

TREASURER

MONTOUR COUNTY

EXAMINATION REPORT OF LICENSE SALES

HUNTING - JULY 1, 2006 TO JANUARY 31, 2009

FISHING AND DOG - JANUARY 1, 2007 TO JANUARY 31, 2009

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Independent Auditor's Report

The Honorable James G. Petro
Treasurer
Montour County
Danville, PA 17821

We have examined the accompanying statements of receipts and disbursements (Statements) of the Treasurer, Montour 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 deficiencies described in the findings below to be significant deficiencies in internal control over the reporting on the Statements:

- Significant Weaknesses Over Receipts Resulting In Missing Funds Of \$1,050.
- Inadequate Internal Controls Over Small Games Of Chance Licenses.
- Inadequate Segregation Of Duties.
- Missing Records.
- Inadequate Internal Controls Over The Bank Account.
- Failure To Remit All Commonwealth Collections.

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 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. However, of the significant deficiencies described above, we consider the first five bulleted deficiencies to be material weaknesses.

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

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.

September 17, 2009

JACK WAGNER
Auditor General



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

<u>License Type</u>	<u>Sold</u>	<u>Value</u>	<u>Commission</u>
Resident			
Adult	447	\$ 19.00	\$ 8,493.00
Junior	26	5.00	130.00
Junior combination	52	8.00	416.00
Senior	43	12.00	516.00
Replacements	5	5.00	25.00
Military	23	1.00	23.00
Non-resident			
Adult	6	100.00	600.00
Seven day	2	30.00	60.00
Archery			
Resident	186	15.00	2,790.00
Replacements	2	5.00	10.00
Muzzleloaders			
Resident	190	10.00	1,900.00
Replacements	2	5.00	10.00
Antlerless deer			
Resident	2,541	5.00	12,705.00
Resident landowners	1	5.00	5.00
Non-resident	118	25.00	2,950.00
Armed forces	19	5.00	95.00
Disabled veterans	5	5.00	25.00
Replacements	5	5.00	25.00
Furtaker			
Adult resident	17	19.00	323.00
Junior resident	1	5.00	5.00
Migratory			
Resident	95	2.00	190.00
Non-resident	2	5.00	10.00
Bear			
Resident	151	15.00	2,265.00
Replacements	1	5.00	5.00
Totals (Note 2)	<u>3,940</u>		<u>33,576.00</u>
Disbursements to Game Commission (Note 3)			(33,409.00)
Credits taken for licenses issued for Disabled Veterans and Senior Lifetime Hunt renewals			<u>(189.00)</u>
Balance due Game Commission (County) per settled reports (Note 4)			(22.00)
Examination adjustments			<u>-</u>
Adjusted balance due Game Commission (County) for the license period ending June 30, 2007			<u>\$ (22.00)</u>

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

TREASURER
 MONTOUR 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	419	\$ 19.00	\$ 7,961.00
Junior	33	5.00	165.00
Junior combination	48	8.00	384.00
Senior	44	12.00	528.00
Replacements	5	5.00	25.00
Military	19	1.00	19.00
Non-resident			
Adult	3	100.00	300.00
Junior	2	40.00	80.00
Seven day	1	30.00	30.00
Archery			
Resident	184	15.00	2,760.00
Replacements	1	5.00	5.00
Muzzleloaders			
Resident	196	10.00	1,960.00
Replacements	2	5.00	10.00
Antlerless deer			
Resident	2,594	5.00	12,970.00
Resident landowners	1	5.00	5.00
Non-resident	16	25.00	400.00
Armed forces	16	5.00	80.00
Disabled veterans	3	5.00	15.00
Furtaker			
Adult resident	20	19.00	380.00
Senior resident	1	12.00	12.00
Replacements	1	5.00	5.00
Migratory			
Resident	109	2.00	218.00
Non-resident	1	5.00	5.00
Bear			
Resident	153	15.00	2,295.00
Non-resident	1	35.00	35.00
Replacements	1	5.00	5.00
Totals (Note 2)	<u>3,874</u>		<u>30,652.00</u>
Disbursements to Game Commission (Note 3)			(30,449.00)
Credits taken for licenses issued for Disabled Veterans and Senior Lifetime Hunt renewals			<u>(196.00)</u>
Balance due Game Commission (County) per settled reports (Note 4)			7.00
Examination adjustments - See Finding No. 6			<u>245.00</u>
Adjusted balance due Game Commission (County) for the license period ending June 30, 2008			<u>\$ 252.00</u>

