



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

**Management Letter
For the Year Ended
December 31, 2011**

Office of the Prothonotary

Management Letter

Valentino F. DiGiorgio, III, Controller

To: Bryan Walters, Prothonotary

Introduction

On March 29, 2012, Internal Audit completed an audit of the *Office of the Prothonotary (Prothonotary)* for the year ended December 31, 2011. Gretchen W. Sohn, CIA, was the auditor-in-charge and was assisted by one additional staff auditor. 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/Escrow Payable
- Petty Cash/Change Funds
- Accounts Receivable
- Accounts Payable
- Cash Receipts
- Manual Receipts
- Cash Disbursements
- Voided Transactions
- Unclaimed Property – Escheats
- Automation Fee Fund

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 March 29, 2012) 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 set forth by the County of Chester, the Commonwealth, and the *Prothonotary*. One finding involving the internal control structure in regards to account reconciliation was deemed by Internal Audit to be a material weakness and is included in the audit report. Additional findings involving the internal control structure are included in 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 were instead the consequence of one or more of the following:

- Oversight
- Human error

Internal Audit wants to thank the management and staff of the *Prothonotary* for their cooperation and assistance during the course of this audit. We have provided herein a copy of our "Audit Findings and Recommendations" for your review and comment.

Please feel free to contact our office at (610) 344-6797 should you have any questions or concerns.

COUNTY OF CHESTER
OFFICE OF THE PROTHONOTARY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011
INTERNAL CONTROL OVER FINANCIAL REPORTING

RECORDING/RECORDKEEPING

Finding 1: System Entries

Two NSF check fees charged to the operating account by the bank at 12/31/10 were not recorded in the CourtView system as debit adjustments. When the fees were reversed by the bank in April 2011, the corresponding credit (a receipt) was also not entered in the CourtView system.

Recommendation

Internal Audit recommends that the Prothonotary accountant exercise greater care when performing the monthly bank reconciliations. Any adjustment (unless reversed within the same month) done by the bank must be entered in the CourtView system.

Auditee Response

Management concurs with the finding and recommendation.

Finding 2: Cash Disbursements

Internal audit noted the following:

- DNB First Bank checks were used to pay interest earned by the operating account in 1 N Bank (Graystone Tower Bank) over to the County in February and March 2011 prior to the transfer of funds from 1 N Bank to DNB First Bank.
- Two checks were used from the operating account check book to disburse escrow payments. The oversight was eventually discovered and escrow funds were transferred to the operating account to cover the checks.

COUNTY OF CHESTER
OFFICE OF THE PROTHONOTARY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011
INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDING/RECORDKEEPING (continued)

Finding 2: Cash Disbursements (continued)

Recommendation

Internal Audit recommends that the Prothonotary accountant exercise more care when issuing checks. It is critical to ensure the correct check book is selected before manually writing checks. Internal Audit also suggests that the office switch to using check forms which would alleviate the use of manually written checks.

Auditee Response

Management concurs with the finding and recommendation.

COUNTY OF CHESTER
OFFICE OF THE PROTHONOTARY
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2011

On March 29, 2012, Prothonotary Bryan Walters returned the Representation Letter to Internal Audit which indicates that an exit conference was waived for this year. All findings were discussed at length at the Review Meeting held on March 1, 2012. The Prothonotary has accepted the report and management letter as presented.