

ATTESTATION ENGAGEMENT

Sheriff

Fayette County, Pennsylvania
For the Period
September 1, 2010 to August 31, 2013

August 2014



Commonwealth of Pennsylvania
Department of the Auditor General
Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Independent Auditor's Report

Mr. Dan Petruno
Commonwealth Accountant III
Office of Comptroller Operations
Harrisburg, PA 17101

We have examined the accompanying statement of receipts and disbursements (Statement) of the Sheriff, Fayette County, Pennsylvania (County Officer), for the period September 1, 2010 to August 31, 2013, pursuant to the requirements of Section 401(e) of *The Fiscal Code*, 72 P.S. § 401(e). This Statement is the responsibility of the county office's management. Our responsibility is to express an opinion on this Statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. An examination includes examining, on a test basis, evidence supporting the Statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

We are mandated by Section 401(e) of *The Fiscal Code* to audit the accounts of each county officer to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported and promptly remitted. *Government Auditing Standards* issued by the Comptroller General of the United States include attestation engagements as a separate type of audit. An attestation engagement performed pursuant to *Government Auditing Standards* involves additional standards that exceed the standards provided by the American Institute of Certified Public Accountants. Accordingly, this attestation engagement complies with both *Government Auditing Standards* and Section 401(e) of *The Fiscal Code*.

Independent Auditor's Report (Continued)

In our opinion, the Statement referred to above presents, in all material respects, the operations of the County Officer as it pertains to receipts made on behalf of the Pennsylvania Office of Comptroller Operations for the period September 1, 2010 to August 31, 2013, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Statement and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Statement is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County Officer's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria such that there is more than a remote likelihood that a misstatement of the County Officer's Statement that is more than inconsequential will not be prevented or detected by the County Officer's internal control. We consider the deficiencies described in the findings below to be significant deficiencies in internal control over the reporting on the Statement:

- Bank Deposit Slips Were Not Validated.
- Inadequate Internal Controls Over Facsimile Signature Stamp.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Statement will not be prevented or detected by the County Officer's internal control. Our consideration of the internal control over reporting on the Statement would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider all the significant deficiencies described above to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Independent Auditor's Report (Continued)

This report is intended solely for the information and use of the Pennsylvania Office of Comptroller Operations and the County Officer and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

May 6, 2014

Eugene A. DePasquale
Auditor General

CONTENTS

	<u>Page</u>
Financial Section:	
Statement Of Receipts And Disbursements.....	1
Notes To The Statement Of Receipts And Disbursements.....	2
Findings and Recommendations:	
Finding No. 1 - Bank Deposit Slips Were Not Validated	4
Finding No. 2 - Inadequate Internal Controls Over Facsimile Signature Stamp.....	5
Report Distribution	6

SHERIFF
 FAYETTE COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 SEPTEMBER 1, 2010 TO AUGUST 31, 2013

Receipts:

Deputy Sheriff's Training and Education Surcharges	\$	86,560
Firearms License to Carry Modernization Account Fees		10,115
Firearms License Validation System Account Fees		<u>9,461</u>
Total Receipts (Note 2)		106,136
Disbursements to Office of Comptroller Operations (Note 3)		<u>(106,136)</u>
Balance due Office of Comptroller Operations (County) (Note 4)		-
Examination adjustments		<u>-</u>
Adjusted balance due Office of Comptroller Operations (County) for the period September 1, 2010 to August 31, 2013	\$	<u><u>-</u></u>

Notes to the Statement of Receipts and Disbursements are an integral part of this report.

SHERIFF
FAYETTE COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
SEPTEMBER 1, 2010 TO AUGUST 31, 2013

1. Criteria

The Statement of Receipts and Disbursements provides a summary of receipts and disbursements by category. The categories and the amounts of surcharges and fees assessed are based on Pennsylvania laws and regulations.

The Statement was prepared in accordance with reporting requirements prescribed by the Pennsylvania Office of Comptroller Operations. Under this method, only the Commonwealth portion of cash receipts and disbursements are presented, revenues are recognized when received, and expenditures are recognized when paid.

