

SHERIFF

BUCKS COUNTY

EXAMINATION REPORT

FOR THE PERIOD

MARCH 1, 2005 TO FEBRUARY 29, 2008

CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
Financial Section:	
Statement Of Receipts And Disbursements.....	5
Notes To The Statement Of Receipts And Disbursements.....	6
Findings And Recommendations:	
Finding No. 1 - Inadequate Segregation Of Duties.....	9
Finding No. 2 - Late Payments To The Office of Comptroller Operations.....	11
Report Distribution	13

Independent Auditor's Report

Ms. Mildred Duncan
Commonwealth Accountant Manager
Office of Comptroller Operations
Accounts Receivable
555 Walnut Street
The Forum Place, 9th Floor
Harrisburg, PA 17101

We have examined the accompanying statement of receipts and disbursements (Statement) of the Sheriff, Bucks County, Pennsylvania (County Officer), for the period March 1, 2005 to February 29, 2008, 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 ended February 29, 2008, 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 deficiency described in the finding below to be a significant deficiency in internal control over the reporting on the Statement:

- Inadequate Segregation Of Duties.

Independent Auditor's Report (Continued)

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 the significant deficiency described above to be a material weakness.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we did note an other matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the finding below:

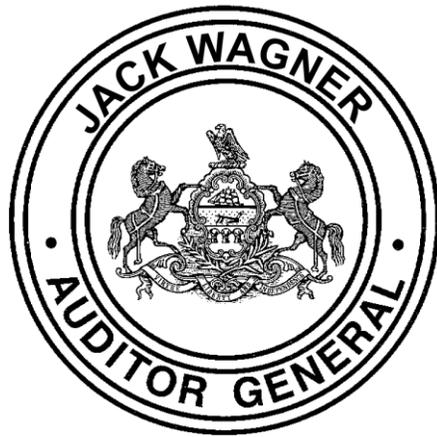
- Late Payments To The Office of Comptroller Operations.

We are concerned in light of the County Officer's failure to correct a previously reported finding regarding inadequate segregation of duties. Additionally, during our current examination, we noted a weakness in the internal controls over payments to the Office of Comptroller Operations. The failure to implement an adequate system of internal controls over segregation of duties increases 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 Officer should strive to implement the recommendations and corrective action noted in this examination 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.

December 5, 2008

JACK WAGNER
Auditor General



SHERIFF
BUCKS COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
MARCH 1, 2005 TO FEBRUARY 29, 2008

Receipts:

Deputy Sheriff's Training and Education Surcharges	\$ 496,212	
Firearms License to Carry Modernization Account Fees	47,415	
Firearms License Validation System Account Fees	9,483	
Total Receipts (Note 2)	553,110	
Disbursements to Office of Comptroller Operations (Note 3)	(553,110)	
Balance due Office of Comptroller Operations (Sheriff's Office) (Note 4)	-	
Examination adjustments	-	
Adjusted balance due Office of Comptroller Operations (Sheriff's Office) for the period March 1, 2005 to February 29, 2008	\$ -	

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

SHERIFF
BUCKS COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
MARCH 1, 2005 TO FEBRUARY 29, 2008

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.
- 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.

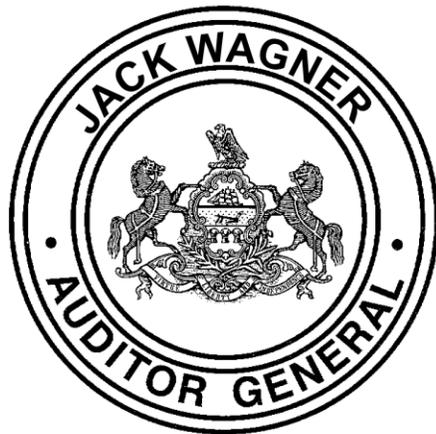
4. Balance Due Office of Comptroller Operations (Sheriff's Office) For The Period March 1, 2005 To February 29, 2008

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

SHERIFF
BUCKS COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
MARCH 1, 2005 TO FEBRUARY 29, 2008

5. County Officer Serving During Examination Period

Edward J. Donnelly served as Sheriff during the period March 1, 2005 to February 29, 2008.



SHERIFF
BUCKS COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2005 TO FEBRUARY 29, 2008

Finding No. 1 - Inadequate Segregation Of Duties

Our examination disclosed that two employees in the sheriff's office were responsible for performing the following functions:

- Summarizing accounting records.
- Making voided transactions adjustments.
- Posting disbursements to the disbursement journal.
- Reconciling the bank account.
- Preparing deposit slips.
- Preparing checks.

