

# ATTESTATION ENGAGEMENT

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## Sheriff

Philadelphia County, Pennsylvania  
For the Period  
September 1, 2012 to February 29, 2016

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July 2017



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

The Honorable Jewell Williams  
Sheriff  
100 South Broad Street  
5th Floor  
Philadelphia, PA 19110

We attempted to examine the accompanying statement of receipts and disbursements (Statement) of the Sheriff, Philadelphia County, Pennsylvania (County Officer), for the period September 1, 2012 to February 29, 2016, 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.

As discussed in Finding No. 1, poor cash receipts practices prevented the auditors from determining whether or not the County Officer properly recorded, remitted, and reported all monies received and due to the Commonwealth. We were unable to satisfy ourselves by other examination procedures; therefore, we determined that management's inadequate internal control policies and procedures over receipts restricted the scope of our examination of the Statement.

Because of the restriction on the scope of our examination discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether the Statement referred to above presents, in all material respects, the receipts made on behalf of the Commonwealth for the period September 1, 2012 to February 29, 2016 in conformity with the criteria set forth in note 1.

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 attempted 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.

## Independent Auditor's Report (Continued)

Our consideration of internal control over reporting on the Statement was for the limited purpose of attempting to express 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:

- Severe Internal Control Weaknesses Over Receipts Including Recorded Receipts Not Always Agreeing With Deposits - Recurring.
- Inadequate Internal Controls Over The Bank Account - Recurring.

In connection with our engagement to examine the Statement, we attempted to perform 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 following instance of noncompliance that is required to be reported under *Government Auditing Standards*:

- Commonwealth's Portion Of Revenue Was Not Transmitted Timely - Recurring.

Additionally, if the scope of our work had been sufficient to enable us to express an opinion on the Statement, additional instances of noncompliance or other matters may have been identified or reported herein.

**We are concerned that the County Office failed to correct previously reported findings regarding the recorded receipts not always matching deposits, the inadequate internal controls over the bank account, and the Commonwealth's portion of revenue not being transmitted timely. The deficiencies could result in uncollected fees and increase the risk for funds to be lost or misappropriated. It is imperative that the County Officer 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.

Independent Auditor's Report (Continued)

We appreciate the courtesy extended by the Sheriff, Philadelphia 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 extending to the right.

June 6, 2017

Eugene A. DePasquale  
Auditor General

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SHERIFF  
PHILADELPHIA COUNTY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

Receipts:

Deputy Sheriff's Training and Education Surcharges (Note 2)	\$ 186,172
Disbursements to Office of Comptroller Operations (Note 3)	<u>(186,172)</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, 2012 to February 29, 2016	<u><u>\$ -</u></u>

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

SHERIFF  
PHILADELPHIA COUNTY  
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD  
SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

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.

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, 2012 To February 29, 2016

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

5. County Officer Serving During Examination Period

Jewell Williams served as Sheriff during the period September 1, 2012 to February 29, 2016.

SHERIFF  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

**Finding No. 1 - Severe Internal Control Weaknesses Over Receipts Including Recorded Receipts Not Always Agreeing With Deposits - Recurring**

We cited the issue of internal control weaknesses over receipts in the three prior examinations, with the most recent being for the period September 1, 2007 to August 31, 2012. Our current examination found that the office once again did not correct these issues, which increases the risk for funds to be lost or misappropriated.

Our examination revealed that the Sheriff's office used pre-numbered receipts to document the initial receipt of payments made to the office for payments received from September 1, 2012 through July 31, 2014. These receipts included pre-printed fees as well as a blank area where other fees and the total due was hand written on the receipts. The office only accepted checks or money orders for services; no cash was accepted. The receipt was not valid until the customer delivered the receipt and payment to the cashier. The cashier hand stamped each copy of the three part receipt which validated the payment received. One copy was given to the customer during the initial receipt of funds, the second copy was filed with the applicable case, and the third copy with the associated payment was transferred from the cashier to the accounting department. The accounting department was responsible for entering the receipts in the office computer system, preparing the bank deposits, and maintaining accounting records. The office implemented a new computerized receipts software on August 1, 2014. Our examination of the accounting records for the office disclosed the following deficiencies in the internal controls over receipts:

