

TREASURER

CENTRE COUNTY

EXAMINATION REPORT OF LICENSE SALES

HUNTING - JULY 1, 2004 TO JUNE 30, 2008

FISHING AND DOG - JANUARY 1, 2005 TO DECEMBER 31, 2008

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**Department of the Auditor General
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120-0018**

**JACK WAGNER
AUDITOR GENERAL**

Independent Auditor's Report

The Honorable Richard A. Fornicola
Treasurer
Centre County
Bellefonte, PA 16823

We have examined the accompanying statements of receipts and disbursements (Statements) of the Treasurer, Centre County, Pennsylvania (County Officer), for the license period identified on the contents page, pursuant to the requirements of Section 401(d) of *The Fiscal Code*, 72 P.S. § 401(d). These Statements are the responsibility of the county office's management. Our responsibility is to express an opinion on these Statements 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 Statements 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(d) 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(d) of *The Fiscal Code*.

In our opinion, the Statements referred to above present, in all material respects, the operations of the County Officer as it pertains to receipts made on behalf of the of the licensing agencies, for the license period identified on the contents page, in conformity with the criteria set forth in Note 1.

Independent Auditor's Report (Continued)

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 Statements 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 Statements are 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 Statements 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 Statements 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 Statements:

- Inadequate Internal Controls Over Dog Licenses.

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 Statements will not be prevented or detected by the County Officer's internal control. Our consideration of the internal control over reporting on the Statements 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.

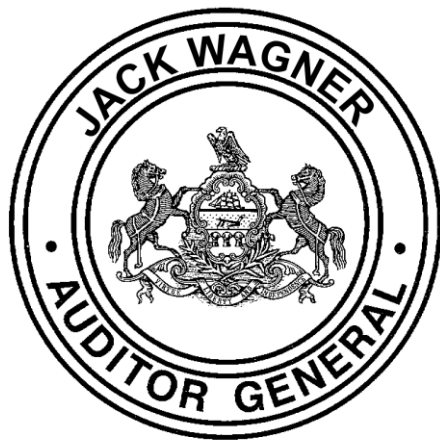
The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Independent Auditor's Report (Continued)

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

July 8, 2010

JACK WAGNER
Auditor General



TREASURER
CENTRE COUNTY
HUNTING LICENSE SALES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
LICENSE PERIOD ENDING JUNE 30, 2005

<u>License Type</u>	<u>Licenses Sold</u>	<u>License Value</u>	<u>Amount Due Game Commission</u>
Resident			
Adult	135	\$ 19.00	\$ 2,565.00
Junior	19	5.00	95.00
Junior combination	6	8.00	48.00
Senior	31	12.00	372.00
Replacements	10	5.00	50.00
Military	49	1.00	49.00
Non-resident			
Adult	7	100.00	700.00
Junior	2	40.00	80.00
Junior combination	1	50.00	50.00
Seven day	1	30.00	30.00
Archery			
Resident	53	15.00	795.00
Non-resident	2	25.00	50.00
Replacements	2	5.00	10.00
Muzzleloaders			
Resident	55	10.00	550.00
Replacements	3	5.00	15.00
Antlerless deer			
Resident	19,577	5.00	97,885.00
Non-resident	355	25.00	8,875.00
Armed forces	55	5.00	275.00
Disabled veterans	13	5.00	65.00
Replacements	25	5.00	125.00
Furtaker			
Adult resident	2	19.00	38.00
Senior resident	4	12.00	48.00
Migratory			
Resident	24	2.00	48.00
Bear			
Resident	39	15.00	585.00
Replacements	1	5.00	5.00
Totals (Note 2)	<u>20,471</u>		<u>113,408.00</u>
Disbursements to Game Commission (Note 3)			(113,315.00)
Credits taken for licenses issued for Disabled Veterans and Senior Lifetime Hunt renewals			<u>(83.00)</u>
Balance due Game Commission (County) per settled reports (Note 4)			10.00
Examination adjustments			<u>-</u>
Adjusted balance due Game Commission (County) for the license period ending June 30, 2005			<u>\$ 10.00</u>