2. Receipts

Receipts consist of monies collected on behalf of the Office of Comptroller Operations. These include monies collected for the following surcharges and fees:

- Deputy Sheriff's Education and Training Surcharges represent a surcharge, ranging from \$2 to \$10 depending upon the year of service, on each fee collected by the sheriff of every county upon acceptance for each service required for any complaint, summons, writ, or other legal paper required to be served or posted by the sheriff.
- Firearms License to Carry Modernization Account Fees represent a \$5 fee imposed for applying for a license to carry a firearm for the period May 9, 2006 through May 10, 2011.
- Firearms License Validation System Account Fees represent a \$1 fee imposed for applying for a license to carry a firearm.

3. Disbursements

Total disbursements are comprised of checks issued to the Office of Comptroller Operations.

4. Balance Due Office Of Comptroller Operations (County) For The Period September 1, 2010 To August 31, 2013

This balance reflects a summary of transmittal reports as settled by the Office of Comptroller Operations.

SHERIFF
FAYETTE COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
SEPTEMBER 1, 2010 TO AUGUST 31, 2013

5. County Officer Serving During Examination Period

Gary D. Brownfield, Sr. served as Sheriff during the period September 1, 2010 to August 31, 2013.

SHERIFF
FAYETTE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 1, 2010 TO AUGUST 31, 2013

Finding No. 1 - Bank Deposit Slips Were Not Validated

Our examination of the office's accounting records disclosed that the office copy of the bank deposit slip was not properly validated by the bank in all 31 deposits tested. The office received a validated receipt from the bank, but this only confirmed the total amount deposited and not the actual make up of the deposit (i.e. cash and check mix).

Good internal accounting controls require that the amount of each check and the total amount of cash deposited are indentified on the deposit slip. The office copy of each deposit should be brought to the bank to be validated. If the bank cannot validate the deposit slip, the office should obtain a deposit ticket from the bank that validates total cash and the total deposit. After the office receives validation from the bank, it should be reconciled to the receipts by someone other than the person preparing or making the deposit.

Without a good system of internal controls over funds received by the office, the possibility of funds being lost or misappropriated increases significantly.

The office was not aware of the internal control weaknesses caused by not obtaining a validated deposit slip or deposit ticket from the bank.

Recommendations

We recommend that the office obtain a validation from the bank as to the mix of cash and checks deposited. We further recommend that the validation is reconciled to receipts by someone other than the person preparing or making the deposit.

Management's Response

The Sheriff responded as follows:

This finding has been rectified as of March 1, 2014.

Auditor's Conclusion

During our next examination we will determine if the office complied with our recommendations.

SHERIFF
FAYETTE COUNTY
FINDINGS AND RECOMMENDATIONS
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Finding No. 2 - Inadequate Internal Controls Over Facsimile Signature Stamp

Our examination of the office disclosed that a facsimile signature stamp was kept in a walk-in safe. However, the stamp is accessible to all employees.

Good internal controls ensure that effective measures are implemented to protect against the inappropriate use of the Sheriff's signature. Only the Sheriff should have access to the facsimile signature stamp and the stamp should be stored in a secured location.

Without a good system of internal control over the facsimile signature stamp by the office, the potential is increased that documents could be fraudulently authorized and that funds could be misappropriated.

This condition existed because the Sheriff failed to establish and implement an adequate system of internal controls over the facsimile signature stamp.

Recommendation

We recommend that the office implement good internal controls over the access to the facsimile signature stamp by restricting the availability of the facsimile signature stamp to the Sheriff only.

Management's Response

The Sheriff responded as follows:

The signature stamp is in a locked safe and the sheriff has the only key.

Auditor's Conclusion

During our next examination we will determine if the office complied with our recommendation.

SHERIFF
FAYETTE COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
SEPTEMBER 1, 2010 TO AUGUST 31, 2013

This report was initially distributed to:

Mr. Dan Petruno
Commonwealth Accountant III
Office of Comptroller Operations
Accounts Receivable

Mr. Derin Myers
Director
Office of Financial Management and Administration
Pennsylvania Commission on Crime and Delinquency

The Honorable Gary D. Brownfield, Sr.	Sheriff
The Honorable Al Ambrosini	Chairperson of the Board of Commissioners
The Honorable Sean Lally	Controller

This report is a matter of public record and is available online at <http://www.auditorgen.state.pa.us>. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@auditorgen.state.pa.us.