- Of 33 receipts tested, which included days prior to and after the implementation of the new computer system on August 1, 2014, 12 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 12 days.
- Hand written receipts were not issued in numerical sequence. We reviewed 33 days of receipts and found that 17 days of receipts had missing receipt numbers within the range used for the day. The missing receipt numbers ranged from 77 to 10,881. Consequently, a population of receipts for the period September 1, 2012 to July 31, 2014, could not be determined, nor could we determine if receipts were missing. However, we found that there were no missing receipt numbers after the implementation of new computer software on August 1, 2014.
- Of 33 days of receipts tested, which included days prior to and after the implementation of the new computer system on August 1, 2014, we found 29 days in which the total amount deposited did not match the total amount collected for the day. The differences ranged from a deposit amount of \$3,692.46 less than collected to a deposit amount of \$22,812 more than collected.

SHERIFF  
 PHILADELPHIA COUNTY  
 FINDINGS AND RECOMMENDATIONS  
 FOR THE PERIOD  
 SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

**Finding No. 1 - Severe Internal Control Weaknesses Over Receipts Including Recorded Receipts Not Always Agreeing With Deposits - Recurring (Continued)**

These conditions existed because the office failed to establish adequate internal controls over its receipts as recommended in our prior three examination reports. The following schedule identifies those days where the total collected did not equal the total amount deposited into the bank account:

<u>Receipt Date</u>	<u>Total Collected</u>	<u>Total Deposited</u>	<u>Difference Deposit more than collected (Deposit less than collected)</u>
10/31/2012	\$6,790.00	\$9,114.00	\$2,324.00
11/19/2012	\$4,973.00	\$5,691.00	\$718.00
01/25/2013	\$8,148.00	\$7,801.00	\$(347.00)
03/28/2013	\$3,780.00	\$3,348.00	\$(432.00)
05/01/2013	\$3,688.00	\$2,540.00	\$(1,148.00)
06/20/2013	\$4,392.00	\$5,208.00	\$816.00
07/11/2013	\$47,676.00	\$56,208.00	\$8,532.00
08/08/2013	\$4,582.00	\$5,630.00	\$1,048.00
10/21/2013	\$4,654.00	\$4,690.00	\$36.00
11/19/2013	\$5,416.00	\$2,299.00	\$(3,117.00)
12/06/2013	\$2,856.00	\$12,264.00	\$9,408.00
01/16/2014	\$7,810.00	\$30,622.00	\$22,812.00
02/24/2014	\$4,109.00	\$9,834.00	\$5,725.00
04/03/2014	\$4,646.00	\$6,566.00	\$1,920.00
05/22/2014	\$6,518.46	\$2,826.00	\$(3,692.46)
06/18/2014	\$3,126.00	\$5,632.00	\$2,506.00
09/22/2014	\$2,244.00	\$4,540.00	\$2,296.00
10/09/2014	\$2,794.00	\$1,808.00	\$(986.00)
11/21/2014	\$2,406.00	\$4,582.00	\$2,176.00
01/06/2015	\$6,075.00	\$8,146.00	\$2,071.00
04/08/2015	\$6,883.00	\$6,995.00	\$112.00
05/22/2015	\$3,866.00	\$11,830.65	\$7,964.65
06/17/2015	\$2,552.00	\$2,668.00	\$116.00
07/07/2015	\$8,355.00	\$8,747.00	\$392.00
08/13/2015	\$3,687.00	\$3,855.00	\$168.00
11/30/2015	\$5,183.00	\$4,847.00	\$(336.00)
12/16/2015	\$4,019.00	\$3,761.00	\$(258.00)
01/08/2016	\$7,142.00	\$7,048.00	\$(94.00)
02/24/2016	\$12,454.00	\$13,106.00	\$652.00