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

TREASURER
CENTRE COUNTY
HUNTING LICENSE SALES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
LICENSE PERIOD ENDING JUNE 30, 2006

<u>License Type</u>	<u>Licenses Sold</u>	<u>License Value</u>	<u>Amount Due Game Commission</u>
Resident			
Adult	121	\$ 19.00	\$ 2,299.00
Junior	14	5.00	70.00
Junior combination	6	8.00	48.00
Senior	29	12.00	348.00
Replacements	4	5.00	20.00
Military	63	1.00	63.00
Non-resident			
Adult	11	100.00	1,100.00
Junior	3	40.00	120.00
Seven day	2	30.00	60.00
Archery			
Resident	57	15.00	855.00
Non-resident	1	25.00	25.00
Replacements	1	5.00	5.00
Muzzleloaders			
Resident	48	10.00	480.00
Non-resident	1	20.00	20.00
Antlerless deer			
Resident	13,717	5.00	68,585.00
Resident landowners	23	5.00	115.00
Non-resident	180	25.00	4,500.00
Non-resident landowners	2	25.00	50.00
Armed forces	75	5.00	375.00
Disabled veterans	14	5.00	70.00
Replacements	19	5.00	95.00
Furtaker			
Adult resident	5	19.00	95.00
Senior resident	2	12.00	24.00
Migratory			
Resident	22	2.00	44.00
Bear			
Resident	49	15.00	735.00
Non-resident	3	35.00	105.00
Totals (Note 2)	<u>14,472</u>		<u>80,306.00</u>
Disbursements to Game Commission (Note 3)			(80,215.00)
Credits taken for licenses issued for Disabled Veterans and Senior Lifetime Hunt renewals			<u>(92.00)</u>
Balance due Game Commission (County) per settled reports (Note 4)			(1.00)
Examination adjustments			<u>-</u>
Adjusted balance due Game Commission (County) for the license period ending June 30, 2006			<u>\$ (1.00)</u>

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

TREASURER
CENTRE COUNTY
HUNTING LICENSE SALES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
LICENSE PERIOD ENDING JUNE 30, 2007

<u>License Type</u>	<u>Licenses Sold</u>	<u>License Value</u>	<u>Amount Due Game Commission</u>
Resident			
Adult	119	\$ 19.00	\$ 2,261.00
Junior	13	5.00	65.00
Junior combination	9	8.00	72.00
Senior	26	12.00	312.00
Replacements	10	5.00	50.00
Military	93	1.00	93.00
Non-resident			
Adult	15	100.00	1,500.00
Archery			
Resident	74	15.00	1,110.00
Non-resident	2	25.00	50.00
Muzzleloaders			
Resident	61	10.00	610.00
Non-resident	3	20.00	60.00
Replacements	2	5.00	10.00
Antlerless deer			
Resident	13,028	5.00	65,140.00
Resident landowners	24	5.00	120.00
Non-resident	182	25.00	4,550.00
Non-resident landowners	3	25.00	75.00
Armed forces	98	5.00	490.00
Disabled veterans	18	5.00	90.00
Replacements	11	5.00	55.00
Furtaker			
Adult resident	10	19.00	190.00
Senior resident	1	12.00	12.00
Migratory			
Resident	22	2.00	44.00
Bear			
Resident	59	15.00	885.00
Non-resident	6	35.00	210.00
Totals (Note 2)	<u>13,889</u>		<u>78,054.00</u>
Disbursements to Game Commission (Note 3)			(77,984.00)
Credits taken for licenses issued for Disabled Veterans and Senior Lifetime Hunt renewals			<u>(96.00)</u>
Balance due Game Commission (County) per settled reports (Note 4)			(26.00)
Examination adjustments			<u>-</u>
Adjusted balance due Game Commission (County) for the license period ending June 30, 2007			<u>\$ (26.00)</u>

