



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

**Management Letter
For the Year Ended
December 31, 2018**

*County of Chester
Office of the Prothonotary*

Management Letter

Margaret Reif, Controller

Office of the Prothonotary - Executive Summary

Are there any MAJOR issues that require management's immediate action and/or attention?
(Sufficient controls are not in place to address the associated risk.) **No**

Are there any LESSER SIGNIFICANT issues that require management's action and/or attention?
(Process is not critical to the overall operation.) **No**

Are there any MINOR issues that do not require management's action and/or attention?
(Sufficient controls are in place and issue is strictly a result of human error and oversight.) **No**

Recap of Findings Identified	
0	MAJOR FINDINGS
0	LESSER SIGNIFICANT FINDINGS
0	MINOR FINDINGS

Margaret Reif

Margaret Reif, Controller

Introduction

On April 23, 2019, Internal Audit completed an audit of the Office of the Prothonotary (*Prothonotary*) for the year ended December 31, 2018. Carissa M. Petrelia was the auditor-in-charge and was assisted by other members of the audit staff. Internal Audit is required by 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 the audit included a review of the following:

- Cash and Petty Cash
- Federal Tax Lien Filings/Releases
- State Tax Lien 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 issued by the Comptroller General 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 April 23, 2019) should be considered in conjunction with this Management Letter.

Summary and Opinion

For the year ended December 31, 2018, Internal Audit has determined that the *Prothonotary'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 *Prothonotary* was found to be in compliance with policies and procedures mandated by the County of Chester and by the *Prothonotary*. A final copy of this report will be transmitted electronically to you upon receipt of your responses. In addition, since audit reports are a matter of public record, your final report will be posted on the Controller's webpage within one week of issuance.

Methodology

Internal Audit interviewed key personnel, observed operations, reviewed written policies, procedures, system reports and source documents, and tested specific transaction activity where applicable.

Cash is reconciled and reviewed at 100%.

Petty cash is counted during the course of the on-site fieldwork. Outstanding vouchers are reviewed.

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 12/31/18, Internal Audit tested 12 liens filed and 12 liens released. State lien voucher / payment packets were reviewed at 100% for the year ended 12/31/18.

Liability balances are reconciled and reviewed at 100%.

Suspense account entries 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.

Cash receipts are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 20 out of a population of 28,988 receipts generated in 2018.

Manual receipts are tested on a sample basis. There were no manual receipts used in 2018.

Cash disbursements are tested on a sample basis. The sample size tested for the year ended 12/31/18 was as follows:

- 9 Operating Account disbursements out of a population of 94 checks created in 2018.
- 10 Escrow Account disbursements out of a population of 129 checks created in 2018.

Voided receipts are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 15 out of a population of 192 receipts voided in 2018.

Voided disbursements are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 6 out of a population of 6 disbursements voided in 2018.

Escheats are tested on a sample basis. The sample size tested for the year ended 12/31/18 was 6 out of a population of 6 unclaimed property transactions.

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.