SHERIFF  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

**Finding No. 1 - Severe Internal Control Weaknesses Over Receipts Including Recorded Receipts Not Always Agreeing With Deposits - Recurring (Continued)**

We were able to verify 13 of the 29 variances from September 2014 to February 2016 listed in the table on page 4. The deposits contained multiple receipt dates which resulted in the variance between the amount recorded and the amount deposited. We were unable to verify the remaining 16 variances as these deposits were recorded in the office's prior computer system. Office staff stated that the variances were the result of cashiers recording the manual receipt date with a hand-stamp. The receipt date would be incorrect if a cashier did not change the date on the hand stamp or changed it to a date other than the date the receipt was created. As a result, the receipt date would not correspond to the date of deposit which created the variances. In addition, staff stated that each cashiers' receipt report may contain more than one day's receipt information. Office supervisors did not sign off on the cashiers' reports to ensure that all cash and checks collected for any one day totaled what was deposited for that day.

A good system of internal controls ensures that:

- All monies collected are deposited intact at the bank on the same day as collected.
- All receipts are issued in numerical sequence.
- The total amount deposited each day equals the total amount collected.

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

**Recommendation**

We again strongly recommend that the office establish and implement an adequate system of internal controls over the receipting system as noted above. It is imperative that the office maintain adequate control over receipts in order to minimize the possibility of loss or theft of funds. The office's failure to maintain adequate control over receipts increases the risk for funds to be lost or misappropriated.

SHERIFF  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

**Finding No. 1 - Severe Internal Control Weaknesses Over Receipts Including Recorded Receipts Not Always Agreeing With Deposits - Recurring (Continued)**

Management's Response

The County Officer responded as follows:

Since the previous audit we have made improvements in process, procedure and tools used for collecting funds from the Main Desk operations. At our initial exit conference for this audit, it was stated that this finding would reflect improvements made by the new system initiated in August 2014. However, after that conference, it was determined by the Commonwealth to revise the finding instead of showing improvement to escalating the finding to "Severe Internal Control Weaknesses Over Receipts Including Recorded Receipts Not Always Agreeing With Deposits" from "Inadequate Controls over Receipts".

In response to the first bullet on page three, Finding No. 1, there was a total of 12 receipts not deposited on the same day or next business day. Eight of those 12 receipts mentioned were deposited within 2 business days. The range is inflated as it coincides mostly with holidays and weekends. The remaining four delayed deposits [were] caused by specific conditions. There is one deposit cited with a 5 day delay, was issued on Thursday and was deposited on the following Tuesday, which is three business days. The typical reason for a two or three day delay is staffing because the staff is out of the office at Sheriff Sales. The final 3 receipts - a 6 day delay (4 business days), an 8 day delay (5 business days), and 12 day delay (6 business days) were due to holidays, weekends and staffing shortages due to sale weeks as well. Again, the range is inflated. The Main Desk processes work daily and deposits into the cashier overnight box for verification and deposit the following business day. It is typically at least a one day delay. The work is verified and, as a control, is transferred by a different person from the person who entered it in the system. If there is an error at the Main Desk, it is brought to the supervisor and the check is locked away until the error is address[ed] and the case can be processed. The cashiers are aware of such items because they see the outstanding receipt in their electronic deposit log.

In response to the second bullet point on page three, there is a range of receipt numbers and a large number of missing receipts. This could be due to two potential causes. First, archived receipts that were not recovered for this audit. Second, there were also new receipts with new sequences ordered during the transition to the current administration and the implementation of the information system.

SHERIFF  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

**Finding No. 1 - Severe Internal Control Weaknesses Over Receipts Including Recorded Receipts Not Always Agreeing With Deposits - Recurring (Continued)**

Management's Response (Continued)

In response to the chart on page 4, we believe it is misleading as it does not reflect all deposits made in the audit time frame. If the columns are totaled, it does not reflect the true rolling accrual of all our receipts and deposits because it misses numerous days and these are not consecutive.

In regards to Finding No. 1, page 5, first paragraph, last sentence. The Main Desk work is verified by their unit supervisor before being brought to the cashier's which can cause a delay.