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

TREASURER
CENTRE COUNTY
HUNTING LICENSE SALES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
LICENSE PERIOD ENDING JUNE 30, 2008

<u>License Type</u>	<u>Licenses Sold</u>	<u>License Value</u>	<u>Amount Due Game Commission</u>
Resident			
Adult	106	\$ 19.00	\$ 2,014.00
Junior	12	5.00	60.00
Junior combination	3	8.00	24.00
Senior	16	12.00	192.00
Replacements	12	5.00	60.00
Military	111	1.00	111.00
Non-resident			
Adult	5	100.00	500.00
Junior	2	40.00	80.00
Replacements	1	5.00	5.00
Archery			
Resident	60	15.00	900.00
Replacements	1	5.00	5.00
Muzzleloaders			
Resident	62	10.00	620.00
Non-resident	1	20.00	20.00
Antlerless deer			
Resident	13,602	5.00	68,010.00
Resident landowners	24	5.00	120.00
Non-resident	124	25.00	3,100.00
Non-resident landowners	2	25.00	50.00
Armed forces	109	5.00	545.00
Disabled veterans	15	5.00	75.00
Replacements	19	5.00	95.00
Furtaker			
Adult resident	4	19.00	76.00
Senior resident	1	12.00	12.00
Migratory			
Resident	30	2.00	60.00
Non-resident	1	5.00	5.00
Bear			
Resident	55	15.00	825.00
Non-resident	3	35.00	105.00
Totals (Note 2)	<u>14,381</u>		<u>77,669.00</u>
Disbursements to Game Commission (Note 3)			(77,553.00)
Credits taken for licenses issued for Disabled Veterans and Senior Lifetime Hunt renewals			<u>(93.00)</u>
Balance due Game Commission (County) per settled reports (Note 4)			23.00
Examination adjustments			<u>-</u>
Adjusted balance due Game Commission (County) for the license period ending June 30, 2008			<u>\$ 23.00</u>

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

TREASURER
CENTRE COUNTY
FISHING LICENSE SALES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
LICENSE PERIOD ENDING DECEMBER 31, 2005

<u>License Type</u>	<u>Licenses Sold</u>	<u>Amount Due Fish and Boat Commission</u>
Resident	57	\$ 1,197.00
Senior resident	2	20.00
Non-resident	3	153.00
Tourist		
Three day	7	175.00
Senior lifetime	91	4,550.00
Replacements	9	38.25
Lake Erie Stamp	8	64.00
Lake Erie And Trout/Salmon Combo Stamp	26	364.00
Trout/Salmon Stamp	<u>132</u>	<u>1,056.00</u>
Totals (Note 2)	<u><u>335</u></u>	7,617.25
Disbursements to Fish and Boat Commission (Note 3)		<u>(7,617.25)</u>
Balance due Fish and Boat Commission (County) per settled reports (Note 4)		-
Examination adjustments		<u>-</u>
Adjusted balance due Fish and Boat Commission (County) for the license period ending December 31, 2005		<u><u>\$ -</u></u>

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

TREASURER
CENTRE COUNTY
FISHING LICENSE SALES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
LICENSE PERIOD ENDING DECEMBER 31, 2006

<u>License Type</u>	<u>Licenses Sold</u>	<u>Amount Due Fish and Boat Commission</u>
Resident	59	\$ 1,239.00
Senior resident	1	10.00
One day resident	1	10.00
National Guard/Armed Forces	34	34.00
Non-resident	3	153.00
Tourist		
Three day	3	75.00
Seven day	1	33.00
Senior lifetime	98	4,900.00
Replacements	6	25.50
Lake Erie Stamp	2	16.00
Lake Erie And Trout/Salmon Combo Stamp	18	252.00
Trout/Salmon Stamp	<u>179</u>	<u>1,432.00</u>
Totals (Note 2)	<u><u>405</u></u>	8,179.50
Disbursements to Fish and Boat Commission (Note 3)		<u>(8,179.50)</u>
Balance due Fish and Boat Commission (County) per settled reports (Note 4)		-
Examination adjustments		<u>-</u>
Adjusted balance due Fish and Boat Commission (County) for the license period ending December 31, 2006		<u><u>\$ -</u></u>

