

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



*Management Letter
Adult Probation Office
For the year ended December 31, 2008*

Valentino F. DiGiorgio III

Valentino F. DiGiorgio, III, Controller

To: Christopher Murphy, Chief Probation Officer

Introduction

On December 17, 2009, 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 1 additional member 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 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 Compliance and Internal Control over Financial Reporting concurrent with this management letter. Disclosures and other information in this report (also dated December 17, 2009) should be considered in conjunction with this management letter.

Executive Summary

The management and staff of *APO* are, in all material respects, in compliance with policies and procedures imposed by the County of Chester and the Commonwealth of Pennsylvania. Internal Audit did however identify a few minor internal control and procedural weaknesses. These inadvertencies do not appear to be the result of deliberate misconduct but instead seem to be human errors and oversights.

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 the *Clerk* are removed from this document and included in the management letter addressed to the Clerk of Courts.

Internal Audit would like 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 ADULT PROBATION
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

I. INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

RECORDING / RECORDKEEPING

Finding 1: Manual Receipts

In 1 instance, information on the manual receipt was not properly entered into the state CPCMS system.

Recommendation

Internal Audit would like to emphasize the importance of entering information from manual records into the computerized system accurately, and in a timely manner.

Auditee Response

Recommendation is accepted and Account Clerks have been notified of this matter.

II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Cash Receipts

In 3 instances, overpayments were not refunded to the remitter in a timely manner. As a matter of fact, the refund was only processed because of an inquiry made by Internal Audit during the course of the audit. The original payments had been received 18 months prior to being returned.

Recommendation

Adult Probation should be reminded to review “undisbursed funds” routinely to ensure that refunds are processed in a timely manner. After a 14 day period expires and the check is not returned for insufficient funds, overpayments should be returned to the remitter unless other arrangements have been made to apply the money to another existing case.

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II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 1: Cash Receipts (continued)

Auditee Response

Collection Supervisor will review reports monthly to issue refunds in a timely manner.

Finding 2: Voided Disbursements

In 7 instances, the office copy of a voided check was not properly marked “void”. In addition, Internal Audit also noted that the reason for the void was not documented on 3 cancelled disbursements.

Recommendation

Internal Audit would like to emphasize the need to properly cancel office copies of voided disbursements and to provide the reason for the cancellation. Such documentation is necessary to provide complete and accurate accounting records.

Auditee Response

Collection Supervisor has spoken to the Account Clerk III in regards to voiding checks properly.

Finding 3: Cash Disbursements

In 2 instances, a restitution payment received by Adult Probation was not issued to the victim in a timely manner. The \$40 and \$13 payments were receipted on 12/24/07 and 5/8/08 respectively but were not paid out until 9/9/08.

Recommendation

Internal Audit recommends that restitution payments be paid over to the victim as soon as possible.

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II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 3: Cash Disbursements (continued)

Recommendation

In instances in which the payment is an insignificant amount (\$5 or less; \$10 or less) the monies may be held and combined with subsequent payments. Internal Audit however suggests that the Chief Probation Office set the payment threshold and establish a written policy related to this or any procedural modification.

Auditee Response

One a month Collection Supervisor will create checks sitting in the "Checks to be Created" query to all recipients with a monetary value greater than \$1.00.

Finding 4: Unclaimed Property

In 1 instance, Internal Audit found no evidence that the Office of Adult Probation performed the necessary "due diligence" on a stale dated check prior to transferring over to the County as "unclaimed."

Recommendation

Internal Audit recommends that the Office of Adult Probation not only perform the necessary "due diligence" on long outstanding checks, but that they also retain documentation to provide evidence of the same.

Auditee Response

Auditee agrees with recommendation.

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II. COMPLIANCE WITH POLICIES AND PROCEDURES

Finding 5: Stale Dated Checks

During the prior year's audit, Internal Audit noted that a large number of stale dated checks (265) were not voided in a timely manner. Upon issuance of the APO report and management letter, the department followed Internal Audit's recommendation and voided 262 of these stale dated checks in December 2008. The remaining 3 checks were not voided until 2/25/09. The department was unable to explain why these checks were held outstanding and not voided with the others.

Recommendation

Disbursements that remain outstanding for a period that exceeds the official *void date* printed on the check (previously 60 days / now 180 days) should be considered stale and non-negotiable. These checks should be removed from the list of "outstanding items", voided, and held until proper due diligence has been performed. Should follow-up procedures prove unsuccessful, the items should then be held for future escheatment to the state.

Auditee Response

Outstanding or Uncleared Transactions Report will be run on a monthly basis and all checks beyond the 180 valid date will be voided.

COUNTY OF CHESTER

OFFICE OF ADULT PROBATION

SUMMARY OF EXIT CONFERENCE

FOR THE YEAR ENDED DECEMBER 31, 2008

Due to the nature of the audit findings and recommendations, an exit conference was not warranted for the 2008 audit. Management of the Office of Adult Probation has chosen to accept the report as presented.