All work is entered and all checks secured. The cashiers can see when a check was not delivered. The cashiers reconcile the work and keep a log of any issues to resolve with the Main Desk unit. There is a cashiering supervisor in the booth creating daily deposit reports and there is a monthly reconciliation of all accounts by a contracted CPA.

In regards to the first bullet on page 5, it is not cost effective to hire additional staff to achieve same day deposit. In regards to the second bullet point on page 5, as the auditor reported this has been rectified with the new system. The third bullet point on page 5 is unreasonable unless we use cutoff times that are too early to accommodate customers or staff [in] our office. [It is] too late to establish this recommendation. Again, it is not cost effective.

Auditor's Conclusion

Regarding the issue of receipts not deposited timely, we do take weekends and holidays into consideration when calculating the timeliness of deposits. Please note that we did not include the deposits that were held due to holidays and weekends unless they have extended over the three or four day grace period for these factors. If we had included deposits within the grace period, the number of late deposits would have been increased by four additional deposits.

SHERIFF  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

**Finding No. 1 - Severe Internal Control Weaknesses Over Receipts Including Recorded Receipts Not Always Agreeing With Deposits - Recurring (Continued)**

Auditor's Conclusion (Continued)

Regarding the issue of missing receipts, since the office did not issue manual receipts in numerical order, we could not account for all receipts issued prior to the implementation of the new computer system. We do state that we were able to determine that there were no missing receipts since the implementation of the new computer system. However, the majority of our examination period covered the processing of receipts using the old computer system. Therefore, this information is relevant to our examination as a whole.

Regarding the issue of recorded receipts not matching the recorded deposits, we were able to verify 13 of the 29 variances from September 2014 to February 2016 listed in the table on page 4. We found that the deposits contained multiple receipt dates which resulted in the variance between the amount recorded and the amount deposited. We were unable to verify the remaining 16 variances as these deposits were recorded in the office's prior computer system. Office staff stated that, even if the office staff reviewed the archived documentation to support the deposits made in the old computer system, they could not determine what receipts were included in the variances to adequately support the variances. In addition, the office stated that improvements have been made in part by implementing a new computer software system. However, subsequent to the implementation of the new software system, we found that recorded receipts for the day still did not match the amount that was deposited for that day. The risk of lost or misappropriated funds continues to exist as long as these deficiencies exist. It may be prudent to implement an early cut off time for daily transactions so that recorded receipts match recorded deposits.

We have been reporting on these issues in the last three examination reports, which extends to before 2003. We strongly recommend that the office take all corrective actions necessary to comply with our recommendation. During our next examination, we will determine if the office complied with our recommendation.

SHERIFF  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

**Finding No. 2 - Inadequate Internal Controls Over The Bank Account - Recurring**

We cited the issue of inadequate internal controls over the bank account in the prior examination for the period September 1, 2007 to August 31, 2012. Our current examination found that the office did not correct the issue.

Our examination of the accounting records for the office disclosed that there was no accountability over undisbursed funds. The office did not maintain a schedule of cash liabilities.

This condition existed because the office failed to establish adequate internal controls over its bank account as recommended in our prior examination report.

A good system of internal controls ensures that the ending cash balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved. Since the bank account of the office is essentially an escrow account on behalf of the Commonwealth, County and other participating entities, all available funds on hand should equal unpaid obligations.

Without a good system of internal controls over the bank account, the possibility of funds being lost or misappropriated increases significantly.

**Recommendation**

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

**Management's Response**

The County Officer responded as follows:

The majority of the excess funds in appearance and execution accounts are due to commissions that have not yet been issued payable to the Philadelphia Sheriff's Office and advance payments made for ongoing injunctions. We are currently working with the software company to see if a liability report can be created to list all costs that were entered at the time of service from the Main Desk but were not transferred into a specific category for immediate payment. As funds are received, they are matched [to] the daily receipt logs to verify that no funds are missing. We are confident that we have rectified the previous deficiencies with the new system and all fees due the state were issued. There are monthly bank reconciliations on both the Main Desk accounts and the cashiers [to] verify the total receipts match the amounts deposited on individual cases as well as keeping record in a daily log.