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

TREASURER
CENTRE COUNTY
FISHING LICENSE SALES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
LICENSE PERIOD ENDING DECEMBER 31, 2007

<u>License Type</u>	<u>Licenses Sold</u>	<u>Amount Due Fish and Boat Commission</u>
Resident	44	\$ 924.00
Senior resident	3	30.00
One day resident	2	20.00
National Guard/Armed Forces	41	41.00
Prisoner of War		
Non-resident	7	357.00
Tourist		
Three day	2	50.00
Seven day	4	132.00
Senior lifetime	66	3,300.00
Lake Erie And Trout/Salmon Combo Stamp	31	434.00
Trout/Salmon Stamp	<u>128</u>	<u>1,024.00</u>
Totals (Note 2)	<u><u>328</u></u>	6,312.00
Disbursements to Fish and Boat Commission (Note 3)		<u>(6,321.00)</u>
Balance due Fish and Boat Commission (County) per settled reports (Note 4)		(9.00)
Examination adjustments		<u>-</u>
Adjusted balance due Fish and Boat Commission (County) for the license period ending December 31, 2007		<u><u>\$ (9.00)</u></u>

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

TREASURER
CENTRE COUNTY
FISHING LICENSE SALES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
LICENSE PERIOD ENDING DECEMBER 31, 2008

<u>License Type</u>	<u>Licenses Sold</u>	<u>Amount Due Fish and Boat Commission</u>
Resident	64	\$ 1,376.20
Replacements	3	17.10
Senior resident	1	10.70
National Guard/Armed Forces	50	82.20
Replacements	3	17.10
Tourist		
Three day	1	25.70
Senior lifetime	60	3,029.40
Replacements	13	72.65
Lake Erie Stamp	2	17.40
Lake Erie And Trout/Salmon Combo Stamp	32	458.50
Trout/Salmon Stamp	<u>119</u>	<u>1,021.30</u>
Totals (Note 2)	<u><u>348</u></u>	6,128.25
Disbursements to Fish and Boat Commission (Note 3)		<u>(6,128.25)</u>
Balance due Fish and Boat Commission (County) per settled reports (Note 4)		-
Examination adjustments		<u>-</u>
Adjusted balance due Fish and Boat Commission (County) for the license period ending December 31, 2008		<u><u>\$ -</u></u>

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

TREASURER
CENTRE COUNTY
DOG LICENSE SALES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
LICENSE PERIOD ENDING DECEMBER 31, 2005

<u>License Type</u>	<u>Licenses Sold</u>	<u>Amount Due Department of Agriculture</u>
Individual	12,494	\$ 69,932.00
Senior citizen	2,230	7,968.00
Lifetime	583	18,690.00
Duplicates	<u>5</u>	<u>25.00</u>
Totals (Note 2)	<u><u>15,312</u></u>	96,615.00
Disbursements to Department of Agriculture (Note 3)		<u>(96,585.00)</u>
Balance due Department of Agriculture (County) per settled reports (Note 4)		30.00
Examination adjustments		<u>-</u>
Adjusted balance due Department of Agriculture (County) for the license period ending December 31, 2005		<u><u>\$ 30.00</u></u>

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

TREASURER
CENTRE COUNTY
DOG LICENSE SALES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
LICENSE PERIOD ENDING DECEMBER 31, 2006

