

SHERIFF

SCHUYLKILL COUNTY

EXAMINATION REPORT

FOR THE PERIOD

MARCH 1, 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, Schuylkill County, Pennsylvania (County Officer), for the period March 1, 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 Internal Controls Over Receipts And Disbursements.

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.

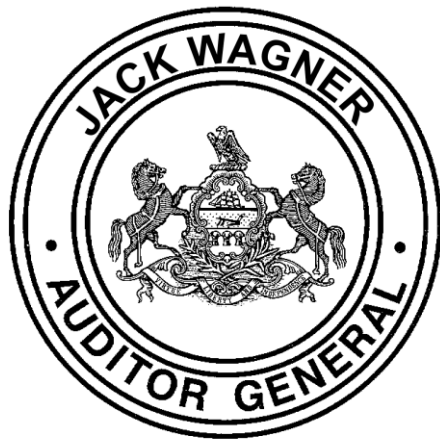
The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We are concerned in light of the County Officer's failure to correct a previously reported finding regarding inadequate internal controls over receipts and disbursements. These significant deficiencies increase the risk for funds to be lost or misappropriated. The County Officer should strive to implement the recommendation 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.

February 17, 2009

JACK WAGNER
Auditor General



SHERIFF
SCHUYLKILL COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
MARCH 1, 2006 TO AUGUST 31, 2008

Receipts:

Deputy Sheriff's Training and Education Surcharges	\$	151,390
Firearms License to Carry Modernization Account Fees		27,650
Firearms License Validation System Account Fees		<u>5,530</u>
Total Receipts (Note 2)		184,570
Disbursements to Office of Comptroller Operations (Note 3)		<u>(184,570)</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 March 1, 2006 to August 31, 2008	\$	<u><u>-</u></u>

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

SHERIFF
SCHUYLKILL COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
MARCH 1, 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 (Sheriff's Office) For The Period March 1, 2006 To August 31, 2008

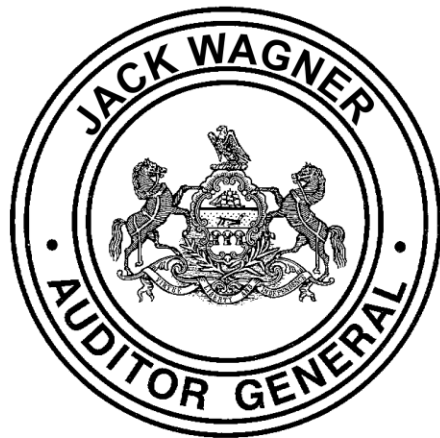
This balance reflects a summary of transmittal reports as settled by the Office of Comptroller Operations.

SHERIFF
SCHUYLKILL COUNTY
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
MARCH 1, 2006 TO AUGUST 31, 2008

5. County Officers Serving During Examination Period

Francis V. McAndrew served as Sheriff during the period March 1, 2006 to January 6, 2008.

Harold J. Rowan served as Interim Sheriff during the period January 7, 2008 to August 31, 2008.



SHERIFF
SCHUYLKILL COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
MARCH 1, 2006 TO AUGUST 31, 2008

Finding - Inadequate Internal Controls Over Receipts And Disbursements

Our examination of the Schuylkill County Sheriff's Department disclosed the following deficiencies:

- Receipts were not always deposited on the same day as collected. Of 30 receipts tested, 27 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 14 days.
- There were 175 stale checks totaling \$15,398, dated from October 10, 2002 to February 25, 2008 which were still outstanding as of August 31 2008.

A good system of internal controls ensures that:

- All receipts collected are deposited in the bank at the end of every day.
- Adequate procedures are established to follow-up on all stale checks. If a check is outstanding for a period of 90 days, efforts should be made to locate the payee. If efforts to locate the payee are unsuccessful, the amount of the check should be removed from the outstanding checklist, added back to the checkbook balance, and subsequently held in escrow for unclaimed escheatable funds.

These conditions existed because the office failed to establish adequate internal controls over its depositing and outstanding check procedures.

Without a good system of internal controls over funds received by the office, and subsequent disbursement, the potential is increased for funds to be lost or misappropriated. Additionally, the failure to follow these procedures results in an inefficiency caused by the needless record-keeping of stale checks.

This finding was cited in the prior examination for the period ending February 28, 2006.

Recommendation

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

Management's Response

No formal response was offered at this time.

SHERIFF
SCHUYLKILL COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
MARCH 1, 2006 TO AUGUST 31, 2008

Finding - Inadequate Internal Controls Over Receipts And Disbursements (Continued)

Auditor's Conclusion

This is a recurring finding. We strongly recommend that the Sheriff comply with our recommendation.

SHERIFF
SCHUYLKILL COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
MARCH 1, 2006 TO AUGUST 31, 2008

This report was initially distributed to:

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

Sheriff
Schuylkill County
401 North Second Street
Pottsville, PA 17901

The Honorable Joseph G. Groody	Sheriff
The Honorable Melinda G. Kantner	Controller
The Honorable Mantura M. Gallagher	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.