

ATTESTATION ENGAGEMENT

Sheriff

Greene County, Pennsylvania
For the Period
March 1, 2009 to August 31, 2013

December 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

Mr. Harrison Brooks
Commonwealth Account Manager
Office of Comptroller Operations
Harrisburg, PA 17101

We have examined the accompanying statement of receipts and disbursements (Statement) of the Sheriff, Greene County, Pennsylvania (County Officer), for the period March 1, 2009 to August 31, 2013, 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 March 1, 2009 to August 31, 2013, 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.

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. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies listed below to be material weaknesses.

- Misappropriation Of Funds Of \$325.
- Inadequate Internal Controls Over Receipts.
- Inadequate Segregation Of Duties.

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 the no other 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.

We appreciate the courtesy extended by the Sheriff, Greene 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.

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

Eugene A. DePasquale
Auditor General

July 13, 2015

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SHERIFF
 GREENE COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 MARCH 1, 2009 TO AUGUST 31, 2013

Receipts:

Deputy Sheriff's Training and Education Surcharges	\$	39,030
Firearms License to Carry Modernization Account Fees		6,580
Firearms License Validation System Account Fees		<u>2,741</u>
Total Receipts (Note 2)		48,351
Disbursements to Office of Comptroller Operations (Note 3)		<u>(48,351)</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 March 1, 2009 to August 31, 2013	\$	<u><u>-</u></u>

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

SHERIFF
GREENE COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
MARCH 1, 2009 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 March 1, 2009 To August 31, 2013

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

SHERIFF
GREENE COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
MARCH 1, 2009 TO AUGUST 31, 2013

5. County Officers Serving During Examination Period

Richard C. Ketchem served as Sheriff during the period March 1, 2009 to August 31, 2013.

SHERIFF
GREENE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2009 TO AUGUST 31, 2013

Finding No. 1 - Misappropriation Of Funds of \$325

In December 2012, Sheriff's office staff found irregularities in balancing daily deposits. The staff became suspicious that an office clerk was stealing funds. The former Sheriff requested that the local police conduct an investigation. The Pennsylvania Office of Attorney General subsequently took over the investigation from the local police and found that a clerk misappropriated funds of \$325. Our examination found that all of the misappropriated funds were funds owed to Greene County.

The misappropriation of funds occurred when the former clerk collected the state and county portion of the gun permit fee from an applicant. The former clerk would properly record and deposit the state portion of the gun permit fee. However, the former clerk would keep the county portion of the gun permit fee collected and destroy any record of receiving the county portion of the fee.

The current officeholder stated that this condition existed under the previous administration because the previous officeholder failed to establish adequate internal controls over receipts that the Controller's Office had outlined to them.

Good internal accounting controls ensure that funds received from third parties are properly safeguarded in order to prevent funds from being lost or stolen.

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

The former clerk was terminated from employment in October 2013 and was found guilty of theft by deception and tampering with records.

Recommendation

We recommend that the office establish and implement an adequate system of internal controls over receipts to ensure all payments are properly recorded, deposited, and remitted.

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

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

SHERIFF
GREENE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2009 TO AUGUST 31, 2013

Finding No. 2 - Inadequate Internal Controls Over Receipts

Our examination of the accounting records for the office disclosed the following deficiencies in the internal controls over receipts:

- Of 39 receipts tested, 21 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 52 days.
- Of 39 receipts tested, there were 31 instances where the validated deposit slip was not available for review. Therefore, we could not verify that the mix of cash and checks recorded on the accounting records agreed with the mix of cash and checks recorded on the deposit slip.

A good system of internal controls ensures that:

- All monies collected are deposited intact at the bank on the same day as collected.
- All validated bank deposit slips are properly accounted for and maintained. In addition, all documentation should be kept until audited by the Department of the Auditor General.

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

The current officeholder stated that these conditions existed under the previous administration because the previous officeholder failed to establish adequate internal controls over receipts that the Controller's Office had outlined to them.

Recommendation

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

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

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

SHERIFF
GREENE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2009 TO AUGUST 31, 2013

Finding No. 3 - Inadequate Segregation Of Duties

Our examination disclosed that one employee in the office was responsible for performing the following functions:

- Opening mail.
- Collecting cash, entering collection information into the computer system, and issuing receipts.
- Preparing deposit slips.
- Making the deposit.
- Posting disbursements to the disbursement journal.
- Reconciling the bank account.
- Reconciling collections to accounting records and/or receipts.
- Making voided transaction adjustments.
- Preparing checks.
- Signing checks.
- Summarizing accounting records.

A good system of internal controls requires adequate segregation of duties.

In order to achieve adequate segregation of duties, one employee should not have custody of cash and at the same time maintain the accounting records for the cash. These duties should be segregated and rotated daily. As an alternative control, someone independent from maintaining the accounting records and handling cash should review the employee's work daily. The reviewer should sign and date the records and documents reviewed.

Without adequate segregation of duties, the possibility of funds being lost or misappropriated increases significantly.

SHERIFF
GREENE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2009 TO AUGUST 31, 2013

Finding No. 3 - Inadequate Segregation Of Duties (Continued)

The current officeholder stated that this condition existed under the previous administration because the previous officeholder failed to establish adequate Segregation of Duties that the Controller's Office had outlined to them.

Recommendation

We recommend that the Sheriff's office provide for greater segregation of duties within the office. This can be done by cross-training personnel and rotating job functions that include the handling of cash, making voided transaction adjustments, monitoring follow-up procedures on gun permit applications, and maintaining the accounting records for the cash. As an alternative and additional control, someone independent from the handling of cash and the accounting records should review the employee's work at the end of each day. The reviewer should sign and date the records and documents reviewed.

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

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

SHERIFF
GREENE COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
MARCH 1, 2009 TO AUGUST 31, 2013

This report was initially distributed to:

Mr. Harrison Brooks
Commonwealth Account 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 Brian Tennant	Sheriff
The Honorable Chuck Morris	Chairperson of the Board of Commissioners
The Honorable David Balint	Controller

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.