

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



*Management Letter
Office of the Prothonotary
For the year ended December 31, 2006*

Valentino F. DiGiorgio III

Valentino F. DiGiorgio, III, Controller

To: Bryan Walters, Prothonotary

Introduction

On February 1, 2007, Internal Audit completed an audit of the *Office of the Prothonotary (Prothonotary)* for the year ended December 31, 2006. Gretchen W. Sohn, CIA, was the auditor-in-charge and was assisted by 3 additional auditors. 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 Fund
- Accounts Receivable
- Accounts Payable
- Cash Receipts
- Manual Receipts
- Cash Disbursements
- Voided Transactions
- Unclaimed Property – Escheats.
- Automation Fee Fund

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*.

Findings involving both the internal control structure and the compliance with policies and procedures 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, but are instead the consequence of one or more of the following:

- Oversights
- Human error
- Disregard for proper accounting procedures.

Internal Audit would like 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, 2006

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDKEEPING/RECONCILIATION

Finding 1: Bank Reconciliations and Related Journal Entries

Internal Audit noted the following:

- In 2 instances, unsupported journal entries were processed in order to reconcile month-end.
- In 1 instance, a monthly interest payment on the escrow bank account was not posted to the books.
- A check written from the regular bank account on 12/15/06 payable to the Prothonotary Automation Fee account was not deposited timely.

Recommendation

Internal Audit recommends the continued monthly review of the bank reconciliations and accounting work. Internal Audit also recommends that the *Prothonotary* bookkeeper seek assistance from the resources available when any accounting questions and/or problems arise.

Auditee Response

Auditee concurs with the findings and recommendations. *Prothonotary* will continue their review of reconciliations and corresponding work. The bookkeeper will seek assistance from other resources when a problem or question arises.

COUNTY OF CHESTER
OFFICE OF THE PROTHONOTARY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2006

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Accounts Payable

Internal Audit noted the following:

- Journal entry #7484 erroneously credited \$124 to the “due to County” account instead of the “due to State” account.
- Entries to post a check written from the regular bank account were processed incorrectly.
- June’s payment to the State was short by \$.04.

Recommendation

Internal Audit recommends that management take the necessary steps to ensure an independent supervisory review of any reports completed by the bookkeeper, as well as any transactions to be recorded by the bookkeeper to ensure that the entries are posted to the correct G/L accounts.

Auditee Response

Auditee concurs with the findings and recommendation. Management will insure that monthly review will ensure transactions and postings are accurate.

Finding 2: Manual Receipts

Internal Audit noted the following:

- In 5 instances, the “filed by” information on the system receipt does not agree to the “filed by” information on the manual receipt.

Recommendation

Internal Audit recommends that all information from the manual receipt be accurately entered into the system.

COUNTY OF CHESTER
OFFICE OF THE PROTHONOTARY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2006

II. COMPLIANCE WITH POLICIES AND PROCEDURES (continued)

Finding 2: Manual Receipts (continued)

Auditee Response

Auditee concurs with the finding and recommendation. Information will be accurate. Also, the *Prothonotary* has transferred the location of the Naturalization Reception from the Bar Association to the Commissioners' Office. This lowers the incidences of using manual receipts for the passport applications. By default, the error rate will drop.

Finding 3: Cash Disbursements

Internal Audit noted the following:

- In 1 instance, the case # and/or receipt # was not referenced on the check or check stub for a "refund of overpayment" check.

Recommendation

Internal Audit recommends that checks and check stubs contain adequate documentation to ensure a complete audit trail.

Auditee Response

Auditee concurs with the finding and recommendation. The bookkeeper will insure that enough information is displayed on checks and stubs for a good audit trail.

Finding 4: Voided Disbursements

Internal Audit noted the following:

- In 3 instances, check stubs were not properly labeled "void".
- In 1 instance, a lost check was re-issued 2 months prior to being voided and taken off the outstanding check list.

COUNTY OF CHESTER
OFFICE OF THE PROTHONOTARY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2006

II. COMPLIANCE WITH POLICIES AND PROCEDURES (continued)

Finding 4: Voided Disbursements (continued)

Recommendation

Internal Audit recommends that all voided checks be properly labeled as such. Internal Audit also recommends that checks not be reissued before being voided on the books.

Auditee Response

Auditee concurs with the findings and recommendation. The bookkeeper will double check for voiding stubs and only reissues will happen after the void is on the books.

Finding 5: Unclaimed Property - Escheats

Internal Audit noted the following:

- In 2 instances, no documentation was on file to support that the required “due diligence” had been performed.

Recommendation

Internal Audit recommends that documentation of the “due diligence” performed be kept on file for every escheated check.

Auditee Response

Auditee concurs with the finding and recommendation. The bookkeeper will ensure that every letter of “due diligence” is mailed and filed.

COUNTY OF CHESTER
OFFICE OF THE PROTHONOTARY
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2006

An exit conference was waived for the audit of the Office of the Prothonotary. All findings were discussed at length at the Closing Conference and all required adjusting journal entries were discussed with the bookkeeper. The Prothonotary has accepted the report as presented.