

COMPLIANCE AUDIT

Sheriff
Philadelphia County, Pennsylvania
For the Period
March 1, 2016 to May 6, 2021

January 2022



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

The Honorable Rochelle Bilal
Sheriff
Philadelphia County
Philadelphia, PA 19102

We have conducted a compliance audit of the Sheriff, Philadelphia County, Pennsylvania (County Officer), for the period March 1, 2016 to May 6, 2021, pursuant to the requirements of Section 401(e) of *The Fiscal Code*, 72 P.S. § 401(e).

We would like to note that there were two different officeholders during the audit period. Jewell Williams served as Sheriff from March 1, 2016 to January 6, 2020 while Rochelle Bilal served as Sheriff from January 6, 2020 to May 6, 2021.

The objective of the audit was to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted and to provide a report to the Pennsylvania Office of Comptroller Operations. Our audit was limited to areas related to the objective identified above and was not conducted, nor was it required to be, in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

The County Officer is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted. The County Officer is also responsible for complying with those laws and regulations. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that our audit provides a reasonable basis for our conclusions.

Based on our audit procedures, we conclude that, for the period March 1, 2016 to May 6, 2021, the County Officer, in all significant respects, complied with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted, except as noted in the findings listed below and discussed later in this report.

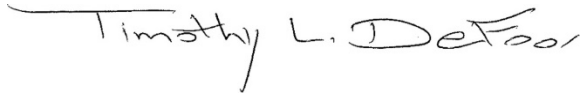
- Inadequate Internal Controls Over Receipts - Recurring.
- Inadequate Internal Controls Over The Bank Account - Recurring.
- Inadequate Voided Receipt Procedures.
- Commonwealth's Portion of Revenue Was Not Transmitted Timely - Recurring.

We are concerned that the prior County Officer failed to correct the previously reported findings regarding recorded receipts not always matching deposits, inadequate internal controls over the bank account, and the Commonwealth's portion of revenue not being transmitted timely. The deficiencies could result in uncollected fees and increase the risk for funds to be lost or misappropriated. It is imperative that the County Officer strive to implement the recommendations and corrective actions noted in this report.

This report includes a summary of the County Officer's receipts and disbursements of funds collected on behalf of the Commonwealth (summary). We obtained data representing the County Officer's receipts and disbursements from the Pennsylvania Office of Comptroller Operations, which obtains data from each of the Commonwealth's sheriff offices and used the data to create the summary. We also evaluated the accuracy of the data as part of our audit to conclude on the County Officer's compliance with certain state laws and regulations as described in the previous paragraph. Any adjustments that we considered necessary based on our audit work are disclosed in the *Audit Adjustments* line of the summary; however, the scope of our audit does not include the issuance of an opinion on the accuracy of the amounts reported in the summary.

The purpose of this report is to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted. This report is not suitable for any other purposes.

The contents of this report were discussed with the management of the County Officer and, where appropriate, their response has been included in the report. We appreciate the courtesy extended by the Sheriff, Philadelphia County, to us during the course of our audit. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a horizontal line above the first few letters of "Timothy".

Timothy L. DeFoor
Auditor General
October 12, 2021

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SHERIFF
PHILADELPHIA COUNTY
BACKGROUND
FOR THE PERIOD
MARCH 1, 2016 TO MAY 6, 2021

The Department of the Auditor General is mandated by Article IV, 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.¹

Sheriff receipts consist of monies collected from the Deputy Sheriff's Education and Training Surcharges on behalf of the Pennsylvania Office of Comptroller Operations.² The surcharges consist of \$10 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. This fee increased to \$16 beginning on January 1, 2021.³

Total disbursements for the audit period are comprised as follows:

Sheriff checks issued to:

Office of Comptroller Operations	<u>\$200,202</u>
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This balance reflects a summary of receipts and disbursements on behalf of the Pennsylvania Office of Comptroller Operations.

Jewell Williams served as Sheriff during the period March 1, 2016 to January 6, 2020.