<u>License Type</u>	<u>Licenses Sold</u>	<u>Amount Due Department of Agriculture</u>
Individual	11,981	\$ 66,877.00
Senior citizen	2,272	8,046.00
Lifetime	<u>590</u>	<u>18,420.00</u>
Totals (Note 2)	<u><u>14,843</u></u>	93,343.00
Disbursements to Department of Agriculture (Note 3)		<u>(93,343.00)</u>
Balance due Department of Agriculture (County) per settled reports (Note 4)		-
Examination adjustments		<u>-</u>
Adjusted balance due Department of Agriculture (County) for the license period ending December 31, 2006		<u><u>\$ -</u></u>

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

TREASURER
CENTRE COUNTY
DOG LICENSE SALES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
LICENSE PERIOD ENDING DECEMBER 31, 2007

<u>License Type</u>	<u>Licenses Sold</u>	<u>Amount Due Department of Agriculture</u>
Individual	11,203	\$ 62,239.00
Senior citizen	2,382	8,326.00
Lifetime	<u>676</u>	<u>20,850.00</u>
Totals (Note 2)	<u><u>14,261</u></u>	91,415.00
Disbursements to Department of Agriculture (Note 3)		<u>(91,415.00)</u>
Balance due Department of Agriculture (County) per settled reports (Note 4)		-
Examination adjustments (See Finding)		<u>(495.00)</u>
Adjusted balance due Department of Agriculture (County) for the license period ending December 31, 2007		<u><u>\$ (495.00)</u></u>

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

TREASURER
CENTRE COUNTY
DOG LICENSE SALES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
LICENSE PERIOD ENDING DECEMBER 31, 2008

<u>License Type</u>	<u>Licenses Sold</u>	<u>Amount Due Department of Agriculture</u>
Individual	10,684	\$ 59,292.00
Senior citizen	2,382	8,362.00
Lifetime	<u>639</u>	<u>19,920.00</u>
Totals (Note 2)	<u><u>13,705</u></u>	87,574.00
Disbursements to Department of Agriculture (Note 3)		<u>(87,574.00)</u>
Balance due Department of Agriculture (County) per settled reports (Note 4)		-
Examination adjustments		<u>-</u>
Adjusted balance due Department of Agriculture (County) for the license period ending December 31, 2008		<u><u>\$ -</u></u>

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

TREASURER
CENTRE COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE HUNTING LICENSE PERIOD JULY 1, 2004 TO JUNE 30, 2008 AND FOR
THE FISHING AND DOG LICENSE PERIOD JANUARY 1, 2005 TO DECEMBER 31, 2008

1. Criteria

The Statements of Receipts and Disbursements provide a summary of receipts and disbursements by category. The categories and the costs of licenses are based on Pennsylvania laws and regulations.

The Statements were prepared in accordance with reporting requirements prescribed by the licensing agencies. 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.

The following schedule identifies the licensing agencies and the respective reporting period:

<u>License Type</u>	<u>Licensing Agency</u>	<u>License Period</u>
Hunting	Game Commission	July 1 to June 30
Fishing	Fish and Boat Commission	January 1 to December 31
Dog	Department of Agriculture	January 1 to December 31

With all of the license types listed above, there are licenses that are sold the month prior to the official license period beginning date. For our reporting purposes, these sales are included in the official first month of the license period.

2. Receipts

Receipts consist of monies collected on behalf of the licensing agency.

3. Disbursements

The proceeds from the sale of hunting and dog licenses for the license years were remitted by check to the appropriate licensing agency with the monthly reports of sales.

The proceeds from the sale of paper fishing licenses for license years 2005 through 2007 were remitted monthly by check with the monthly reports of sales. The proceeds from the sale of fishing licenses, sold electronically, for license years 2007 and 2008 were remitted weekly through an electronic funds transfer program.

TREASURER
CENTRE COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE HUNTING LICENSE PERIOD JULY 1, 2004 TO JUNE 30, 2008 AND FOR
THE FISHING AND DOG LICENSE PERIOD JANUARY 1, 2005 TO DECEMBER 31, 2008

4. Balance Due Licensing Agency (County) Per Settled Reports

This balance reflects the summary of monthly sales reports as settled by the appropriate licensing agency. It does not reflect adjustments disclosed by our examination. Refer to the Finding.

