



SHERIFF

WASHINGTON COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 3, 2006 TO AUGUST 31, 2008

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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, Washington County, Pennsylvania (County Officer), for the period January 3, 2006 to August 31, 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 August 31, 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.

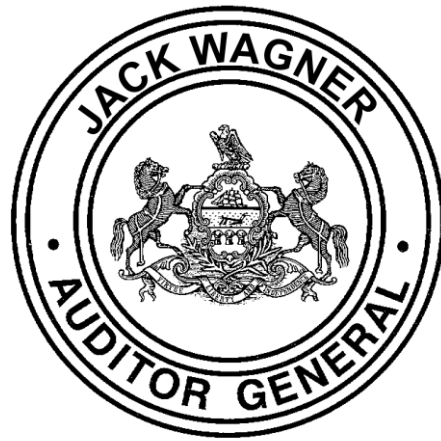
The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we did note an other matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in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

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

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.

February 11, 2009

JACK WAGNER
Auditor General



SHERIFF
WASHINGTON COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 3, 2006 TO AUGUST 31, 2008

Receipts:

Deputy Sheriff's Training and Education Surcharges	\$	209,950
Firearms License to Carry Modernization Account Fees		43,302
Firearms License Validation System Account Fees		<u>8,694</u>
Total Receipts (Note 2)		261,946
Disbursements to Office of Comptroller Operations (Note 3)		<u>(261,946)</u>
Balance due Office of Comptroller Operations (Sheriff's Office) (Note 4)		-
Examination adjustments		<u>-</u>
Adjusted balance due Office of Comptroller Operations (Sheriff's Office) for the period January 3, 2006 to August 31, 2008	\$	<u>-</u>

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

SHERIFF
WASHINGTON COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
JANUARY 3, 2006 TO AUGUST 31, 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 (County) For The Period January 3, 2006 To August 31, 2008

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

5. County Officer Serving During Examination Period

Samuel F. Romano served as Sheriff during the period of January 3, 2006 to August 31, 2008.

SHERIFF
WASHINGTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 3, 2006 TO AUGUST 31, 2008

Finding No. 1 - Inadequate Segregation Of Duties

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

- Collecting Money and receipting transaction.
- Summarizing accounting records.
- Reconciling collections to accounting records.
- Making voided transaction.
- Reconciling bank statement
- Preparing deposit slips.
- Making deposits.
- Reconciling validated deposit slips to accounting records.
- Preparing checks.
- Signing checks.

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 segregation of duties, the possibility of misappropriation of funds increases significantly.

SHERIFF
WASHINGTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 3, 2006 TO AUGUST 31, 2008

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

Recommendation

We recommend that the county 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 citations, 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.

Management's Response

No formal response was offered at this time.

SHERIFF
WASHINGTON COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 3, 2006 TO AUGUST 31, 2008

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

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 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:

<u>Month/Year</u>	<u>Date Payment Due</u>	<u>Check Date</u>	<u>Amount Due</u>
09/01/05 to 02/28/06	03/07/06	03/09/06	\$ 35,370
03/01/06 to 08/31/06	09/08/06	10/03/06	36,250
09/01/06 to 02/28/07	03/07/07	03/27/07	28,350
09/01/06 to 02/28/07	03/07/07	03/28/07	9,466
09/01/07 to 02/29/08	03/07/08	03/12/08	35,280
09/01/07 to 02/29/08	03/07/08	03/11/08	14,156
03/01/08 to 08/31/08	09/08/08	10/02/08	38,790
03/01/08 to 08/31/08	09/08/08	10/01/08	<u>12,881</u>
			<u>\$ 210,543</u>

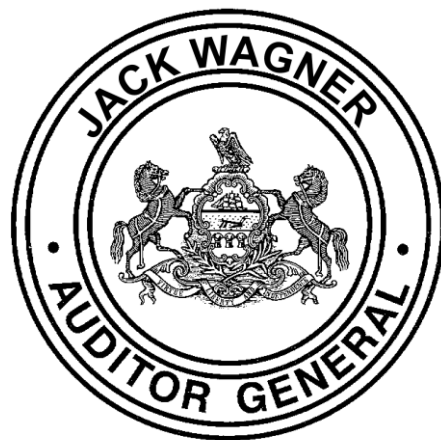
The above noted conditions resulted in the Office of Comptroller Operations not receiving Commonwealth monies in a timely manner.

Recommendation

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

Management's Response

No formal response was offered at this time.



SHERIFF
WASHINGTON COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 3, 2006 TO AUGUST 31, 2008

This report was initially distributed to:

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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
Washington County
100 West Beau Street
Courthouse Square, Room 303
Washington, PA 15301

The Honorable Samuel F. Romano	Sheriff
The Honorable Michael Namie	Controller
The Honorable Larry Maggi	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.