Rochelle Bilal served as sheriff during the period January 6, 2020 to May 6, 2021.

The summary 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 summary 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.

¹ 72 P.S. § 401(e) (Act 176 of 1929 as amended).

² The Sheriff and Deputy Sheriff Education and Training Account was recently continued as a restricted receipts account within the General Fund through Act 134 of 2020, effective January 1, 2021. See the now consolidated 44 Pa.C.S. § 7430, formerly cited as 71 P.S. § 2108.

³ 44 Pa.C.S. § 7430(b)(1).

SHERIFF
 PHILADELPHIA COUNTY
 PENNSYLVANIA OFFICE OF COMPTROLLER OPERATIONS
 SUMMARY OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 MARCH 1, 2016 TO MAY 6, 2021

Receipts:

Deputy Sheriff's Training and Education Surcharges	\$	200,202
Disbursements to Office of Comptroller Operations		<u>(200,202)</u>
Balance due Office of Comptroller Operations (County)		-
Examination adjustments		<u>-</u>
Adjusted balance due Office of Comptroller Operations (County) for the period March 1, 2016 to May 6, 2021	\$	<u><u>-</u></u>

SHERIFF
PHILADELPHIA COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2016 TO MAY 6, 2021

Finding No. 1 - Inadequate Internal Controls Over Receipts - Recurring

We cited the issue of internal control over receipts in *four prior audits*, with the most recent being for the period September 1, 2012 to February 29, 2016. Our current audit found that the office did not correct this issue, which increases the risk for funds to be lost or misappropriated.

Our audit found that the office only accepts checks and money orders for services; no cash was accepted. The office staff entered collections in the computer system as they are received. The computer system maintained a separate numerical receipt system for the type of service provided by the office. The next business day, office staff process and scan checks and money orders that were received the previous day through a remote deposit system in the office. The remote deposit system generates a listing of all checks and money orders deposited and a bank verified total deposit amount.

Our audit of the accounting records for the office disclosed that for 32 of the 43 receipt days tested, the total amount deposited did not match the total amount collected for the day. The differences ranged from a deposit amount of \$2,600 less than collected to a deposit amount of \$650 more than collected.

The office did not provide us with the actual breakdown of the amount of Deputy Training and Education Surcharges collected daily and recorded into the office's computer system. Therefore, we could not determine if the office properly collected, recorded, and remitted all the Deputy Sheriff's Training and Education Surcharges for the audit period.

These conditions existed because the office once again failed to establish adequate internal controls over its receipts as recommended in our *prior four audit reports*. The schedule on the following page identifies those days where the total collected did not equal the total amount deposited into the bank account.

SHERIFF
 PHILADELPHIA COUNTY
 FINDINGS AND RECOMMENDATIONS
 FOR THE PERIOD
 MARCH 1, 2016 TO MAY 6, 2021

Finding No. 1 - Inadequate Internal Controls Over Receipts - Recurring (Continued)

