



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

**Management Letter  
For the Year Ended  
December 31, 2017**

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*County of Chester*  
*Office of the Prothonotary*

Management Letter

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*Margaret Reif*

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Margaret Reif, Controller

**To: Matthew Holliday, Prothonotary**

### **Introduction**

On May 10, 2018, Internal Audit completed an audit of the Office of the Prothonotary (*Prothonotary*) for the year ended December 31, 2017. Carissa Petrelia was the auditor-in-charge. 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 and Petty Cash
- Federal Tax Lien Filings / Releases
- State Tax Lien Filings
- Liabilities
- Suspense Account Entries
- Cash Receipts
- Manual Receipts
- Cash Disbursements
- Voided Transactions
- Escheats / Unclaimed Property
- Automation Fund Disbursements

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 May 10, 2018) should be considered in conjunction with this Management Letter.

### **Executive Summary**

For the year ended December 31, 2017, Internal Audit has determined that the *Prothonotary'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 *Prothonotary* was found to be in compliance with policies and procedures mandated by the County of Chester.

We thank the management and staff of the *Prothonotary* for their cooperation and assistance during the course of this review. Please feel free to contact our office at (610) 344-6064 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.



Margaret Reif  
Controller

May 10, 2018

**COUNTY OF CHESTER**

**OFFICE OF THE PROTHONOTARY**

**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**Cash and Petty Cash**

Cash is reconciled and reviewed at 100%. Petty cash is counted on a surprise basis during the course of the on-site fieldwork.

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

**Federal Tax and State Liens**

Federal Tax Lien filings and releases are tested on a pre-determined sample basis specifically to ensure that processing of these transactions occurs in a timely manner. For the year ended 12/31/17, Internal Audit tested 12 liens filed and 12 liens released. State lien voucher / payment packets were reviewed at 100% for the year ended 12/31/17.

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

**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.

**Suspense Account Entries**

Entries made to the suspense account are reviewed at 100% to ensure that only overpayments or declined filings are recorded here and that they are subsequently refunded in a timely manner.

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**

The sample size tested for the year ended 12/31/17 was 20 out of a population of 28,572 receipts generated during the year.

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

**COUNTY OF CHESTER**

**OFFICE OF THE PROTHONOTARY**

**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**Manual Receipts**

The sample size tested for the year ended 12/31/17 was determined to be 15 out of a total population of 25 manual receipts used during the year.

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

**Cash Disbursements**

The sample size tested for the year ended 12/31/17 was as follows:

- 9 Operating Account disbursements out of a population of 95 checks created in 2017
- 11 Escrow Account disbursements out of a population of 119 checks created in 2017.

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

**Voided Receipts**

The sample size tested for the year ended 12/31/17 was 15 out of a population of 360 receipts voided during the year.

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

**Voided Disbursements**

The sample size tested for the year ended 12/31/17 was 10; however there were only 6 checks voided in 2017.

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

**Escheats / Unclaimed Property**

Monies that have been escheated to the state are tested on a predetermined sample basis. For the year ended 12/31/17 the sample size was determined to be 10 transactions.

There were no internal control or procedural weaknesses noted.

**COUNTY OF CHESTER**  
**OFFICE OF THE PROTHONOTARY**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**Automation Fund Disbursements**

Automation Fund disbursements are tested at 100% specifically to ensure that money in the account is used in accordance with PA House Bill 1715, Act 98-164.

There were no internal control or procedural weaknesses noted.

**COUNTY OF CHESTER**  
**OFFICE OF THE PROTHONOTARY**  
**SUMMARY OF EXIT CONFERENCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

An exit conference was not warranted for the audit of the Office of the Prothonotary. The Prothonotary, Matthew Holliday has accepted the report as presented.