



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

**Management Letter
For the Year Ended
December 31, 2017**

*County of Chester
Office of the Sheriff*

Management Letter

Margaret Reif

Margaret Reif, Controller

To: Carolyn B. Welsh, Sheriff

Introduction

On June 4, 2018, Internal Audit completed an audit of the *Office of the Sheriff (Sheriff)* for the year ended December 31, 2017. Sharon Kaye Jones, CIA, CFE was the auditor-in-charge and was assisted by other members of the audit staff. 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
- Imprest Fund
- Liabilities/Accounts Receivable
- Cash Receipts
- Manual Receipts
- Cash Disbursements
- Voided Transactions
- Weapons Inventory

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 June 4, 2018) should be considered in conjunction with this Management Letter.

Executive Summary

For the year ended December 31, 2017, Internal Audit has determined that the *Sheriff'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 *Sheriff* was found to be in compliance with policies and procedures mandated by the County of Chester and by the *Sheriff* 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 June 6, 2018, 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 *Sheriff* for their cooperation and assistance during the course of this review. Please feel free to contact our office at (610) 344-5913 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.



Margaret Reif
Controller

June 4, 2018

COUNTY OF CHESTER
OFFICE OF THE SHERIFF
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash and Petty Cash

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

There were no internal control or procedural weaknesses noted.

Imprest Fund

The Imprest Fund Account is reconciled and reviewed at 100%; specifically to ensure accurate receipt and disbursement of Imprest funds. A sample size is selected in order to verify that proper procedures are being adhered to. The sample size tested for the year ended 12/31/17 was 10 out of a population of 25 reimbursement checks generated in 2017.

Finding 1: Imprest Fund

Internal Audit noted that in one (1) instance, a voucher was not submitted for reimbursement in a timely manner. In this particular case, the Deputy's travel expense report was not prepared until two (2) months after the prisoner transport was completed.

Cause

Oversight by Deputy
Unsuccessful follow-up by imprest fund custodians

Recommendation

Internal Audit recommends that all Deputies be reminded of their responsibility to complete and submit travel expense reports immediately upon their return from transport assignments.

Auditee Response

Deputies will be reminded of time limits.

COUNTY OF CHESTER
OFFICE OF THE SHERIFF
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

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.

Accounts Receivable

The sample size tested for the year ended 12/31/17 was 10 out of a population of 39 outstanding accounts receivable balances reported.

Finding 2: Accounts Receivable

Internal Audit noted that four (4) of the 10 open receivable balances tested were in fact satisfied prior to 12/31/17. All four (4) bills were properly paid by Tax Claim on 12/15/17 however; the payments were not entered into the Courtview system until 1/23/18. As a result, the *Sheriff's* year end accounts receivable balance due from Tax Claim was overstated by \$1,162.00 based on the sample tested.

Cause

Payment file was misplaced

Recommendation

Internal Audit recommends that the *Sheriff* exercise greater care to ensure that payments and all other sensitive documents are handled in a manner to prevent being lost or misplaced.

Auditee Response

Payments will be applied on a timelier basis.

COUNTY OF CHESTER
OFFICE OF THE SHERIFF
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Receipts

The sample size tested for the year ended 12/31/17 was 20 out of a population of 28,031 receipts generated in 2017.

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

Manual Receipts

The sample size tested for the year ended 12/31/17 was determined to be 15 out of a population of 40 manual receipts generated in 2017.

Finding 3: Manual Receipts

Internal Audit noted the following:

- In eight (8) instances, the manual receipt was not properly referenced and/or attached to the computer generated Courtview receipt. This was 20% of the total number of manual receipts issued in 2017.

Cause

Clerical error

Recommendation

Manual receipts should be properly entered into the Courtview computer system on the same or next business day unless necessary documentation related to the payment is missing or if the computer system is unavailable. Upon entering the manual receipt into Courtview, the bookkeeper should cross reference the manual receipt by either attaching it to the computer receipt, by recording the manual receipt number on the computer receipt, or both.

Auditee Response

Procedure for manual receipts will be reviewed with all involved.

COUNTY OF CHESTER
OFFICE OF THE SHERIFF
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Disbursements

The sample size tested for the year ended 12/31/17 was as follows:

- 20 Operating Account disbursements (checks) out of a population of 11,802 disbursements (checks) generated in 2017.
- 10 material Operating Account disbursements (checks) out of a population of 105 material disbursements (checks). A check in the amount of \$50,000 or over is considered to be a material disbursement, with the exception of normal re-occurring payments.

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

Voided Receipts

The sample size tested for the year ended 12/31/17 was 16 out of a population of 476 receipts voided in 2017.

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

Voided Disbursements

The sample size tested for the year ended 12/31/17 was 10 out of a population of 397 disbursements voided in 2017.

Finding 4: Voided Disbursements

Internal Audit noted that in one (1) instance a check was not properly marked “void”.

Cause

Oversight

Recommendation

Internal Audit recommends that *Sheriff* management ensure that all voids are properly marked as such.

COUNTY OF CHESTER
OFFICE OF THE SHERIFF
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

Voided Disbursements (continued)

Finding 4: Voided Disbursements (continued)

Auditee Response

Sheriff staff will be more careful when recording voided transactions.

Escheats (Unclaimed Property)

The sample size tested for the year ended 12/31/17 was 10 out of a population of 60 unclaimed property transactions.

Finding 5: Escheats (Unclaimed Property)

Internal Audit noted the following:

- In one (1) instance the escheated check number was not listed on the report.
- In one (1) instance an incorrect final transaction date was listed on the report.

Cause

Clerical error

Recommendation

Internal Audit recommends that the *Sheriff* review the escheat (unclaimed property) report before it is electronically submitted to the Commonwealth of PA. The errors that are included within this report should be communicated to the Pennsylvania Treasury Department of Unclaimed Property for correction.

Auditee Response

Sheriff staff will review report more closely before submitting.

COUNTY OF CHESTER
OFFICE OF THE SHERIFF
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

Weapons Inventory

The sample size tested for the year ended 12/31/17 was as follows:

- Weapons confiscated by the *Sheriff* in 2018 were reviewed at 100%.
- 10 Weapons confiscated by the *Sheriff* prior to 2018 and still held by the Sheriff were tested on a sample basis selected haphazardly.
- 10 Weapons removed from the *Sheriff's* possession prior to 2018 were tested on a sample basis selected haphazardly.

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

COUNTY OF CHESTER
OFFICE OF THE SHERIFF
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2017

An exit conference was not warranted for the audit of the Office of the Sheriff, Sheriff Carolyn B. Welsh, has accepted the report as presented.