

SHERIFF

MONROE COUNTY

EXAMINATION REPORT

FOR THE PERIOD

SEPTEMBER 1, 2004 TO AUGUST 31, 2007

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Independent Auditor's Report

The Honorable Robin L. Wiessmann
Treasurer
Pennsylvania Department of Treasury
129 Finance Building
Harrisburg, PA 17120-0018

We have examined the accompanying statement of receipts and disbursements of the Sheriff, Monroe County, Pennsylvania (County Officer), for the period September 1, 2004 to August 31, 2007, 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 Department of Treasury for the period ended August 31, 2007, 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 deficiencies described in the findings below to be significant deficiencies in internal control over the reporting on the Statement:

- Inadequate Accountability Over Funds Held In Escrow.
- Inadequate Procedures To Calculate Payments To The Department Of Treasury.

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 deficiencies described above to be material weaknesses.

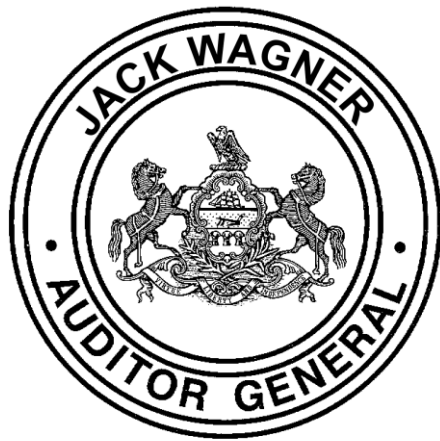
The results of our tests also did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We are concerned in light of the County Officer's failure to correct a previously reported finding regarding inadequate accountability over funds held in escrow. The County Officer should strive to implement the recommendation and corrective action noted in this examination report. This significant deficiency increases the risk for funds to be lost, stolen, or misappropriated.

This report is intended solely for the information and use of the Pennsylvania Department of Treasury and the County Officer and is not intended to be and should not be used by anyone other than these specified parties.

April 21, 2008

JACK WAGNER
Auditor General



SHERIFF
MONROE COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
SEPTEMBER 1, 2004 TO AUGUST 31, 2007

Receipts:

Deputy Sheriff's Training and Education Surcharges	\$ 350,680
Firearms License to Carry Modernization Account Fees	11,650
Firearms License Validation System Account Fees	<u>2,330</u>
Total Receipts (Note 2)	364,660
Disbursements to Department of Treasury (Note 3)	<u>(364,660)</u>
Balance due Department of Treasury (Sheriff's Office) (Note 4)	-
Examination adjustments (See Exhibit 1)	<u>1,340</u>
Adjusted balance due Department of Treasury (Sheriff's Office) for the period September 1, 2004 to August 31, 2007	<u>\$ 1,340</u>

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

SHERIFF
MONROE COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
SEPTEMBER 1, 2004 TO AUGUST 31, 2007

1. Criteria

The Statement of Receipts and Disbursements (Statement) has been prepared in accordance with Section 401(e) of *The Fiscal Code*, 72 P.S § 401(e), which requires the Department of the Auditor General to determine whether all money collected on behalf of the Pennsylvania Department of Treasury (Department of Treasury) has been remitted properly.

The Statement was prepared in accordance with reporting requirements prescribed by the Department of Treasury. 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 Department of Treasury. 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 Department of Treasury.

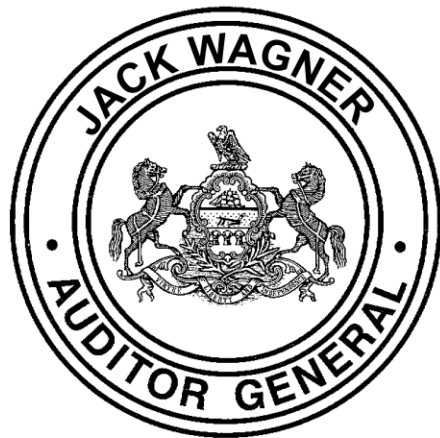
4. Balance Due Department Of Treasury (Sheriff's Office) For The Period September 1, 2004 To August 31, 2007

This balance reflects a summary of transmittal reports as settled by the Department of Treasury. It does not reflect adjustments disclosed by our examination. Refer to Exhibit 1.

SHERIFF
MONROE COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
SEPTEMBER 1, 2004 TO AUGUST 31, 2007

5. County Officer Serving During Examination Period

Todd A. Martin served as Sheriff during the period September 1, 2004 to August 31, 2007.

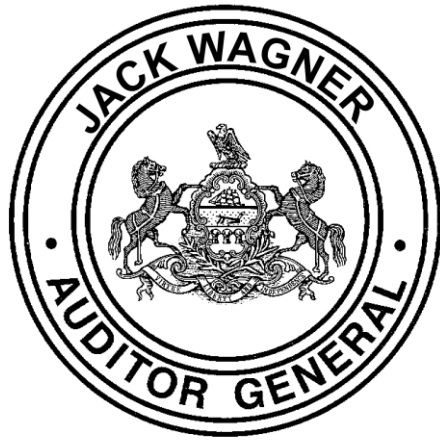


SHERIFF
MONROE COUNTY
EXHIBIT 1
FOR THE PERIOD
SEPTEMBER 1, 2004 TO AUGUST 31, 2007

Exhibit 1 - Schedule Of Reporting Errors And Examination Adjustments

<u>Month/Year</u>	<u>Surcharge Collections Not Reported To Treasury</u>	<u>Adjustments</u>	<u>Explanation</u>
November 2005	\$1,290	\$1,290	1
April 2007	50	50	1
	Total	<u>\$1,340</u>	

1 - Deputy Sheriff's Education and Training Surcharges were incorrectly calculated and reported to the Department of Treasury.



