Diligence has always been done before escheating funds to the State, however, the forms will be in a more organized manner for Internal Audit to review. An escheat packet will be prepared for Internal Audit each year.