SHERIFF  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

**Finding No. 2 - Inadequate Internal Controls Over The Bank Accounts - Recurring  
(Continued)**

Auditor's Conclusion

This is a recurring finding. We strongly recommend that the office take all corrective actions necessary to comply with our recommendation. During our next examination, we will determine if the office complied with our recommendation.

SHERIFF  
 PHILADELPHIA COUNTY  
 FINDINGS AND RECOMMENDATIONS  
 FOR THE PERIOD  
 SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

**Finding No. 3 - Commonwealth's Portion Of Revenue Was Not Transmitted Timely - Recurring**

We cited the issue of the Commonwealth's portion of revenue not being transmitted timely in the three prior examinations, with the most recent being for the period September 1, 2007 to August 31, 2012. Our current examination found that the office again did not correct the issue.

Our examination disclosed that all 7 payments made to the Office of Comptroller Operations (OCO) for the Deputy Sheriff's Training and Education Surcharge were not transmitted within the time period required. The time lapse for the due date to the date received ranged from 11 to 87 days.

The Commonwealth's portion must be submitted semi-annually to the Pennsylvania Office of Comptroller Operations for deposit into the Deputy Sheriff's Education and Training Account. The Pennsylvania Office of Comptroller Operations requires that the semi-annual report for the period March 1 to August 31 be postmarked by the 5<sup>th</sup> working day of September and that the semi-annual report for the period September 1 to February 28 be postmarked by the 5<sup>th</sup> 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>
09/01/12 - 02/28/13	3/7/2013	5/21/2013	\$ 21,380
03/01/13 - 08/31/13	9/8/2013	10/4/2013	25,000
09/01/13 - 02/28/14	3/7/2014	4/16/2014	32,550
03/01/14 - 08/31/14	9/8/2014	9/19/2014	27,400
09/01/14 - 02/28/15	3/6/2015	3/31/2015	24,290
03/01/15 - 08/31/15	9/8/2015	12/4/2015	27,630
09/01/15 - 02/29/16	3/7/2016	3/22/2016	27,922
Total			<u>\$186,172</u>

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

**Recommendation**

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

SHERIFF  
PHILADELPHIA COUNTY  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

**Finding No. 3 - Commonwealth's Portion Of Revenue Was Not Transmitted Timely  
- Recurring (Continued)**

Management's Response

The County Officer responded as follows:

In the past few years, we have not received the required invoices and information from the State until a few days before the due date and sometimes after the due date. Nevertheless, payment to the Office of Comptroller Operations, for the Deputy Sheriff's Training and Education Surcharge are always made. Examples of the mismatch between the invoice and payment dates are as follows: Period ending 8/31/15 due 9/8/15 was sent to the firearms division and received by them 9/2/15. It was not received in accounting until November and we emailed, called, and sent notification to the Commonwealth detailing as such asking that the contact information be updated to the accounting unit. Period ending 2/29/16 due 3/7/16 was received and date stamped 3/15/16 as the contact info had been updated. There has never been a period where we have ignored or have not addressed the state fees as soon as we received notification. We have actively reached out to the Department of the Auditor General about this matter. Again, we are confident that we have rectified the previous deficiencies with the new system and all fees due to the state were issued.

Auditor's Conclusion

We understand the office's concerns regarding the issues they have incurred with the notifications from the Office of Comptroller Operations not being routed in a timely manner to the accounting unit. This is a recurring finding. We strongly recommend that the office take all corrective actions necessary to comply with our recommendation. During our next examination, we will determine if the office complied with our recommendation.