5. County Officer Serving During Examination Period

Richard A. Fornicola served as Treasurer during the hunting license period July 1, 2004 to June 30, 2008 and during the fishing and dog license period January 1, 2005 to December 31, 2008.

TREASURER
CENTRE COUNTY
FINDING AND RECOMMENDATION
FOR THE HUNTING LICENSE PERIOD JULY 1, 2004 TO JUNE 30, 2008 AND FOR
THE FISHING AND DOG LICENSE PERIOD JANUARY 1, 2005 TO DECEMBER 31, 2008

Finding – Inadequate Internal Controls Over Dog Licenses

During our testing of dog licenses sold, we discovered insufficient internal controls over the reconciliation of the dog licenses. Our examination disclosed the following:

- In the 2005 dog license year, there were 281 (122 Individual, 159 Senior) licenses that were unaccounted for. The office maintains that they were unsold licenses that were never returned by an outside vendor that subsequently went out of business.
- In the 2007 dog license year, there were 99 senior licenses that were reported and paid for twice to the Department of Agriculture. The license number series ranged from 1101 to 1199 and were reported as sold in the February 2007 report to the Department of Agriculture. Subsequently, in April 2007, that same series was reported as sold again leaving a \$495 overpayment to the Department of Agriculture.

A good system of internal controls ensures that:

- Licenses received are verified against the shipping report.
- There is accountability over licenses distributed to vendors.
- A system is in place to ensure that duplicate numbers are not entered on monthly reports for licenses sold or voided.
- A system is in place to ensure that at year's end the number of licenses on hand, plus the number sold and voided equals the number of licenses received for the year.

Without a good system of internal controls over the reconciliation of licenses the possibility of theft or defalcation greatly increases.

Recommendation

We recommend that the Treasurer's Office establish and implement an adequate system of internal controls over the reconciliation of licenses as noted above, including reconciling sold, voided and unsold licenses to licenses received and accounting for all licenses issued to satellite vendors.

TREASURER
CENTRE COUNTY
FINDING AND RECOMMENDATION
FOR THE HUNTING LICENSE PERIOD JULY 1, 2004 TO JUNE 30, 2008 AND FOR
THE FISHING AND DOG LICENSE PERIOD JANUARY 1, 2005 TO DECEMBER 31, 2008

Finding – Inadequate Internal Controls Over Dog Licenses (Continued)

Management’s Response

The Treasurer responded as follows:

As Centre County Treasurer, I am writing a formal management response to the written finding by the Auditor General’s Department concerning the audit of our office covering the following examination periods; January 1, 2005 through December 31, 2008 for the sale of dog licenses and the sale of fishing licenses including all additional privileges; July 1, 2004 through June 30, 2008 for the sale of hunting licenses including all additional privileges. The audit began on June 1, 2009 with a request for information and, due to scheduling changes requested by our office, concluded 13 months later with the exit interview conducted by [Auditor] and [Audit Supervisor].

After auditing our records consisting of in excess of 125,000 licenses sold, including related privileges; representing approximately \$850,000 in gross revenue, the Department’s Audit Team (representing the five individuals who spent time conducting our audit) has issued our office a Written Finding, as follows: “Inadequate Internal Controls Over Licenses.” The Finding was *not* based upon a pattern of errors and/or a pattern of poor controls but on the basis of one transaction and one error resulting in an overage of 100 dog licenses that were recorded and possibly remitted to the state a second time in the year 2007. Let me point out that at no time has the Department of Agriculture, Bureau of Dog Law, ever notified our office of this error when auditing our monthly reports and annual reconcilements.

The overage of one hundred dog licenses represents .08% (100 units/> 125,000 units) and the dollar amount comes to .04% (\$319/\$849,600)! Percentages that in my mind would barely fall into the category of an “Oral Comment” let alone rise to the level of a “Written Finding” of “Inadequate Internal Control Over Licenses”; the mere verbiage of which is an affront to and a gross misrepresentation of the hard work and level of effort put forth by all of us working in the office on a daily basis.