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

TREASURER
 MONTOUR COUNTY
 HUNTING LICENSE SALES
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 LICENSE PERIOD ENDING JANUARY 31, 2009

<u>License Type</u>	<u>Licenses Sold</u>	<u>License Value</u>	<u>Amount Due Game Commission</u>
Resident			
Adult	400	\$ 19.00	\$ 7,600.00
Junior	16	5.00	80.00
Junior combination	54	8.00	432.00
Senior	43	12.00	516.00
Replacements	1	5.00	5.00
Military	26	1.00	26.00
Non-resident			
Adult	4	100.00	400.00
Junior	2	40.00	80.00
Archery			
Resident	195	15.00	2,925.00
Replacements	1	5.00	5.00
Muzzleloaders			
Resident	195	10.00	1,950.00
Antlerless deer			
Resident	2,078	5.00	10,390.00
Resident landowners	1	5.00	5.00
Non-resident	21	25.00	525.00
Armed forces	21	5.00	105.00
Disabled veterans	5	5.00	25.00
Replacements	2	5.00	10.00
Furtaker			
Adult resident	21	19.00	399.00
Migratory			
Resident	102	2.00	204.00
Bear			
Resident	157	15.00	2,355.00
Non-resident	1	35.00	35.00
Totals (Note 2)	<u>3,346</u>		<u>28,072.00</u>
Disbursements to Game Commission (Note 3)			(27,867.00)
Credits taken for licenses issued for Disabled Veterans and Senior Lifetime Hunt renewals			<u>(204.00)</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 January 31, 2009			<u>\$ 1.00</u>

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

TREASURER
 MONTOUR 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	269	\$ 5,649.00
Replacements	4	17.00
Senior resident	3	30.00
Replacements	2	8.50
National Guard/Armed Forces	8	8.00
Non-resident	2	102.00
Tourist		
One day	1	25.00
Three day	1	25.00
Seven day	2	66.00
Senior lifetime	29	1,450.00
Replacements	3	12.75
Lake Erie Stamp	2	16.00
Lake Erie And Trout/Salmon Combo Stamp	11	154.00
Trout/Salmon Stamp	<u>256</u>	<u>2,048.00</u>
Totals (Note 2)	<u><u>593</u></u>	9,611.25
Disbursements to Fish and Boat Commission (Note 3)		<u>(9,611.25)</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, 2007		<u><u>\$ -</u></u>

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

TREASURER
 MONTOUR 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	213	\$ 4,587.10
Replacements	1	5.70
Senior resident	3	32.10
Replacements	1	5.70
National Guard/Armed Forces	10	16.30
Non-resident	1	51.70
Tourist		
One day	1	25.70
Three day	3	77.10
Senior lifetime	25	1,264.70
Lifetime Upgrade Card	8	44.90
Replacements	3	17.10
Lake Erie Stamp	1	8.00
Lake Erie And Trout/Salmon Combo Stamp	10	142.80
Trout/Salmon Stamp	<u>189</u>	<u>1,613.50</u>
Totals (Note 2)	<u>469</u>	7,892.40
Disbursements to Fish and Boat Commission (Note 3)		<u>(7,892.40)</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>

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

TREASURER
 MONTOUR COUNTY
 FISHING LICENSE SALES
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 LICENSE PERIOD ENDING JANUARY 31, 2009

<u>License Type</u>	<u>Licenses Sold</u>	<u>Amount Due Fish and Boat Commission</u>
Resident	22	\$ 477.40
Senior lifetime	3	152.10
Lake Erie And Trout/Salmon Combo Stamp	4	58.80
Trout/Salmon Stamp	<u>18</u>	<u>156.60</u>
Totals (Note 2)	<u>47</u>	844.90
Disbursements to Fish and Boat Commission (Note 3)		<u>(844.90)</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 January 31, 2009		<u>\$ -</u>