SHERIFF  
PHILADELPHIA COUNTY  
GENERAL MANAGEMENT RESPONSE TO EXAMINATION REPORT  
FOR THE PERIOD  
SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

**General Management Response to Examination Report**

The Philadelphia Sheriff's Office provided a general response to our examination report as follows:

Generally, we are concerned with the tenor of the language used in the revised audit. The first and second paragraphs on page one [Independent Auditor's Report] imply that the Commonwealth was unable to audit certain materials within the scope of the audit, restricting [the] scope of the examination. Therefore, as stated in the third paragraph, the Commonwealth cannot form an opinion for the period of September 1, 2012 to February 29, 2016. This ignores certain facts.

The auditor was provided all documents available in our offices at 100 S. Broad Street, Philadelphia, PA. The implication that we intentionally did not provide documents is incorrect. We informed your auditor that some receipts that had been archived at a City facility away from our office and offered to obtain these receipts. Because these receipts were generated by a failed accounting system well known to the Commonwealth, we were told [that] retrieving these receipts for the period September 1, 2012 to August 2014 was not necessary. Since the new system, implemented in August 2014 corrected the deficiencies of the old system, we were told it would not be necessary to recover the older documents. To do so would repeat prior findings concerning the delay in processing daily payments, deposits not in agreement, and inadequate internal controls. It was our understanding that the Commonwealth's opinion would be based on the improvements made by the system and process for the period August 2014 through February 29, 2016.

We are also concerned with the language and implications used in the second paragraph on page two [Independent Auditor's Report] of the Audit Report of 1/24/17. Our internal controls include deposit reports, bank reconciliations, and two approvals prior to work packets leaving the Main Desk area and a final review before the cashiers process the payment.

SHERIFF  
PHILADELPHIA COUNTY  
GENERAL MANAGEMENT RESPONSE TO EXAMINATION REPORT  
FOR THE PERIOD  
SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

**General Management Response to Examination Report (Continued)**

In response to the third point on page 2 [Independent Auditor's Report] of the Audit Report dated 1/24/17, we provided a detailed list of the dates when the Commonwealth's [Office of Comptroller Operations] requests for payment were received by our department. In addition, we were in constant communication with the Department of the Auditor General concerning payment made after the deadline. The fact is the Commonwealth's [Office of Comptroller Operations] invoices for payment were not received in a timely manner. The new accounting system has improved the timeframe in which revenue has been sent to the Commonwealth, but there will be a delay if the Commonwealth [Office of Comptroller Operations] sends invoices that allow no time for payment processing. In response to the fourth and fifth paragraph on page two of the Independent Audits [Auditor's] Report dated 1/24/17, corrective action has been taken to address findings noted in earlier Audits. To support the validity of the Audits [sic] contentions, we need to have examples of uncollected, lost, or misappropriated fees discovered in this audit or prior audits. We also request a list of suggested internal controls.

**Auditor's Conclusion**

Regarding the language used in the Independent Auditor's Report, we conduct our examinations in accordance with the American Institute of Certified Public Accountants (AICPA) Attestation Standards along with *Government Auditing Standards* for attestation engagements. These standards require us to include specific language in the Independent Auditor's Report. The scope of our examination was to determine if the Sheriff properly recorded, remitted, and reported all monies received and due to the Commonwealth. However, because the office did not issue manual receipts in numerical order, nor ensure that recorded receipts matched recorded deposits, we could not determine if all monies due the Commonwealth were actually recorded, remitted and reported correctly.

We acknowledge that the office provided us with all documents available. We tested a selection of receipts from the entire examination period, which included receipts issued from September 2012 to August 2014 under what the Sheriff's Office referred to as the "failed accounting system." We did not state that "Since the new system, implemented in August 2014 corrected the deficiencies of the old system...it would not be necessary to recover the older documents. To do so would repeat prior findings concerning the delay in processing daily payments, deposits not in agreement, and inadequate internal controls." On the contrary, we examined records from both the old and new systems, and we found that problems with receipts and deposits remained under the new system as stated in Finding No. 1.