Let me be perfectly clear, we do not celebrate mistakes in our office, but neither is it my intention, nor is it my management style to “beat people up” for occasional errors. We do a large volume of work that is greatly diverse over the course of a day. We review and discuss our errors and learn the lessons from them and move on.

TREASURER
CENTRE COUNTY
FINDING AND RECOMMENDATION
FOR THE HUNTING LICENSE PERIOD JULY 1, 2004 TO JUNE 30, 2008 AND FOR
THE FISHING AND DOG LICENSE PERIOD JANUARY 1, 2005 TO DECEMBER 31, 2008

Finding – Inadequate Internal Controls Over Dog Licenses (Continued)

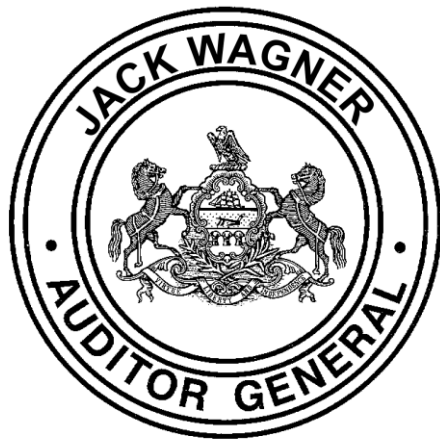
Management’s Response (Continued)

I have told my staff in the Treasurer’s Office, and as a manager in past professions, that “the only people not making mistakes are the people who are not doing anything.” We do not have the time nor do I want my employees paralyzed by the fear of making mistakes. In a perfect world, I could increase my staff by adding an additional employee to spread out the workload to allow for the double and triple checking of all work in an effort to further reduce errors, but even doing that would be no guarantee. In addition, the cost per year for another employee would be in the vicinity of \$30,000 per year (\$120,000 over the life of a 4 year audit). So my choice becomes do I spend the \$120,000 of taxpayer money or do I learn to live with the occasional \$319 error every 4 years, which I am still not convinced we made. The cost/benefit of such a strategy is obvious and I know what the taxpayers in Centre County would want me to do.

While I appreciate the efforts made by you and your colleagues, and I understand the need for skepticism during the course of an audit, I must respectfully disagree with the Finding of “Inadequate Internal Control Over Licenses.” In my opinion, the one issue presented as justification for the Finding is at best, de minimus, and at worst demonstrates an excessive degree of “professional skepticism.” Going forward I pledge to continue to work hard for the taxpayers of Centre County and to protect their hard earned tax dollars to the best of my ability every single day! We have been very successful in the past and I am very confident we will continue to be successful in the future. Will we be perfect, probably not; will we strive to be perfect, absolutely.

Auditor’s Conclusion

Although the finding in this audit represents a small portion of the total business activity the office had during the examination period, the amount of unaccounted for licenses or other errors can become materially larger if the proper internal controls aren’t in place to reconcile the dog licenses.



TREASURER
CENTRE COUNTY
REPORT DISTRIBUTION
FOR THE HUNTING LICENSE PERIOD JULY 1, 2004 TO JUNE 30, 2008 AND FOR
THE FISHING AND DOG LICENSE PERIOD JANUARY 1, 2005 TO DECEMBER 31, 2008

This report was initially distributed to:

The Honorable Russell C. Redding
Secretary
Department of Agriculture

Ms. Susan L. West
Director
Bureau of Dog Law Enforcement
Department of Agriculture

Mr. John Arway
Executive Director
Fish and Boat Commission

Mr. Carl G. Roe
Executive Director
Pennsylvania Game Commission

The Honorable Richard A. Fornicola	Treasurer
The Honorable Charles L. Witmer	Controller
The Honorable Jon W. Eich	Chairman 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.