Receipt Date	Total Collected	Total Deposited	Difference Deposit more than collected (Deposit less than collected)
03/14/2016	\$20,865.00	\$20,631.00	(\$234.00)
04/27/2016	\$30,490.00	\$30,275.00	(\$215.00)
08/23/2016	\$3,523.00	\$3,251.00	(\$272.00)
12/19/2016	\$4,240.00	\$4,160.00	(\$80.00)
01/27/2017	\$3,435.00	\$3,239.00	(\$196.00)
01/31/2017	\$2,625.00	\$2,545.00	(\$80.00)
03/13/2017	\$3,441.00	\$3,305.00	(\$136.00)
04/06/2017	\$2,892.00	\$2,756.00	(\$136.00)
04/21/2017	\$5,073.00	\$5,093.00	\$20.00
06/05/2017	\$5,336.00	\$5,245.00	(\$91.00)
07/11/2017	\$10,626.00	\$9,896.00	(\$730.00)
07/18/2017	\$5,480.00	\$5,290.00	(\$190.00)
09/27/2017	\$4,365.00	\$3,850.00	(\$515.00)
11/09/2017	\$12,835.00	\$12,660.00	(\$175.00)
04/25/2018	\$3,465.00	\$3,415.00	(\$50.00)
06/05/2018	\$5,126.00	\$4,675.00	(\$451.00)
08/16/2018	\$3,215.00	\$2,890.00	(\$325.00)
09/27/2018	\$1,580.00	\$1,455.00	(\$125.00)
10/10/2018	\$7,895.00	\$7,450.00	(\$445.00)
01/08/2019	\$10,450.00	\$7,850.00	(\$2,600.00)
01/30/2019	\$5,490.00	\$4,935.00	(\$555.00)
03/21/2019	\$7,210.00	\$7,180.00	(\$30.00)
05/13/2019	\$9,125.00	\$8,810.00	(\$315.00)
07/05/2019	\$8,240.00	\$7,720.00	(\$520.00)
09/25/2019	\$8,550.00	\$7,540.00	(\$1,010.00)
11/19/2019	\$11,695.00	\$11,390.00	(\$305.00)
12/05/2019	\$8,410.00	\$6,305.00	(\$2,105.00)
01/30/2020	\$7,465.00	\$5,565.00	(\$1,900.00)
02/20/2020	\$15,860.00	\$14,435.00	(\$1,425.00)
09/23/2020	\$3,651.00	\$3,585.00	(\$66.00)
10/19/2020	\$7,185.00	\$7,160.00	(\$25.00)
04/21/2021	\$3,748.00	\$4,398.00	\$650.00

SHERIFF
PHILADELPHIA COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2016 TO MAY 6, 2021

Finding No. 1 - Inadequate Internal Controls Over Receipts - Recurring (Continued)

Office staff stated that a cashier error in processing payments or a check that cannot be scanned through the remote deposit system may cause variances between the amount collected and the amount deposited for a given day. The office staff did not separate checks and money orders by type of service prior to scanning and depositing them into the bank account, which may also contribute to variances occurring. However, staff could not provide us with a definitive reason.

A good system of internal control ensures that:

- All monies collected, by type of service, are deposited intact at the bank on the same day as collected.
- The total amount deposited each day, by type of service, equals the total amount collected.
- A record of daily collections, by type of service, is maintained in order to provide for an audit trail.

Without a good system of internal controls over funds received by the office, the possibility of funds being lost or misappropriated increases significantly.

Recommendation

We again strongly recommend that the office establish and implement an adequate system of internal controls over receipts and deposits and maintain proper documentation of collections. It is imperative that the office maintain adequate control in order to minimize the possibility of loss or theft of funds. The office's failure to maintain adequate control over receipts increases the risk for funds to be lost or misappropriated.

SHERIFF
PHILADELPHIA COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2016 TO MAY 6, 2021

Finding No. 2 - Inadequate Internal Controls Over The Bank Account - Recurring

We cited the issue of inadequate internal controls over the bank account in the *prior two audits*, with the most recent being for the period September 1, 2012 to February 29, 2016. Our current audit found that the office did not correct the issue.

Our audit of the accounting records for the office disclosed that there was no accountability over undisbursed funds in the bank account containing state monies. The office did not maintain a schedule of cash liabilities. As of May 31, 2021, there was an adjusted bank balance of \$2,067,934.70 without a corresponding liabilities report indicating to whom the monies were due.

This condition existed because the office failed to establish adequate internal controls over its bank account as recommended in our prior two audit reports.

A good system of internal controls ensures that the ending cash balance for an account 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 any other participating entities, all available funds on hand should equal unpaid obligations.

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

Recommendation

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

SHERIFF
PHILADELPHIA COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2016 TO MAY 6, 2021

Finding No. 3 - Inadequate Voided Receipt Procedures

Our audit disclosed that proper voided receipt procedures were not followed. The office does not maintain voided receipts. The office could not provide us with a log or other supporting documentation detailing which receipts were voided and the reason why the receipt was voided.

