



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

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

County of Chester
Office of Adult Probation

Management Letter

Norman MacQueen, Controller

To: Christopher Murphy, Chief Adult Probation Officer

Introduction

On September 7, 2016, Internal Audit completed an audit of the Office of Adult Probation (*APO*) 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 *APO'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, *APO* 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 10, 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 *APO* 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', is located below the main text.

Norman MacQueen
Controller

September 7, 2016

COUNTY OF CHESTER

OFFICE OF ADULT PROBATION

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

For the third consecutive year, Internal Audit noted that refunds were not issued in a timely manner. For the year ended 2015, Internal Audit noted that in four (4) instances a refund was not issued in a timely manner.

Cause

Oversight

COUNTY OF CHESTER
OFFICE OF ADULT PROBATION
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 45 days of receipt, as per department policy.

Auditee Response

Please refer to page 8 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:

- Twenty-four (24) out of a population of 188 manual receipts issued by *APO* in 2015.

(The remaining one (1) receipt was tested as part of the Office of the Clerk of Courts (*Clerk*). These results are addressed under separate cover to the Clerk of Courts.)

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

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:

- Sixteen (16) *CPCMS* Fines, Costs and Restitution disbursements from the DNB First checking account out of a population of 9,487 checks created in 2015.

(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,

COUNTY OF CHESTER

OFFICE OF ADULT PROBATION

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

Cash Disbursements (continued)

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 12/31/15 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:

- Eleven (11) *CPCMS* Fines, Costs and Restitution voided receipts out of a total population of 187 receipts voided in 2015.

(The remaining four (4) voided receipts were selected from the *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 receipts voided by *APO*.

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:

- Eight (8) *CPCMS* Fines, Costs and Restitution voided disbursements out of a population of 182 disbursements voided in 2015.

(The remaining two (2) voided disbursements were selected from the *CPCMS* Bail Escrow, Filing Fee, Summary Appeal Escrow and Legacy Summary Appeal / Bail Escrow, which

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

Voided Disbursements (continued)

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 voided by *APO*.

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:

- Thirteen (13) escheated items out of a population of 241 items escheated in 2015 by *APO*.

(The remaining two (2) escheated items 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 unclaimed property / escheats completed by *APO*.

COUNTY OF CHESTER
OFFICE OF ADULT PROBATION
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2015

An exit conference was not warranted for the audit of the Office 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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SANDRA L. LARSON
SECTION DIRECTOR

RICHARD J. MARINARI
SECTION DIRECTOR

August 10, 2016

Retained Unapplied

Finding 1: Retained Unapplied

Auditee Response: The department policy on refunding interested parties within 45 days of receipt became effective September 8th, 2015. The four (4) instances where a refund was not issued in a timely manner were prior to the effective date of this policy and were based on refunds being made within 30 days of receipt.



Chief Adult Probation Officer

8/10/16

Date