

ATTESTATION ENGAGEMENT

Sheriff

Schuylkill County, Pennsylvania

For the Period

September 1, 2008 to February 28, 2014

July 2015



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

Ms. Tracy Zeigler
Commonwealth Accountant Manager
Office of Comptroller Operations
Harrisburg, PA 17101

We have examined the accompanying statement of receipts and disbursements (Statement) of the Sheriff, Schuylkill County, Pennsylvania (County Officer), for the period September 1, 2008 to February 28, 2014, pursuant to the requirements of Section 401(e) of *The Fiscal Code*, 72 P.S. § 401(e). The County Office's management is responsible for this Statement. 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 and, accordingly, included 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*.

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, 2008 to February 28, 2014, in conformity with the criteria set forth in Note 1.

Independent Auditor's Report (Continued)

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Statement; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the Statement. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. 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 internal control over reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over reporting on the Statement was for the limited purpose of expressing an opinion on whether the Statement is presented in accordance with the criteria described above and was not designed to identify all deficiencies in internal control over reporting on the Statement that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our engagement we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the findings listed below, that we consider to be significant deficiencies.

- Inadequate Internal Controls Over Receipts - Recurring.
- Commonwealth's Portion Of Revenue Was Not Always Transmitted Timely.

As part of obtaining reasonable assurance about whether the Statement is free from material misstatement, we performed tests of the County Office's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion. 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)

We are concerned that the County Office's failed to correct the previously reported finding regarding the inadequate internal controls over receipts. During our current examination, we noted that there were inadequate internal controls over receipts and the Commonwealth's portion of revenue was not transmitted timely. The failure to implement an adequate system of internal controls over receipts could result in uncollected fines and increase the risk for funds to be lost or misappropriated. Furthermore, the failure to remit Commonwealth funds as required by law has resulted in the Department of Revenue not receiving its funds due on a timely basis. The County Office must strive to implement the recommendations and corrective actions noted in this report

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.

We appreciate the courtesy extended by the Sheriff, Schuylkill County, to us during the course of our examination. If you have any questions, please feel free to contact Michael B. Kashishian, CPA, CGAP, CFE, Director, Bureau of County Audits, at 717-787-1363.



Eugene A. DePasquale
Auditor General

February 26, 2015

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SHERIFF
SCHUYLKILL COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
SEPTEMBER 1, 2008 TO FEBRUARY 28, 2014

Receipts:

Deputy Sheriff's Training and Education Surcharges	\$	288,494
Firearms License to Carry Modernization Account Fees		35,825
Firearms License Validation System Account Fees		<u>18,671</u>
Total Receipts (Note 2)		342,990
Disbursements to Office of Comptroller Operations (Note 3)		<u>(342,990)</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, 2008 to February 28, 2014	\$	<u><u>-</u></u>

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

SHERIFF
SCHUYLKILL COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
SEPTEMBER 1, 2008 TO FEBRUARY 28, 2014

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, 2008 To February 28, 2014

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

SHERIFF
SCHUYLKILL COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
SEPTEMBER 1, 2008 TO FEBRUARY 28, 2014

5. County Officer Serving During Examination Period

Harold J. Rowan served as Interim Sheriff during the period September 1, 2008 to September 7, 2008.

Joseph Groody served as Sheriff during the period September 8, 2008 to February 28, 2014.

SHERIFF
SCHUYLKILL COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 1, 2008 TO FEBRUARY 28, 2014

Finding No. 1 - Inadequate Internal Controls Over Receipts - Recurring

We cited the office for inadequate internal controls over receipts in the two prior examination reports, the most recent for the period March 1, 2006 to August 31, 2008. Our current examination found that the office did not correct this issue. Our examination of the accounting records for the office disclosed the following deficiencies in the internal controls over receipts:

- Receipts were not always deposited on the same day as collected. Of 50 receipts tested, 33 were not deposited on the same day as collected. The time lapse from the date of receipt to the subsequent date of deposit ranged from 2 days to 8 days.
- The office copy of the bank deposit slip was not validated by the bank in 36 of the 50 deposits tested. An additional nine deposit slips could not be located by the office.

It should be noted that the testing of the receipts indicated that the total amount receipted equaled the total amount deposited.

These conditions existed because the office ignored our two prior examination recommendations and failed to establish adequate internal controls over its receipts.

A good system of internal controls ensures that:

- All receipts are deposited intact at the bank on the same day as collected.
- The amount of each check and the total amount of cash deposited are identified 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 the validation from the bank, it should be reconciled to the receipts by someone other than the person preparing or making the deposit.
- All deposit slips should be available for audit.