Good internal accounting controls require that if a receipt must be voided, proper documentation should be maintained to explain the reason for the void. In addition, someone independent from the transaction should review and sign documentation to ensure that the voided receipt was valid.

Without a good system of internal control over voided receipts made by the office, the potential is increased that funds could be lost, stolen, or misappropriated.

This condition existed because the office failed to establish adequate internal controls over its voided receipt procedures. Office staff stated that they weren't aware that they needed to keep voided receipts and supporting documentation.

Recommendation

We recommend that the office establish and implement an adequate system of internal controls over voided receipts as noted above. All voided receipts should have proper documentation explaining the reason for the void and should be maintained to provide for an audit trail.

SHERIFF
 PHILADELPHIA COUNTY
 FINDINGS AND RECOMMENDATIONS
 FOR THE PERIOD
 MARCH 1, 2016 TO MAY 6, 2021

Finding No. 4 - Commonwealth's Portion Of Revenue Was Not Transmitted Timely - Recurring

We cited the issue of the Commonwealth's portion of revenue not being transmitted timely in the *four prior audits*, with the most recent being for the period September 1, 2012 to February 29, 2016. Our current audit found that the office once again did not correct the issue.

Our audit disclosed that six of the nine payments made to the Pennsylvania Office of Comptroller Operations (OCO) for the Deputy Sheriff's Training and Education Surcharges were not transmitted within the time period required. The time lapse for the due date to the date a check was issued ranged from two to 224 days.

The Commonwealth's portion must be submitted semi-annually to the OCO for deposit into the Deputy Sheriff's Education and Training Account. The OCO requires that the semi-annual report for the period March 1 to August 31 be postmarked by the 5th working day of September and that the semi-annual report for the period September 1 to February 28/29 be postmarked by the 5th working day of March.

The following schedule identifies those funds that were transmitted late:

<u>Collection Period</u>	<u>Payment Due Date</u>	<u>Check Issuance Date</u>	<u>No. of Days Late</u>	<u>Amount</u>
03/01/16 - 08/31/16	09/08/16	10/20/16	42	\$28,000
09/01/16 - 02/28/17	03/06/17	03/20/17	14	\$17,210
03/01/17 - 08/31/17	09/08/17	09/14/17	6	\$20,810
03/01/19 - 08/31/19	09/09/19	09/11/19	2	\$23,310
09/01/19 - 10/19/20	03/09/20	10/19/20	224	\$28,270
10/20/20 - 05/06/21	03/10/21	05/06/21	57	\$21,962
Total				<u>\$139,562</u>

The above noted conditions resulted in the OCO not receiving Commonwealth monies in a timely manner. We also found that the last two payments listed in the above schedule were for periods that were outside of the required reporting periods. Therefore, we based the late payment calculation on when the payment should have been made rather than the date to which the office included the collections.

SHERIFF
PHILADELPHIA COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2016 TO MAY 6, 2021

**Finding No. 4 - Commonwealth's Portion Of Revenue Was Not Transmitted Timely -
Recurring (Continued)**

Recommendation

We again strongly recommend the office transmit the Commonwealth's portion of revenue as required by the OCO.

SHERIFF
PHILADELPHIA COUNTY
OFFICEHOLDER’S RESPONSE AND AUDITOR’S CONCLUSIONS
FOR THE PERIOD
MARCH 1, 2016 TO MAY 6, 2021

Officeholder’s Response And Auditor’s Conclusion

We provided copies of our draft audit findings and related recommendations to the Philadelphia Sheriff’s Office for their review. Below, we included the officeholder’s response in its entirety. Following the officeholder’s response is our auditor’s conclusion.