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

TREASURER
 MONTOUR 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	1,836	\$ 10,414.00
Senior citizen	509	1,773.00
Lifetime	<u>79</u>	<u>2,370.00</u>
Totals (Note 2)	<u><u>2,424</u></u>	14,557.00
Disbursements to Department of Agriculture (Note 3)		<u>(14,552.00)</u>
Balance due Department of Agriculture (County) per settled reports (Note 4)		5.00
Examination adjustments		<u>-</u>
Adjusted balance due Department of Agriculture (County) for the license period ending December 31, 2007		<u><u>\$ 5.00</u></u>

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

TREASURER
 MONTGOMERY 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	2,189	\$ 12,391.00
Senior citizen	589	2,059.00
Lifetime	<u>94</u>	<u>2,780.00</u>
Totals (Note 2)	<u><u>2,872</u></u>	17,230.00
Disbursements to Department of Agriculture (Note 3)		<u>(17,219.00)</u>
Balance due Department of Agriculture (County) per settled reports (Note 4)		11.00
Examination adjustments - See Finding No. 6		<u>710.00</u>
Adjusted balance due Department of Agriculture (County) for the license period ending December 31, 2008		<u><u>\$ 721.00</u></u>

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

TREASURER
 MONTOUR COUNTY
 DOG LICENSE SALES
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 LICENSE PERIOD ENDING JANUARY 31, 2009

<u>License Type</u>	<u>Licenses Sold</u>	<u>Amount Due Department of Agriculture</u>
Individual	591	\$ 3,281.00
Senior citizen	224	804.00
Lifetime	<u>27</u>	<u>790.00</u>
Totals (Note 2)	<u><u>842</u></u>	4,875.00
Disbursements to Department of Agriculture (Note 3)		<u>(4,875.00)</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 January 31, 2009		<u><u>\$ -</u></u>

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

TREASURER
MONTGOMERY COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE HUNTING LICENSE PERIOD JULY 1, 2006 TO JANUARY 31, 2009 AND FOR
THE FISHING AND DOG LICENSE PERIOD JANUARY 1, 2007 TO JANUARY 31, 2009

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 year 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 through 2009 were remitted weekly through an electronic funds transfer program.

TREASURER
MONTOUR COUNTY
NOTES TO THE STATEMENTS OF RECEIPTS AND DISBURSEMENTS
FOR THE HUNTING LICENSE PERIOD JULY 1, 2006 TO JANUARY 31, 2009 AND FOR
THE FISHING AND DOG LICENSE PERIOD JANUARY 1, 2007 TO JANUARY 31, 2009

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

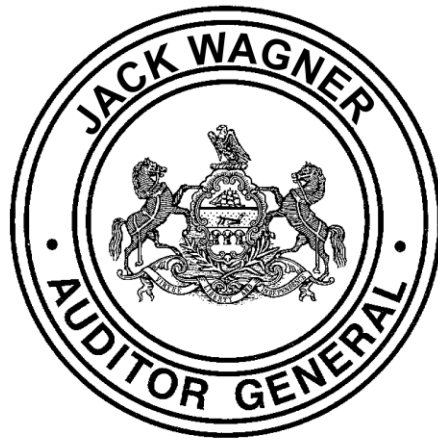
This balance reflects the summary of monthly sales reports as settled by the appropriate licensing agency. It does not reflect adjustments disclosed by our examination. See Finding No. 6.

5. County Officers Serving During Examination Period

Anne Dewald served as Acting Treasurer during the hunting license period July 1, 2006 to November 7, 2006.

Betty Jane Coira served as Treasurer during the hunting license period November 8, 2006 to January 6, 2008 and during the fishing and dog license period January 1, 2007 to January 6, 2008.

Kim T. Schooley served as Treasurer during the hunting license period January 7, 2008 to January 31, 2009 and during the fishing and dog license period January 7, 2008 to January 31, 2009.