SHERIFF
MONROE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 1, 2004 TO AUGUST 31, 2007

Finding No 1 - Inadequate Accountability Over Funds Held In Escrow

Our examination disclosed that accountability over cash held in escrow was inadequate. Liabilities were not identified and compared with cash balances on a monthly basis.

Good internal accounting control procedures ensure that the ending adjusted bank balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved. Since the office bank account is essentially an escrow account on behalf of the Commonwealth, County, and other participating entities, all available cash on hand should equal unpaid obligations.

This condition existed because the office failed to establish and implement an adequate system of internal controls over funds held in escrow.

Without a good system of internal controls over funds held in escrow, the potential is increased that funds could be lost, stolen, or misappropriated.

This condition was cited in the prior audit for the period ending August 31, 2004.

Recommendations

We again recommend that the office attempt to create a system whereby liabilities can be identified on a monthly basis. Furthermore, we again recommend that the office should ensure that reconciled cash equals unpaid obligations monthly.

Management's Response

The Deputy Sheriff responded as follows:

For years, the Sheriff's Office has worked diligently with the County's Information Services Department to become computerized.

[Software Company], a firm specializing in Quick Books programs, is assisting to develop a financial program that will aid us in becoming computerized. We have been advised that by the end of June 2008, we will have a system in place.

After our last audit, all recommendations, with the exception of computerization, were implemented immediately.

SHERIFF
MONROE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 1, 2004 TO AUGUST 31, 2007

Finding No 1 - Inadequate Accountability Over Funds Held In Escrow (Continued)

Auditor's Conclusion

Although we did not recommend computerization as a means to correct the above condition, we appreciate the Sheriff's effort to correct this condition. During our next examination, we will determine if the office complied with our recommendation.

SHERIFF
MONROE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 1, 2004 TO AUGUST 31, 2007

Finding No 2 - Inadequate Procedures To Calculate Payments To The Department Of Treasury

Our examination disclosed that procedures to calculate payments to the Department of Treasury (Treasury) were inadequate. Over the course of the examination period, it was determined that \$1,340 in Deputy Sheriff's Education and Training Surcharge (Surcharge) receipts were not remitted to Treasury. There was a \$1,290 calculation error from November 2005, and a \$50 calculation error from April 2007.

Good internal accounting control procedures ensure that all receipts due Treasury are included in the semi-annual transmittal to Treasury.

This condition existed because the office failed to correctly calculate and remit the amount due and collected for the Commonwealth. The procedure to calculate payments to Treasury is a manual procedure, whereby, Surcharges are input into an excel spreadsheet from each case file on hand. The amount due was incorrectly calculated on the office's spreadsheet.

Without a good system of control over remittances, the potential is increased that funds could be lost, stolen, or misappropriated.

Recommendations

We recommend that Treasury take appropriate action to recover these monies. We further recommend that the Sheriff review its records and make necessary changes to ensure that monies due the Commonwealth are remitted properly.

Management's Response

The Deputy Sheriff responded as follows:

For several years now, in an attempt to streamline the calculation of funds due the State & County, our office has implemented Excel Spreadsheets to accomplish this task. It should be noted that the errors that were discovered were not because we didn't list the funds due the State on the spreadsheet, but rather because of an error that occurred in a formula calculation on the spreadsheet and some of the amounts listed were not included.

Since discovering the error, our office took immediate action and a measure was taken to password protect these spreadsheets so that it will not happen again.

SHERIFF
MONROE COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 1, 2004 TO AUGUST 31, 2007

Finding No 2 - Inadequate Procedures To Calculate Payments To The Department Of Treasury
(Continued)

Management's Response (Continued)

As noted in our Response to Finding #1, the Sheriff's Office has worked diligently with the County's Information Services Department to become computerized. We currently control a two million dollar business all manually. We have been promised that a computerized system will be installed by the end of June, 2008.

Auditor's Conclusion

We appreciate the Sheriff's effort to correct this condition. During our next examination, we will determine if the office complied with our recommendations.

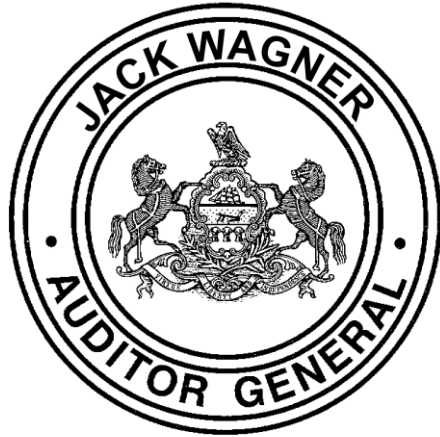
SHERIFF
MONROE COUNTY
COMMENT
FOR THE PERIOD
SEPTEMBER 1, 2004 TO AUGUST 31, 2007

Comment - Compliance With Prior Audit Recommendations

During our prior audit, we recommended:

- That the office deposit receipts on the same day as collected.
- That the office manager sign checks only after they are completed.
- That the office review outstanding checks monthly and take appropriate action on long outstanding checks.

During our current examination, we noted that the office complied with our recommendations.



SHERIFF
MONROE COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
SEPTEMBER 1, 2004 TO AUGUST 31, 2007

This report was initially distributed to:

The Honorable Robin L. Wiessmann
Treasurer
Pennsylvania Department of Treasury
129 Finance Building
Harrisburg, PA 17120-0018

Sheriff
Monroe County
Monroe County Courthouse
7th & Monroe Streets
Stroudsburg, PA 18360

The Honorable Todd A. Martin

Sheriff

The Honorable Suzanne McCool

Chairperson of the Board of Commissioners

The Honorable Marlo Merhige

Controller

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.