

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



*Management Letter
Office of the Clerk of Courts
For the year ended December 31, 2009*

Valentino F. DiGiorgio III

Valentino F. DiGiorgio, III, Controller

To: Francis E. McElwaine, Clerk of Courts

Introduction

On January 12, 2011, Internal Audit completed an audit of the *Office of the Clerk of Courts (Clerk)* and *Adult Probation (APO)*. Sharon Kaye Jones, CIA was the auditor-in-charge and was assisted by two additional members of the audit team. Internal Audit is required by Pennsylvania County Code to review county offices annually to ensure compliance with policies and procedures and to assess their overall control structure. The scope of the audit included a review of the following:

- Cash and Petty Cash
- Liabilities
- Manual Receipts
- Cash Receipts
- Cash Disbursements
- Voided Transactions
- Automation Fund
- Unclaimed Property – Escheats

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We have also issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting concurrent with this management letter. Disclosures and other information in this report (also dated January 12, 2011) should be considered in conjunction with this management letter.

Executive Summary

The management and staff of the *Clerk* are, in all material respects, in compliance with policies and procedures imposed by the County of Chester and the Commonwealth of Pennsylvania. The results of our audit disclosed one internal control weakness which involved the cancellation of a "cash" transaction and other matters of a lesser significance which involved fee assessment, escheat records and automation fee deposits.

Although this audit included the work of the *Clerk* and *APO*, management has requested that two separate reports be issued, each one independent of the other. Matters specific to *APO* have been removed from this document and included in the management letter addressed to the Chief Probation Officer.

Internal Audit wants to thank the management and staff of the *Clerk* and *APO* for their cooperation and assistance during the course of this audit. Please feel free to contact our office at (610) 344-5913 should you have any questions or concerns.

COUNTY OF CHESTER

OFFICE OF THE CLERK OF COURTS

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2009

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDING

Finding 1: Voided Receipts

A receipt involving a “cash” payment was voided with no replacement. There was no explanation provided as to why the payment was voided or what happened to the money. After further research, the bookkeeper determined that the defendant had a parole violation on 6/9/09 which automatically lodged a detainer against him. Since the receipt was dated and voided 6/12/09 and involved a bail payment, it is logical to infer that the clerk receipting the money noticed the detainer and informed the remitter. Consequently, the remitter withdrew the payment. Unfortunately, since this information is not documented, Internal Audit cannot verify that this is what actually happened.

Recommendation

Voided receipts should include the reason for the cancellation in the “comment” section of the receipt. For voids involving “cash”, Internal Audit suggests that the clerk have the remitter sign the voided receipt to acknowledge that the monies had been returned to them.

Auditee Response

Office of the Clerk of Courts acknowledges that all voided receipts should include the reason for the cancellation in the “comment” section of the receipt. As for voids involving “cash”, the Clerk will ensure in the future, to have two (2) signatures as verification of the remitter receipt, thus acknowledging that the monies have been returned to the remitter.

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Cash Receipts

In two instances, bail which was set and posted at a District Court was modified by the Court of Common Pleas. In each case, the bail was increased. As a result, an additional

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II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Cash Receipts (continued)

payment was required to the *Clerk* and a new bail bond was necessary. Typically, bail received by the *Clerk* from a District Court is not assessed a filing fee. Payments made directly to the *Clerk* however, are charged a filing fee. In both instances noted above, no filing fee was charged the remitter when the additional payment was received.

After, further review, Internal Audit determined that there was no guiding policy established by the department for instances where bail is originally received at a District Court and is then modified in the Court of Common Pleas to require additional payment. Internal Audit discussed the matter with the *Clerk* who has decided that “going forward” a fee should and will be assessed.

Recommendation

Internal Audit recommends that departmental procedures be revised to include this new directive.

Auditee Response

The Clerk of Courts will abide by the Internal Audit recommendation that there will be an additional fee assessed when an additional bail amount is increased from that established in the District Court.

Finding 2: Escheats

In three instances, information (date of birth, last transaction date) reported on the *Clerk's* 2009 escheat report did not match the defendant's bail card.

Recommendation

The department should ensure that there is an independent final review of information entered on the escheat report before filing.

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II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 2: Escheats (continued)

Auditee Response

The department will ensure that there will be an independent review of the information entered on the escheat report before filing.

Finding 3: Automation Fund

As of the date of our audit, automation fees collected by the *Clerk* in July, 2009 had not been deposited into the Automation Fund checking account. The current process requires that these fees be deposited through the Treasurer's Office into the General Fund and then be "vouchered" out of the General Fund to be paid into the Automation Fund checking account. The process is cumbersome and leaves room for error especially since there appears to be no monthly review of the Unrecorded Liability account.

Recommendation

Internal Audit has been informed that the CPCMS system can be modified to allow the automation fees to be separated from other fees paid over to the County each month, and to create a separate check made payable to the *Clerk's* Automation Fund. It is suggested that the *Clerk* contact the AOPC to determine if this modification can be implemented for Chester County as soon as possible.

Auditee Response

The Clerk's Office has contacted CPCMS and they will now make a single deposit into our Automation Account. This will eliminate the possibility of any lag time between receipt and deposit as was the case.

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SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2009

Due to the nature of the audit findings and recommendations, an exit conference was not warranted for the 2009 audit. Management of the Office of the Clerk of Courts has chosen to accept the report as presented.