TREASURER
MONTGOMERY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE HUNTING LICENSE PERIOD JULY 1, 2006 TO JANUARY 31, 2009 AND FOR
THE FISHING AND DOG LICENSE PERIOD JANUARY 1, 2007 TO JANUARY 31, 2009

Finding No. 1 - Significant Weaknesses Over Receipts Resulting In Missing Funds of \$1,050

Our examination revealed that there were significant weaknesses in the internal controls over cash receipts resulting in missing funds. Our examination of the Treasurer's accounting records and interviews with office personnel revealed the following deficiencies:

- There was no audit trail to trace collections per receipts to a given deposit. The Treasurer utilized daily sheets of sales to complete deposits, but these records did not include information regarding receipts to provide an audit trail.
- Collections for six days in December 2008 totaling \$1,050 were not deposited, and are currently missing.
- There were two \$100 checks deposited with the November 21, 2008 through November 26, 2008 collections on December 12, 2008. However, the respective daily sheet of sales for these days did not indicate that these checks pertained to the collections deposited.
- Collections for six days dated from December 30, 2008 to January 9, 2009, totaling \$1,131, were mailed to the bank on January 22, 2009. These collections were not deposited by an employee of the Treasurer's office as required. It was not known who mailed these collections to the bank. The time lapse from the date of receipt, per the daily sheet of sales, to the subsequent date of deposit ranged from 13 days to 23 days.

Other than the \$955 not remitted to the appropriate state agencies, as noted in Finding No. 6, all Commonwealth monies were accounted for.

Good internal controls ensure that:

- There is an adequate audit trail to trace collections per receipts to a given deposit. This includes ensuring that the daily sheet of sales includes the date issued, signature of the person receiving the payment, remitter name, license number, and payment method.

TREASURER
MONTGOMERY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE HUNTING LICENSE PERIOD JULY 1, 2006 TO JANUARY 31, 2009 AND FOR
THE FISHING AND DOG LICENSE PERIOD JANUARY 1, 2007 TO JANUARY 31, 2009

Finding No. 1 - Significant Weaknesses Over Receipts Resulting In Missing Funds Of \$1,050
(Continued)

- All collections are receipted and deposited intact at the bank on the same day as collected. All collections should be taken to the bank for deposit.

The inadequate segregation of duties, as stated in Finding No. 3 and the inadequate controls over the bank account, as stated in Finding No. 5 of this report, enabled missing funds to occur and not be detected timely.

Without a good system of internal controls the possibility of funds being lost or misappropriated increases significantly.

Recommendation

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

Management's Response

Former Treasurer Kim T. Schooley responded as follows:

Adequate accounting procedures are in place given the size of the office. The instances noted are an example of failure to follow the accounting procedures. The accounting procedures have been improved, never-the-less QuickBooks is being used to track daily transactions, deposits, and reconciliations.

Auditor's Conclusion

There were not adequate accounting procedures in place in the office. As stated above, there needs to be an adequate audit trail to trace collections per receipts to a given deposit. The Treasurer needs to take an active role in the day to day operation of the office. Examining receipts, licenses, cash and checks received, and comparing them to the bank deposit slip on a daily basis would greatly improve internal controls. On a monthly basis, bank statements and monthly reports should be reviewed and initialed by the office holder. It is imperative that the Treasurer establish and implement an adequate system of internal controls, which includes oversight, to ensure that cash is adequately safeguarded.

TREASURER
MONTGOMERY COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE HUNTING LICENSE PERIOD JULY 1, 2006 TO JANUARY 31, 2009 AND FOR
THE FISHING AND DOG LICENSE PERIOD JANUARY 1, 2007 TO JANUARY 31, 2009

Finding No. 2 - Inadequate Internal Controls Over Small Games Of Chance Licenses

Our examination revealed that there were inadequate internal control weaknesses over the sale of small games of chance licenses. Certain nonprofit organizations purchase small games of chance licenses from the Treasurer's office for the purpose of raising funds for their organizations. Small games of chance licenses come with preprinted license numbers on them. Attached to every license there is a stub that is completed by the office staff with information regarding the purchase of the license. These stubs also have the preprinted license number on them so that the license and the stub can be easily matched. When an organization wishes to purchase a license, they fill out an application. The Treasurer's office uses the information from the application to prepare the license and the license stub. The application and the stub remain in the Treasurer's office and the license is given to the organization. During our examination period, the office staff at times made a copy of the license and put it in a folder prepared for each organization. Our examination of these small games of chance licenses disclosed the following discrepancies:

- There were seven blank licenses that were located in the Treasurer's office; however, there was a completed license stub or completed application for these license numbers.
- There were six instances in which the information recorded on the stub did not agree with the information recorded on the license.
- There were seven instances in which the information recorded on the stub did not agree with the information recorded on the application.
- There were 12 completed licenses in which the pre-printed license number was removed. The space for this number was left blank.
- There were four completed licenses in which the pre-printed license number was removed and replaced with a handwritten license number.
- There were eight instances in which there were two applications prepared by different organizations but the same license number was recorded on both applications.
- There were three licenses that could not be accounted for. The license stub was blank and it did not have the license attached.

