



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

**Management Letter
For the Year Ended
December 31, 2013**

County of Chester
Office of the Sheriff

Management Letter

A handwritten signature in blue ink, appearing to read "N MacQueen".

Norman MacQueen, Controller

To: Carolyn B. Welsh, Sheriff

Introduction

On September 25, 2014, Internal Audit completed an audit of the *Office of the Sheriff (Sheriff)*. Carissa M. Petrelia was the auditor-in-charge and was assisted by one additional audit staff member. 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
- Accounts Receivable
- Liabilities
- Cash Receipts
- Manual Receipts
- Cash Disbursements
- Voided Transactions
- Escheats (Unclaimed Property)

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 25, 2014) should be considered in conjunction with this Management Letter.

Executive Summary

The management and staff of the *Sheriff* are in all material respects, in compliance with policies and procedures imposed by the County of Chester and by the *Sheriff*. Internal Audit noted no significant deficiencies or material weaknesses in the overall internal control structure.

Internal Audit did, however, note several matters of a lesser significance involving internal controls and compliance with policies and procedures. These matters have all been included within 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 are instead the consequence of one or more of the following:

- Oversight
- Human Error

We want to thank the management and staff of the *Sheriff* 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) 344-6064 should you have any questions or concerns.

COUNTY OF CHESTER
OFFICE OF THE SHERIFF
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 12/31/13 was 15 out of a population of 27 reimbursement checks generated in 2013.

Finding 1: Imprest Fund

Internal Audit noted that in two (2) instances, the *Sheriff* reimbursed for meal tips which were in excess of the County's allowable amount.

Recommendation

Internal Audit recommends that the *Sheriff* follow proper reimbursement procedures as mandated by the County and only reimburses for tips on meals totaling 20% or less of the allowable expenses. It should be noted that employees *may* tip more than 20%, but the reimbursement *shall not* exceed 20%.

Auditee Response

Sheriff management concurs with the audit finding and recommendation. The finding was due to oversight.

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.

COUNTY OF CHESTER
OFFICE OF THE SHERIFF
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 12/31/13 was 10 out of a population of 135 accounts receivable.

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

Cash Receipts

The sample size tested for the year ended 12/31/13 was 20 out of a population of 27,471 receipts generated in 2013.

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

Manual Receipts

Manual Receipts were tested at 100% for the year ended 12/31/13 because there were only 5 manual receipts used during 2013.

Finding 2: Manual Receipts

Internal Audit noted the following:

- A page of manual receipts was bypassed in error and as a result, manual receipts used in 2013 were issued out of sequence. In addition, the skipped receipts were not properly marked “void”.
- In one (1) instance, the computer receipt number was not referenced on the manual receipt.

COUNTY OF CHESTER
OFFICE OF THE SHERIFF
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

Finding 2: Manual Receipts (continued)

Recommendation

Internal Audit recommends that the *Sheriff* take greater care when using manual receipts to ensure that they are issued in numerical sequence. Any receipts omitted in error should properly be marked “void”. Internal Audit also recommends that the *Sheriff* take greater care when referencing manual receipts to ensure that the manual receipt number is referenced on the computer receipt and vice versa.

Auditee Response

Sheriff management concurs with the audit findings and recommendations. The findings were due to human error.

Cash Disbursements

The sample size tested for the year ended 12/31/13 was as follows:

- 20 Operating Account disbursements (checks) out of a population of 12,056 disbursements (checks) generated in 2013.
- 10 material Operating Account disbursements (checks) out of a population of 49 material disbursements (checks). A check in the amount of \$40,000 or over is considered to be a material disbursement, with the exception of normal reoccurring payments to the Chester County Treasurer.

Finding 3: Material Cash Disbursements

Internal Audit noted that in one (1) instance the sheriff sale expense sheet was not included in the case file.

Recommendation

Internal Audit recommends that the *Sheriff* be diligent when preparing Sheriff Sale transactions to ensure that proper documentation is included in each case file.

COUNTY OF CHESTER
OFFICE OF THE SHERIFF
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

Finding 3: Material Cash Disbursements (continued)

Auditee Response

Sheriff management concurs with the audit finding and recommendation. The finding was due to oversight.

Voided Receipts

The sample size tested for the year ended 12/31/13 was 15 out of a population of 496 receipts voided in 2013.

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

Voided Disbursements

The sample size tested for the year ended 12/31/13 was 10 out of a population of 232 disbursements voided in 2013.

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

Escheats (Unclaimed Property)

The sample size tested for the year ended 12/31/13 was 15 out of a population of 72 unclaimed property transactions.

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, 2013

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.