



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

**Management Letter  
For the Year Ended  
December 31, 2015**

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*County of Chester  
Office of the Sheriff*

Management Letter

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Norman MacQueen, Controller

**To: Carolyn B. Welsh, Sheriff**

### **Introduction**

On December 29, 2016, Internal Audit completed an audit of the *Office of the Sheriff (Sheriff)* for the year ended December 31, 2015. Christian J. Kriza was the auditor-in-charge and was assisted by other members of the audit staff. 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
- Liabilities/Accounts Receivable
- Cash Receipts
- Manual Receipts
- Cash Disbursements
- Voided Transactions
- Weapons Inventory

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 December 29, 2016) should be considered in conjunction with this Management Letter.

### **Executive Summary**

For the year ended December 31, 2015, Internal Audit has determined that the *Sheriff'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 *Sheriff* was found to be in compliance with policies and procedures mandated by the County of Chester and by the *Sheriff* except as outlined on the pages that follow. ***Audit Findings*** and ***Recommendations*** are provided herein for your review, comment and corrective action. The courtesy of a response is requested by December 29, 2016, otherwise in accordance with Internal Audit Policy, the absence of a response by the due date will be inferred as management's acceptance of the finding(s) and recommendation(s).

We thank the management and staff of the *Sheriff* for their cooperation and assistance during the course of this review. Please feel free to contact our office at (610) 344-5906 should you have any questions or concerns or if you wish to schedule an exit conference. An exit conference is held at the request of the auditee to discuss specific concerns that were not resolved during the closing conference.

A final copy of this management letter and the corresponding Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters will be transmitted electronically to your attention upon receipt of your responses. In addition, since audit reports are a matter of public record, your final report and management letter will be posted on the Controller's webpage within one week of issuance.

A handwritten signature in blue ink, appearing to read 'N MacQueen', with a large circular flourish at the end.

Norman MacQueen  
Controller

December 29, 2016

**COUNTY OF CHESTER**  
**OFFICE OF THE SHERIFF**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**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.

**General Finding: Interest**

Interest is reconciled and reviewed at 100% specifically to ensure accurate and timely recording.

Finding 1: Interest

Internal Audit noted that the Sheriff's Office did not remit 2015 Imprest Fund interest to the County at the time of audit testing. The interest has since been remitted.

Cause

Oversight

Recommendation

Internal Audit recommends that the *Sheriff* remit annual Imprest Fund interest in January following the year end.

Auditee Response

*See pages 9-10 for Auditee Response.*

**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 12/31/15 was 10 out of a population of 21 reimbursement checks generated in 2015.

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, 2015**

**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.

*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 12/31/15 was 10 out of a population of 186 accounts receivable.

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

**Cash Receipts**

The sample size tested for the year ended 12/31/15 was 20 out of a population of 26,494 receipts generated in 2015.

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

**Manual Receipts**

The sample size tested for the year ended 12/31/15 was determined to be 15; however, there was only a total population of 1 manual receipt used in 2015.

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

**COUNTY OF CHESTER**  
**OFFICE OF THE SHERIFF**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**Cash Disbursements**

The sample size tested for the year ended 12/31/15 was as follows:

- 20 Operating Account disbursements (checks) out of a population of 11,153 disbursements (checks) generated in 2015.
- 10 material Operating Account disbursements (checks) out of a population of 95 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 re-occurring payments.

**Finding 2: Cash Disbursements**

Internal Audit noted that the Sheriff's Office used check stock out of sequence over a two month period of time. The sequence was eventually corrected.

**Cause**

Oversight/Human Error

**Recommendation**

Internal Audit recommends that the *Sheriff* ensure check stock is used in sequence.

**Auditee Response**

*See pages 9-10 for Auditee Response.*

**Voided Receipts**

The sample size tested for the year ended 12/31/15 was 15 out of a population of 542 receipts voided in 2015.

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

**COUNTY OF CHESTER**  
**OFFICE OF THE SHERIFF**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**Voided Disbursements**

The sample size tested for the year ended 12/31/15 was 15 out of a population of 461 disbursements voided in 2015.

Finding 3: Voided Disbursements

Internal Audit noted the following:

- Internal Audit noted that in one (1) instance a check was not properly marked “void”.
- Internal Audit noted that in one (1) instance the signature line of a voided check was not defaced.