TREASURER
MONTOUR COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE HUNTING LICENSE PERIOD JULY 1, 2006 TO JANUARY 31, 2009 AND FOR
THE FISHING AND DOG LICENSE PERIOD JANUARY 1, 2007 TO JANUARY 31, 2009

Finding No. 2 - Inadequate Internal Controls Over Small Games Of Chance Licenses
(Continued)

As noted in Finding No. 1, there was not an adequate audit trail to trace these collections to a deposit.

Good internal controls ensure that:

- When licenses are sold, all stubs are filled in completely and agree with the corresponding license and application.
- Pre-printed numbers on the licenses are not removed.
- All license numbers are only used once.
- All licenses are accounted for and maintained.

Without a good system of internal controls over small games of chance licenses, the possibility of funds being lost or misappropriated increases significantly.

Recommendation

We recommend that the office establish and implement an adequate system of internal controls over the sale of small games of chance licenses as noted above.

Management's Response

Former Treasurer Kim T. Schooley responded as follows:

Adequate accounting procedures are in place given the size of the office. The instances noted are an example of failure to follow the accounting procedures. The accounting procedures have been improved, never-the-less QuickBooks is being used to track daily transactions, deposits, and reconciliations.

TREASURER
MONTOUR COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE HUNTING LICENSE PERIOD JULY 1, 2006 TO JANUARY 31, 2009 AND FOR
THE FISHING AND DOG LICENSE PERIOD JANUARY 1, 2007 TO JANUARY 31, 2009

Finding No. 2 - Inadequate Internal Controls Over Small Games Of Chance Licenses
(Continued)

Auditor's Conclusion

There were not adequate accounting procedures in place in the office. All licenses sold should agree with applications and be completed in their entirety. All unissued licenses should be accounted for. There needs to be an adequate audit trail to trace collections per receipts to a given deposit. A segment of internal accounting controls is oversight of the accounting functions either through segregation of duties or having the officeholder oversee the operations ensuring that accounting procedures are being followed.

Because these procedures were not always followed, the county office did not have an adequate system of accounting procedures in place.

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Finding No. 3 - Inadequate Segregation Of Duties

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

- Opening mail.
- Collecting cash and issuing receipts.
- Making deposits.
- Making voided transaction adjustments.
- Approving disbursements.
- Signing checks.
- Preparing checks.
- Summarizing accounting records.
- Reconciling collections to accounting records.

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 and make voided transaction adjustments. 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.

Duties involving the handling of cash and maintaining accounting records were not rotated daily.

Without adequate segregation of duties, the possibility of funds being lost or misappropriated increases significantly.

The failure to have adequate segregation of duties contributed to the missing funds noted in Finding No. 1.

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Finding No. 3 - Inadequate Segregation Of Duties (Continued)

Recommendation

We recommend that the 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 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

Former Treasurer Kim T. Schooley responded as follows:

We agree. It is not cost effective for such a small office to have adequate staff to properly segregate duties.

Auditor's Conclusion

The Treasurer needs to take an active role in the day to day operation of the office. Examining receipts, licenses, cash and checks received, and comparing them to the bank deposit slip on a daily basis would greatly improve internal controls. On a monthly basis, bank statements and monthly reports should be reviewed and initialed by the officeholder. It is imperative that the Treasurer establish and implement an adequate system of internal controls, which includes oversight, to ensure that cash is adequately safeguarded. These internal controls could be implemented without any additional cost to the Treasurer.

The missing funds noted in Finding No. 1 may have been prevented or detected timely if there was segregation of duties in the office.

