



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

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

Office of Adult Probation
Management Letter

Valentino F. DiGiorgio, III, Controller

To: Christopher Murphy, Chief Probation Officer

Introduction

On October 25, 2012 Internal Audit completed an audit of the *Office of the Clerk of Courts (Clerk)* and *Adult Probation (APO)*. Sharon Kaye Jones, CIA was the auditor-in-charge. 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 control structure. The scope of the audit included a review of the following:

- Cash and Petty Cash
- Liabilities
- Manual Receipts
- Cash Receipts
- Cash Disbursements
- Voided Transactions
- Automation Fund
- Unclaimed Property – Escheats

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 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 October 25, 2012) should be considered in conjunction with this Management Letter.

Executive Summary

The management and staff of *APO* are, in all material respects, in compliance with policies and procedures imposed by the County of Chester and the Commonwealth of Pennsylvania. Still, Internal Audit identified several findings related to manual receipts and cash adjustments.

Although this audit included the work of the *Clerk* and *APO*, management has requested that two separate reports be issued, each one independent of the other. Matters specific to the *Clerk* have been removed from this document and included in the management letter addressed to the Clerk of Courts.

Internal Audit wants to thank the management and staff of the *Clerk* and *APO* 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 ADULT PROBATION

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDING / RECORDKEEPING

Finding 1: Manual Receipts

Internal Audit noted the following:

- In one (1) instance, docket information was not recorded correctly in the Common Pleas Case Management System (*CPCMS*). A payment received for two (2) different cases was only recorded in *CPCMS* under one case.
- In 25 (out of 30) instances, a manual receipt was not entered into *CPCMS* in a timely manner. In addition, since the money deposited in the bank must match the *CPCMS* daily deposit record each day, the monies associated with these receipts (sometimes large sums of cash) were held until the receipt was entered into the system. In some instances, both the receipt and the monies were held for as long as a month. This is a recurring finding for the last 3 years.

Recommendation

Internal Audit would like to emphasize the importance of entering information from manual receipts into the computerized system accurately. Information entered should be reviewed and verified before being accepted into *CPCMS*. Necessary corrections or changes should be reflected on the manual receipt and manual receipt log in order to provide an audit trail.

For the third consecutive year, Internal Audit found that manual receipts are not being entered into *CPCMS* in a timely manner. Although many manual receipts are issued for payments related to family court drug tests and DUI program fees (situations which require the creation of a new case / docket); others are issued when computers are down or during normal cashier breaks. Internal Audit noted that even when a case was already established, the receipt was not entered on the same or next business day. An analysis performed by Internal Audit determined that in most cases, the number of manual receipts issued in a given day is three (3) or less. Based on this minimal amount, Internal Audit strongly suggests that manual receipts related to drug testing or DUI programs be given to the Collections Supervisor at the end of each day so that new cases / dockets may be created.

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OFFICE OF ADULT PROBATION
FINDINGS AND RECOMMENDATIONS
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I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDING / RECORDKEEPING

Finding 1: Manual Receipts (continued)

These receipts can then be entered into *CPCMS* and related monies can be deposited into the bank the next day. There should be no delay in entering manual receipts for cases already established.

Auditee Response

Manual receipts as of 9/11/12 are being applied first thing in the morning of the next business day and within 1 to 2 days of the hand receipt being created.

RECONCILIATION

Finding 2: Cash Adjustments

Since the inception of *CPCMS* in 2006, the APO Collections Supervisor (*Supervisor*) has processed a number of debit and credit adjustments to the *Fines, Costs and Restitution* account in order to offset errors made by either the bank or the APO staff when processing checks and deposits. Although these adjustments were necessary at the time to balance the bank and book records during the monthly reconciliation process, the *Supervisor* has since failed to follow-up with the bank to correct the original mistakes and reverse the corresponding debit / credit adjustment. To illustrate this point, in July 2011 the *Supervisor* processed a credit adjustment to balance to a \$50.00 “mail deposit transaction” recorded by the bank. The transaction was not investigated and a bank error went undetected until Internal Audit questioned the validity of a *mail deposit* during the course of the audit fieldwork. Upon further research, it was determined that the bank, Wells Fargo, credited us for a restitution check which was payable to them as the court ordered recipient. Despite the identification of the error, the bank has not taken steps to correct the mistake, and according to APO, this same error has occurred again in 2012.

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I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECONCILIATION

Finding 2: Cash Adjustments (continued)

Recommendation

Internal Audit strongly recommends that the *Supervisor* review all outstanding debit and credit adjustments currently on the books to see if they may be properly reversed. Although the *Clerk* and *APO* accounts have been moved from Wells Fargo to DNB First Bank in 2012, the *Fines, Costs and Restitution* account has remained open with the former bank to accommodate the payment of outstanding checks at the time of the transfer. Although it appears that Wells Fargo is not immediately responsive to matters brought to their attention since the dissolution of their financial relationship with the *Clerk*, Internal Audit stresses that every effort must be made to clear and correct these existing adjustments in a timely manner.

Going forward, Internal Audit recommends that any necessary adjustments to the cash account be properly researched, corrected, and reversed as soon as possible. Under no circumstance should a debit / credit adjustment remain outstanding on the books without proper follow-up and resolution.

Auditee Response

All bank statement adjustments will be thoroughly researched and bank notified of such matters.

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

Due to the nature of the audit findings and recommendations, an exit conference was not warranted for the 2011 audit. Management of Adult Probation has chosen to accept the report as presented.