SHERIFF  
PHILADELPHIA COUNTY  
GENERAL MANAGEMENT RESPONSE TO EXAMINATION REPORT  
FOR THE PERIOD  
SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

**General Management Response to Examination Report (Continued)**

Auditor's Conclusion (Continued)

Regarding the statement that “It was our understanding that the Commonwealth’s opinion would be based on the improvements made by the system and process for the period August 2014 through February 29, 2016,” professional standards forbid us from limiting our opinion to only a portion of the period under examination. The professional standards for attestation engagements issued by the American Institute of Certified Public Accountants (AICPA) require us to form an opinion or disclaim an opinion for the entire examination period.

Regarding the language in the second paragraph on page 2 of the Independent Auditor’s Report, similar to above, the AICPA professional standards require this information to be included. The AICPA Professional Standards, Statements on Standards for Attestation Engagements includes standards of fieldwork, one of which is “The practitioner must obtain sufficient evidence to provide a reasonable basis for the conclusion that is expressed in the report.” When sufficient evidence is not attainable, as is the case for this engagement due to the combination of issues described in the findings, the AICPA standards forbid us from expressing an opinion. We reiterate that the reason for not being able to obtain sufficient evidence was not due to not being provided with documents, but was due to the many issues noted in the findings.

Regarding the third point on page 2 of the Independent Auditor’s Report, we reviewed the dates when the Office of Comptroller Operations’ payment requests were received by the Sheriff’s Office. We understand the office’s concerns regarding the issues they have incurred with the notifications from the Office of Comptroller Operations not being routed in a timely manner to the accounting unit. However, your statement “In addition, we were in constant communication with the Department of the Auditor General concerning payment made after the deadline” is incorrect. The office was not in constant communication with us regarding this information, and we do not monitor payment information to the Office of Comptroller Operations for any sheriff’s office in the Commonwealth.

Regarding corrective action taken by the office to address the findings noted in earlier audits, we have noted only one corrective action as recorded in the “Summary of Prior Examination Recommendations” section on page 18.

SHERIFF  
PHILADELPHIA COUNTY  
GENERAL MANAGEMENT RESPONSE TO EXAMINATION REPORT  
FOR THE PERIOD  
SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

**General Management Response to Examination Report (Continued)**

Auditor's Conclusion (Continued)

To address your request for examples of uncollected, lost or misappropriated fees discovered in this audit or prior audits, we have not found any. However, the deficiencies in internal controls over funds received by the office significantly increases the risk of funds being lost or misappropriated. Additionally, the professional standards that we conducted this engagement in accordance with (*Government Auditing Standards*) require us to include findings of deficiencies in internal controls that are considered to be significant deficiencies or material weaknesses in our report.

Finally, regarding your request for suggested internal controls, we have provided recommendations as part of each finding in the report. However, it is your office's responsibility to make management decisions such as determining the proper internal controls that should be implemented to provide adequate assurance that funds received by the office are safeguarded and accounted for appropriately. Further, *Government Auditing Standards* forbids auditors from making management decisions (such as determining specific internal controls procedures to be implemented), which would impair the auditor's independence to conduct an audit, while also conducting an independent audit for an organization.

SHERIFF  
PHILADELPHIA COUNTY  
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS  
FOR THE PERIOD  
SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

**Summary Of Prior Examination Recommendations**

During our prior examination, we recommended that the office:

- Obtain validated deposit slips from the bank.
- Implement an adequate system of internal controls over the receipting system.
- Implement an adequate system of internal controls over the bank account.
- Transmit the Commonwealth's portion of revenue on a timely basis as required by the Pennsylvania Office of Comptroller Operations.

During our current examination, we noted that the office complied with our first bulleted recommendation. However, the office did not comply with our last three bulleted recommendations. Please see the current year findings for additional information.

SHERIFF  
PHILADELPHIA COUNTY  
REPORT DISTRIBUTION  
FOR THE PERIOD  
SEPTEMBER 1, 2012 TO FEBRUARY 29, 2016

This report was initially distributed to:

**Mr. Harrison Brooks**  
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 Jewell Williams**  
Sheriff

**The Honorable Darrell L. Clarke**  
President of City Council

**The Honorable Alan Butkovitz**  
Controller

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://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](mailto:news@PaAuditor.gov).