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Finding No. 4 - Missing Records

Our examination of the office required that certain records be examined. The following records were not available for examination:

- Bank statements for January 2008 to October 2008.
- Check registers for January 2008 to December 2008.
- Daily sheet of sales for January 2008 to October 2008.
- Deposit slips for January 2008 to December 2008.
- Daily deposit registers for January 2007 to December 2008.

Good internal controls ensure that all records are safeguarded and available for examination. Without a good system of internal controls the possibility of funds being lost or misappropriated increases significantly.

This condition existed because the Treasurer's office failed to establish and implement an adequate system of internal controls over the accountability of records.

Because we were able to perform other examination procedures, the scope of our exam was not limited.

Recommendations

We recommend that the office establish and implement an adequate system of internal controls over the safeguarding of records as noted above. In addition, all documentation should be kept until audited by the Department of the Auditor General.

Management's Response

Former Treasurer Kim T. Schooley responded as follows:

We agree. Records have been taken from the office. Copies of some of the records were presented at a hearing on unemployment compensation on October 15, 2009 and the County Detective was notified and has not yet retrieved these records.

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Finding No. 5 - Inadequate Internal Controls Over The Bank Account

Our examination of the accounting records for the office disclosed the following deficiencies in the internal controls over the bank account:

- Bank reconciliations were not prepared.
- There was no adequate accountability over undisbursed funds.

The missing funds outlined in Finding No. 1 could have been detected sooner if the internal controls noted below were performed.

A good system of internal controls ensures that:

- Bank statements are reconciled to the book balance on a monthly basis and any discrepancies are immediately investigated and resolved.
- The ending adjusted bank balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved. Since the bank account of the office is essentially an escrow account on behalf of the Commonwealth, County, and other participating entities, all available funds on hand should equal unpaid obligations.

These conditions existed because the office failed to establish adequate internal controls over its bank account.

Without a good system of internal controls over the bank account, the possibility of funds being lost or misappropriated increases significantly.

Recommendation

We recommend that the office establish and implement an adequate system of internal controls over the bank account as noted above.

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Finding No. 5 - Inadequate Internal Controls Over The Bank Account (Continued)

Management's Response

Former Treasurer Kim T. Schooley responded as follows:

We agree. The bank statements from the license fee account were treated differently than the 40 plus other accounts this office was in charge of. The bank statements were not opened and filed in violation of the office accounting procedures. This was discovered during an annual review of all bank statements.

Auditor's Conclusion

The county office should implement the procedures outlined above under good internal controls.

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Finding No. 6 - Failure To Remit All Commonwealth Collections

Our examination of the accounting records for the office disclosed the following deficiencies:

- There were 49 Antlerless Deer Licenses sold but not remitted to the Game Commission. Antlerless Deer Licenses Nos. 20251 to 20299, sold in September 2007 and October 2007, totaling \$245, were not remitted to the Game Commission. See page 6 of this report.
- There were 25 Lifetime Dog Licenses sold but not remitted to the Department of Agriculture. Lifetime Dog License Nos. 471025 to 471026 and 471028 to 471050, sold from August 2008 through November 2008, totaling \$710, were not remitted to the Department of Agriculture. See page 12 of this report.

The Game and Wildlife Code, 34 Pa. C.S.A. § 2724 (b), requires that all hunting license collections be disbursed to the Game Commission within five days following the month of collection. The Dog Law, 3 P.S. § 459-200 (e), requires that all dog license collections be disbursed to the Department of Agriculture within five days following the month of collection.

The conditions cited above existed because the Treasurer failed to establish an adequate system of internal controls over disbursements of Commonwealth monies.

These conditions resulted in the Game Commission and the Department of Agriculture not receiving the appropriate amount of Commonwealth monies due them.

Without a good system of internal controls over Commonwealth collections, the possibility of funds being lost or misappropriated increases significantly.

Recommendations

We recommend that the office establish an adequate system of internal controls over Commonwealth collections as noted above. We further recommend that the office ensure that the amounts noted above are disbursed to the appropriate Commonwealth agencies.

Management's Response

Former Treasurer Kim T. Schooley responded as follows:

We agree. This occurred before and after [I] took office.



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This report was initially distributed to:

The Honorable Russell 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 James G. Petro	Treasurer
The Honorable Trevor S. Finn	Chairperson of the Board of Commissioners
Mr. Kim T. Schooley	Former Treasurer

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.