SHERIFF
PHILADELPHIA COUNTY
OFFICEHOLDER'S RESPONSE AND AUDITOR'S CONCLUSIONS
FOR THE PERIOD
MARCH 1, 2016 TO MAY 6, 2021



County Officer and Financial Managements' Response to PA State Audit Findings for Period May 2016 to March 2021

Finding No. 1 – Inadequate Internal Controls Over Receipts – Recurring (Continued)

Office staff stated that a cashier error in processing payments or a check that cannot be scanned through the remote deposit system may cause variances between the amount collected and the amount deposited for a given day. The office staff did not separate checks and money orders by type of service prior to scanning and depositing them into the bank account which may also contribute to variances occurring. However, they could not provide us with a definitive reason.

A good system of internal control ensures that

1. All monies collected, by type of service, are deposited intact at the bank on the same day as collected.
2. The total amount deposited each day, by type of service, equals the total amount collected.
3. A record of daily collections, by type of service, is maintained to provide for an audit trail.

Without a good system of internal controls over funds received by the office, the possibility of funds being lost or misappropriated increases significantly.

Auditors' Recommendation

We again strongly recommend that the office establish and implement an adequate system of internal controls over receipts and deposits and maintain proper documentation of collections. It is imperative that the office maintain adequate control to minimize the possibility of loss or theft of funds. The office's failure to maintain adequate control over receipts increases the risk for funds to be lost or misappropriated.

THE COUNTY OFFICER AND FINANCIAL MANAGEMENT TEAM HAVE RESPONDED, IN THE FOLLOWING MANNER, REGARDING:

Finding No. 1 – Inadequate Internal Controls Over Receipts – Recurring

The evaluation period is beyond the scope of the original audit timeline, every 4 years, and the findings are rejected. In the Auditor's report it was stated that "their concern was that the prior County Officer failed to correct the previous recorded findings concerning cash receipts, not always aligning with deposits." Although this statement is correct, the audit period was from March 1, 2016 to March 6, 2021, (five years), which incorporated the current administrations' tenure—this was not delineated, by date, from the administrations of then Sheriff John Green or Sheriff Jewel Williams.

The contents, of this audit, implies that a complicit involvement, by the current administration, is occurring and that any corrective actions, have not been taken, in conjunction with continued incorrect financial controls or accounting practices.

SHERIFF
PHILADELPHIA COUNTY
OFFICEHOLDER'S RESPONSE AND AUDITOR'S CONCLUSIONS
FOR THE PERIOD
MARCH 1, 2016 TO MAY 6, 2021



County Officer and Financial Managements' Response to PA State Audit Findings for Period May 2016 to March 2021

There is a need for a double-entry bookkeeping system, which involves a general ledger and trial balance system, which the current administration has attempted to implement, but doing so has been delayed by the lack of proper funding, from the City of Philadelphia's Finance Office. Automation of key functions, within accounting and payment processing sections, is at the core of the corrective action plan of Sheriff Bilal's office transparency plan.

Furthermore, the normal audit period is for four years the current audit should not have been scoped from, March 1, 2016 to March 1, 2021. It is clearly documented, based on history, that the state audit has been conducted over a four-year period, which is based in part, due to the duration of the term of the Sheriff of Philadelphia. The audit exceptions, listed in the audit dated September 1st, 2012 to February 29th, 2016, did not reflect an extended scope, past the normal audit cycle, for the past administrations—which were mandated to correct these deficiencies, which never occurred to date.

In addition, this extended scope, applied against Sheriff Bilal's administration, is an irregularity, which has not allowed an adequate amount of time, for Sheriff Bilal, to discover and correct all the financial management issues. The non-compliance, from the Green and Williams administrations, is over a decade or more, of such failed financial leadership behavior.

Consequently, the nature of the audit findings, were such that the corrections could not be made in one year, by any current or future administrations. The continuous under-funding of the Office of the Philadelphia Sheriffs' operations has impacted and limited adequate staffing, proper training, of the accounting staff, and automation resources required to implement the corrections that are long overdue for integration.

This period basically ensured the indictment, of the current Sheriff and overlooked her immediate actions, regarding the institution of generally accepted accounting principles, (GAAP), and the core elements of public finance. Sheriff Bilal and her executive team, undertook, during her 1st year in office, steps to uncover omission of financial controls and procedures, of the last administration—and that discovery process continues, in the present day, of this audit response.