Although there were two employees who performed the above duties, it was noted that either of the employees performed all of the duties on a given day.

A good system of internal control 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 money being lost or misappropriated increases significantly.

This finding was cited in the prior audit for the period ending February 28, 2005.

Recommendation

We again recommend that the sheriff 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, and maintaining the accounting records for the cash. As an alternative and/or 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.

SHERIFF
BUCKS COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2005 TO FEBRUARY 29, 2008

Finding No. 1 - Inadequate Segregation Of Duties (Continued)

Management's Response

The Sheriff and Senior Executive Assistant responded as follows:

We have had a small staff in the past, and this has not changed. Since the last audit we have seen no problems or potential problems as it is being accomplished.

Auditor's Conclusion

Although we recognize management's point of view, without adequate segregation of duties, the possibility of money being lost or misappropriated increases significantly.

SHERIFF
BUCKS COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2005 TO FEBRUARY 29, 2008

Finding No. 2 - Late Payments To The Office of Comptroller Operations

Our examination disclosed that the semiannual payments submitted to the Office of Comptroller Operations for the collection of the Deputy Sheriffs' Education and Training Surcharge, the Firearms License to Carry Modernization Account Fee and Firearms License Validation System Account Fee were not transmitted within the time period required. The time lapse from the due date to the check date ranged from 11 days to 82 days.

The Commonwealth's portion must be submitted semiannually to the Pennsylvania 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 that 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:

Deputy Sheriff's Education And Training Surcharge

<u>Collection Period</u>	<u>Amount</u>	<u>Due Date</u>	<u>Check Date</u>
03/01/05 to 08/31/05	\$ 73,660	09/08/05	11/29/05
09/01/05 to 02/28/06	70,006	03/07/06	04/27/06
03/01/06 to 08/31/06	79,332	09/11/06	09/22/06
09/01/06 to 02/28/07	85,310	03/07/07	03/26/07
03/01/07 to 08/29/07	92,514	09/10/07	09/26/07
09/01/07 to 02/29/08	<u>95,390</u>	03/07/08	04/04/08
	<u>\$496,212</u>		

Firearms License to Carry Modernization Account Fee And Firearms License Validation System Account Fee

<u>Collection Period</u>	<u>Amount</u>	<u>Due Date</u>	<u>Check Date</u>
09/01/06 to 02/28/07	\$16,686	03/07/07	03/26/07
03/01/07 to 08/29/07	15,810	09/10/07	09/26/07
09/01/07 to 02/29/08	<u>16,374</u>	03/07/08	04/04/08
	<u>\$48,870</u>		

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

SHERIFF
BUCKS COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2005 TO FEBRUARY 29, 2008

Finding No. 2 - Late Payments To The Office of Comptroller Operations (Continued)

Recommendations

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

Management's Response

The Sheriff and Senior Executive Assistant responded as follows:

The late payments to the Commonwealth was due to a new employee learning the job. Also, the State gives us five working days upon receipt of the payment reminder letter. If it is at the end of the month, you have to close out which does not give enough time (5 working days). However, we have improved immensely for the upcoming payment that will be due.

Auditor's Conclusion

Although we recognize the concerns regarding the due date of the semi-annual payment, the office must comply with the requirements of the Office of Comptroller Operations so that Commonwealth monies are remitted in a timely manner.

SHERIFF
BUCKS COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
MARCH 1, 2005 TO FEBRUARY 29, 2008

This report was initially distributed to:

Ms. Mildred Duncan
Commonwealth Accountant Manager
Office of Comptroller Operations
Accounts Receivable
555 Walnut Street
The Forum Place, 9th Floor
Harrisburg, PA 17101

Ms. Sally A. Hitz
Director
Office of Financial Management and Administration
Pennsylvania Commission on Crime and Delinquency
3101 North Front Street
Harrisburg, PA 17110

Sheriff
Bucks County
55 East Court Street, 1st Floor
Doylestown, PA 18901

The Honorable Edward J. Donnelly	Sheriff
The Honorable Raymond F McHugh	Controller
The Honorable James F. Cawley	Chairperson of the Board of Commissioners

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. To view this report online or to contact the Department of the Auditor General, please access our web site at www.auditorgen.state.pa.us.