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

SHERIFF
SCHUYLKILL COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 1, 2008 TO FEBRUARY 28, 2014

Finding No. 1 - Inadequate Internal Controls Over Receipts - Recurring (Continued)

Recommendation

We strongly recommend that the office establish and implement an adequate system of internal controls over receipts as noted above.

Management's Response

The County Officer responded as follows:

We ordered duplicate deposit slips from our bank and we will make sure the deposits are hand stamped. The chief will check on progress.

Auditor's Conclusion

This is a recurring finding. It is imperative that the office take all steps necessary to comply with our recommendation. During our next examination, we will determine if the office complied with our recommendation.

SHERIFF
SCHUYLKILL COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 1, 2008 TO FEBRUARY 28, 2014

Finding No. 2 - Commonwealth's Portion Of Revenue Was Not Always Transmitted Timely

Our current examination disclosed that 20 of 22 payments made to the Office of Comptroller Operations for the collection of the deputy sheriff's education and training surcharge, the firearms license to carry modernization account fee, and the firearms license validation system account fee were not transmitted within the time period required. The time lapse from the due date to the date received ranged from 2 days to 121 days.

The Commonwealth's portion must be submitted semiannually to the Office of Comptroller Operations for deposit into special restricted receipt accounts in the General Fund of the State Treasury. The Pennsylvania Office of Comptroller Operations requires that the semiannual report for the period March 1 to August 31 be postmarked by the 5th working day of September and the semiannual report for the period September 1 to February 28 be postmarked by the 5th working day of March.

The following schedule identifies those funds which were transmitted late:

<u>Collection Period</u>	<u>Payment Due Date</u>	<u>Check Issuance Date</u>	<u>Amount</u>
09/01/08 to 02/28/09	03/06/09	03/11/09	\$ 29,080
09/01/08 to 02/28/09	03/06/09	03/24/09	9,240
03/01/09 to 08/31/09	09/07/09	09/11/09	30,220
03/01/09 to 08/31/09	09/07/09	10/29/09	7,182
09/01/09 to 02/28/10	03/07/10	04/20/10	7,848
03/01/10 to 08/31/10	09/07/10	09/14/10	29,320
03/01/10 to 08/31/10	09/07/10	09/29/10	9,588
09/01/10 to 02/28/11	03/07/11	03/09/11	31,140
09/01/10 to 02/28/11	03/07/11	05/05/11	5,988
03/01/11 to 08/31/11	09/08/11	09/15/11	22,070
03/01/11 to 08/31/11	09/08/11	10/13/11	4,006
09/01/11 to 02/29/12	03/07/12	03/14/12	25,480
09/01/11 to 02/29/12	03/07/12	07/06/12	1,574
03/01/12 to 08/31/12	09/10/12	09/17/12	24,100
03/01/12 to 08/31/12	09/10/12	09/25/12	2,552
09/01/12 to 02/28/13	03/07/13	03/21/13	2,300
03/01/13 to 08/31/13	09/08/13	09/19/13	20,950
03/01/13 to 08/31/13	09/08/13	11/19/13	2,370
09/01/13 to 02/28/14	03/07/14	03/11/14	23,640
09/01/13 to 02/28/14	03/07/14	04/24/14	<u>1,848</u>
			<u>\$290,496</u>

SHERIFF
SCHUYLKILL COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 1, 2008 TO FEBRUARY 28, 2014

**Finding No. 2 - Commonwealth's Portion Of Revenue Was Not Always Transmitted Timely
(Continued)**

The above noted condition resulted in the Office of Comptroller Operations not receiving Commonwealth monies in a timely manner.

Recommendation

We recommend that the office transmit the Commonwealth's portion of revenue as required by the Office of Comptroller Operations.

Management's Response

The County Officer responded as follows:

The license to carry firearms system was updated, until the bugs were worked out of the system we could not always generate a total. We will pay added attention to make sure we keep on top of the finding and comply in a timely manner.

Auditor's Conclusion

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

SHERIFF
SCHUYLKILL COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
SEPTEMBER 1, 2008 TO FEBRUARY 28, 2014

This report was initially distributed to:

Ms. Tracy Zeigler
Commonwealth Accountant Manager
Office of Comptroller Operations
Accounts Receivable

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

The Honorable Joseph Groody	Sheriff
The Honorable Frank J. Staudenmeier	Chairperson of the Board of Commissioners
The Honorable Christy Joy	Controller

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