



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

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

*County of Chester
Office of the Prothonotary*

Management Letter

Norman MacQueen, Controller

To: Bryan Walters, Prothonotary

Introduction

On October 13, 2015, Internal Audit completed an audit of the *Office of the Prothonotary (Prothonotary)*. Sharon Kaye Jones, CIA 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
- Federal Tax Lien Filings / Releases
- State Tax Liens Filings
- Liabilities
- Suspense Account Entries
- Cash Receipts
- Manual Receipts
- Cash Disbursements
- Voided Transactions
- Escheats / Unclaimed Property
- Automation Fund Disbursements

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 October 13, 2015) should be considered in conjunction with this Management Letter.

Executive Summary

The management and staff of the *Prothonotary* are in all material respects, in compliance with policies and procedures imposed by the County of Chester and by the *Prothonotary*. There were no matters of a significant nature related to internal controls or overall compliance noted during this audit. One matter of a lesser significance is included within this management letter and has been formally addressed with the *Prothonotary*.

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

Please feel free to contact our office at (610) 344-5913 should you have any questions or concerns.

COUNTY OF CHESTER
OFFICE OF THE PROTHONOTARY
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.

There were no internal control or procedural weaknesses noted.

Federal Tax and State Liens

Federal Tax Lien filings and releases are tested on a pre-determined sample basis specifically to ensure that processing of these transactions occurs in a timely manner. For the year ended 12/31/14, Internal Audit tested 12 liens filed and 12 liens released. State lien voucher / payment packets were reviewed at 100% for the year ended 12/31/14.

Finding 1: Federal Tax Liens

Internal audit noted that two (2) of the twelve (12) federal liens selected for testing did not appear to be receipted in a timely manner. Although the liens were properly filed upon notification from the IRS, the corresponding payments were not entered into the Courtview system until the end of the month.

Recommendation

Procedures should be put in place to ensure that lien payments from the IRS are properly entered into the Courtview system at the same time that the liens are filed on a case.

Auditee Response

The clerks at the front counter have been instructed that, before segregating multiple lien filings, those filings are to be time-stamped with the date received.

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.

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

Suspense Account Entries

Entries made to the suspense account are reviewed at 100% to ensure that only overpayments or declined filings are recorded here and that they are subsequently refunded in a timely manner.

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 29,734 receipts generated in 2014.

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

Manual Receipts

For the year ended 12/31/14, the sample size was determined to be 15 transactions.

There were no manual receipts issued in 2014.

Cash Disbursements

The sample size tested for the year ended 12/31/14 was as follows:

- 10 Operating Account disbursements out of a population of 141 checks created in 2014
- 10 Escrow Account disbursements out of a population of 132 checks created in 2014

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

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OFFICE OF THE PROTHONOTARY
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

Voided Receipts

The sample size tested for the year ended 12/31/14 was 20 out of a population of 413 receipts voided in 2014.

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

Voided Disbursements

The sample size tested for the year ended 12/31/14 was 9 out of a population of 9 disbursements voided in 2014.

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

Escheats / Unclaimed Property

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 15 transactions. Since there were only 3 reportable items escheated in 2014, Internal Audit tested at 100%.

There were no internal control or procedural weaknesses noted.

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 PROTHONOTARY
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2014

An exit conference was not warranted for the audit of the Office of the Prothonotary. The Prothonotary, Bryan Walters has accepted the report as presented.