



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

**Management Letter
For the Year Ended
December 31, 2016**

County of Chester
Office of the Recorder of Deeds

Management Letter

Norman MacQueen, Controller

To: Rick Loughery, Recorder of Deeds

Introduction

On September 5, 2017, Internal Audit completed an audit of the *Office of the Recorder of Deeds (Recorder)*. Christian J. Kriza was the auditor-in-charge. 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
- Accounts Receivable
- Liabilities
- Cash Receipts
- Cash Disbursements
- Voided Transactions
- Recorder's Record 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 September 5, 2017) should be considered in conjunction with this Management Letter.

Executive Summary

For the year ended December 31, 2016, Internal Audit has determined that *Recorder'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, *Recorder* was found to be in compliance with policies and procedures mandated by the County of Chester.

We thank the management and staff of *Recorder* 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.



Norman MacQueen
Controller

September 5, 2017

COUNTY OF CHESTER
OFFICE OF THE RECORDER OF DEEDS
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

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.

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:

Cash Receipts

Cash receipt transactions are reviewed on a sample basis according to risk. The sample size tested for the year ended 12/31/16 was 20 out of a population of 46,355 receipts generated in 2016.

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

Cash Disbursements

Cash disbursement transactions are reviewed on a sample basis according to risk. The sample size tested for the year ended 12/31/16 was as follows:

Recording Account - 1 out of a population of 26 disbursements (checks) generated in 2016.
Municipal Account - 19 out of a population of 1,028 disbursements (checks) generated in 2016.

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

COUNTY OF CHESTER
OFFICE OF THE RECORDER OF DEEDS
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

Voided / Corrected Receipts

The *Recorder* has the ability to void receipts; however it is not normal practice to do so, instead the office has chosen to correct receipts. Voided / Corrected receipt transactions are reviewed on a sample basis according to risk. The sample size tested for the year ended 12/31/16 was 20 out of a population of 82 receipts corrected in 2016.

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

Voided Disbursements

Voided disbursement transactions are reviewed on a sample basis according to risk. The sample size tested for the year ended 12/31/16 was 2 out of a population of 2 disbursements (checks) voided in 2016.

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

Recorder Records Fund

The Recorder Records Fund is reconciled and reviewed at 100%; specifically to ensure that the money is being utilized in accordance with appropriate laws and regulations.

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

COUNTY OF CHESTER
OFFICE OF THE RECORDER OF DEEDS
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2016

An exit conference was not warranted for the audit of the Office of the Recorder of Deeds; Recorder of Deeds, Rick Loughery has accepted the report as presented.