



**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 Sheriff*

Management Letter

Norman MacQueen, Controller

To: Carolyn B. Welsh, Sheriff

Introduction

On November 22, 2017, Internal Audit completed an audit of the *Office of the Sheriff (Sheriff)* for the year ended December 31, 2016. 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 November 22, 2017) should be considered in conjunction with this Management Letter.

Executive Summary

For the year ended December 31, 2016, 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 November 24, 2017, 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.



Norman MacQueen
Controller

November 22, 2017

COUNTY OF CHESTER
OFFICE OF THE SHERIFF
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.

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 12/31/16 was 10 out of a population of 22 reimbursement checks generated in 2016.

Finding 1: Imprest Fund

- Internal Audit noted that in two (2) instances, a voucher was not submitted for reimbursement in a timely manner.
- Internal Audit noted that in one (1) instance, a voucher was incorrectly submitted to the Imprest Fund for reimbursement. This voucher was a reimbursable expense but should have been processed through a different account.

Cause

Oversight/Human Error

Recommendation

Internal Audit recommends that the *Sheriff* ensure vouchers are submitted for reimbursement within 30 days and that all reimbursements meet the Fund criteria.

Auditee Response

Sheriff management concurs with the audit finding and recommendation.

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

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 12/31/16 was 10 out of a population of 436 accounts receivable.

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

Cash Receipts

The sample size tested for the year ended 12/31/16 was 20 out of a population of 27,550 receipts generated in 2016.

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

Manual Receipts

There were no manual receipts used in 2016.

Cash Disbursements

The sample size tested for the year ended 12/31/16 was as follows:

- 20 Operating Account disbursements (checks) out of a population of 11,376 disbursements (checks) generated in 2016.

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OFFICE OF THE SHERIFF
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FOR THE YEAR ENDED DECEMBER 31, 2016

Cash Disbursements (continued)

- 10 material Operating Account disbursements (checks) out of a population of 113 material disbursements (checks). A check in the amount of \$50,000 or over is considered to be a material disbursement, with the exception of normal re-occurring payments.

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

Voided Receipts

The sample size tested for the year ended 12/31/16 was 15 out of a population of 519 receipts voided in 2016.

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

Voided Disbursements

The sample size tested for the year ended 12/31/16 was 15 out of a population of 490 disbursements voided in 2016.

Finding 2: Voided Disbursements

Internal Audit noted the following:

- Internal Audit noted that in four (4) instances a check was not properly marked “void”.
- Internal Audit noted that in two (2) instances 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.

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

Voided Disbursements (continued)

Finding 2: Voided Disbursements

Auditee Response

Sheriff management concurs with the audit finding and recommendation.

Escheats (Unclaimed Property)

The sample size tested for the year ended 12/31/16 was 10 out of a population of 49 unclaimed property transactions.

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

Weapons Inventory

The sample size tested for the year ended 12/31/16 was as follows:

- Weapons confiscated by the *Sheriff* in 2016 were reviewed at 100%.
- Weapons removed from the *Sheriff's* possession in 2016 were reviewed at 100%.

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, 2016

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.