Cause

Oversight

Recommendation

Internal Audit recommends that *Sheriff* management ensure that all voids are properly marked as such.

Auditee Response

*See pages 9-10 for Auditee Response.*

**COUNTY OF CHESTER**  
**OFFICE OF THE SHERIFF**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**Weapons Inventory**

The sample size tested for the year ended 12/31/15 was as follows:

- Weapons confiscated by the *Sheriff* in 2015 were reviewed at 100%.
- Weapons removed from the *Sheriff's* possession in 2015 were reviewed at 100%.

Finding 4: Weapons Inventory

Internal Audit noted the following:

Internal Audit noted that in three (3) instances, serial numbers for confiscated weapons currently held by the *Sheriff* were incorrectly recorded on the department's control log.

Cause

Oversight/Human Error

Recommendation

Internal Audit recommends that the *Sheriff* update the control logs to reflect accurate information.

Auditee Response

*See pages 9-10 for Auditee Response.*

**COUNTY OF CHESTER**  
**OFFICE OF THE SHERIFF**  
**SUMMARY OF EXIT CONFERENCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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.



# THE COUNTY OF CHESTER OFFICE OF THE SHERIFF

201 W. Market Street, Suite 1201  
PO Box 2746, West Chester, PA 19380-0989  
CAROLYN B. WELSH Sheriff  
GEORGE P. MARCH Chief Deputy



RECEIVED  
ATTY OF CHESTER  
COUNTY OFFICE  
DEC 27 AM 10:53

December 23, 2016

Norman McQueen, Controller  
Chester County Office of the Controller

ATTN: Internal Audit Department

RE: County of Chester Office of the Sheriff; Management Letter For the Year Ended December 31, 2015

Dear Mr. McQueen:

Please accept this letter as the Chester County Sheriff's Office response to Findings and Recommendations contained in the referenced Management Letter.

In general, the Sheriff's Office agrees with the entirety of the four Findings and Recommendations contained within the Management Letter, and has taken measures to ensure that all of the Recommendations are complied with.

Finding 1: Interest - Internal Audit noted that the Sheriff's Office did not remit 2015 Imprest Fund interest to the County at the time of audit testing. The interest has since been remitted.

Recommendation - Internal Audit recommends that the *Sheriff* remit annual Imprest Fund interest in January following the year end.

Auditee Response - The *Sheriff* will remit to the County, in January following the year end, all Imprest Fund interest earned during each calendar year.

Finding 2: Cash Disbursements - Internal Audit noted that the Sheriff's Office used check stock out of sequence over a two month period of time. The sequence was eventually corrected.

Recommendation - Internal Audit recommends that the *Sheriff* ensure check stock is used in sequence.

Auditee Response - The *Sheriff* will ensure that check stock is used in sequence.

Finding 3: Voided Disbursements - Internal Audit noted the following:

- . Internal Audit noted that in one (1) instance a check was not properly marked "void".
- . Internal Audit noted that in one (1) instance the signature line of the voided check was not defaced.

Recommendation - Internal Audit recommends that the *Sheriff* management ensure that all voids are properly marked as such.

Auditee Response - The *Sheriff* management will ensure that all voids are properly marked as such.

Finding 4: Weapons Inventory - Internal Audit noted the following:

Internal Audit noted that in three (3) instances, serial numbers of confiscated weapons currently held by the *Sheriff* were incorrectly recorded on the department's control log.

Recommendation - Internal Audit recommends that the *Sheriff* update the control logs to reflect accurate information.

Auditee Response – The Internal Audit of the Sheriff's Office's "Weapons Inventory" was a test of a "sample size" of "Weapons confiscated by the *Sheriff* in 2015....". That "sample size" was "reviewed at 100%.". The Sheriff's Office has since received, from the Controller's Office's Internal Audit Department, the necessary information regarding the three weapons discovered to have inaccurately recorded serial numbers on the "Chester County Sheriff's Office PROPERTY RECORD" in each case. The information on each of those incorrectly recorded documents has been corrected. Additionally, to ensure that all information entered on Sheriff's Office Property Records in the future is not incorrectly entered, measures are being taken in the Sheriff's Office to have every future entry on a Property Record reviewed and validated before the property is placed into the Sheriff's Office's' secure weapons storage facility.

Thank you for the opportunity to review and respond to the Findings and Recommendations in the Management Report.

Sincerely,



Carolyn B. Welsh  
Sheriff