The audit should have exonerated, the current Sheriff, of commissions and errors, that were not under her purview. In the scope of the audit, it should have been mentioned that **"the purpose of the audit was to review the system of internal control and uncover whether the prior administration had corrected the findings of the most recent audit."**

Therefore, if the application of the recommended purpose, as stated above, had been aligned to this audit, then this audit would have served as an "alert" that the new Sheriff must provide a corrective action plan, for those deficiencies, and be given enough time to do so. In like manner, the current administration,

SHERIFF
PHILADELPHIA COUNTY
OFFICEHOLDER'S RESPONSE AND AUDITOR'S CONCLUSIONS
FOR THE PERIOD
MARCH 1, 2016 TO MAY 6, 2021



County Officer and Financial Managements' Response to PA State Audit Findings for Period May 2016 to March 2021

would execute, the necessary steps, to complete them and provided this document for review to the State Auditor.

Finally, if the scope of the audit had not been extended, into Sheriff's Bilal's 1st year of office, the methods to remediate, years of financial disorganization, would have been gathered from the last audit dated September 1st, 2012 to February 29th, 2016, as the Sheriff has assembled a talented team of legal, IT and operational systems, subject matter experts, which are marshalling the Office of the Philadelphia Sheriff into the 21st century.

Resolution to Finding No. 1 - Inadequate Internal Controls Over Receipts – Recurring

The following actions, will be taken, by the Office of the Philadelphia Sheriff, in lieu of the failure of the State Auditor to enforce compliance by Sheriff John Green or Jewell Williams:

1. All payments received from walk-up customers to Main Desk should receive an invoice for payment. The invoice and payment must be given that day to Cashier for deposit on sheriff case number.
2. Cashier will process the invoice and payment and present to the customer a paid receipt.
3. Batch mail payments received from local law firms should have a 72-hour window of processing as a control factor.
4. Daily deposits must be applied to the proper accounts--Appearance / Execution
5. Establish a double-entry bookkeeping system
6. Bookkeeping training for accounting staff
7. Acquisition of financial and administrative technicians to support audits and daily operations

Finding No. 2 – Inadequate Internal Controls Over the Bank Account - Recurring

We cited the issue of inadequate internal controls over the bank account in the prior two audits, with the most recent being for the period September 1, 2012 to February 29, 2016. Our current audit found that the office did not correct the issue.

Our audit of the accounting records for the office disclosed that there was no accountability over undisbursed funds in the bank account containing state monies. The office did not maintain a schedule of cash liabilities.

SHERIFF
PHILADELPHIA COUNTY
OFFICEHOLDER'S RESPONSE AND AUDITOR'S CONCLUSIONS
FOR THE PERIOD
MARCH 1, 2016 TO MAY 6, 2021



County Officer and Financial Managements' Response to PA State Audit Findings for Period May 2016 to March 2021

As of May 31, 2021, there was an adjusted bank balance of \$2,067,934.70 without a corresponding liabilities report indicating to whom the monies were due.

This condition existed because the office failed to establish adequate internal controls over its bank account as recommended in our prior two audit reports.

A good system of internal controls ensures that the ending cash balance for an account is reconciled with liabilities monthly 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 any other participating entities, all available funds on hand should equal unpaid obligations.

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

Auditors' Recommendation:

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

THE COUNTY OFFICER AND FINANCIAL MANAGEMENT TEAM HAVE RESPONDED, IN THE FOLLOWING MANNER, REGARDING:

The evaluation period is beyond the scope of the original audit timeline, every 4 years, and the findings are rejected.

Resolution to Finding No. 2 – Inadequate Internal Controls Over the Bank Account – Recurring:

The following actions, will be taken, by the Office of the Philadelphia Sheriff, in lieu of the failure of the State Auditor, to enforce compliance by Sheriff John Green or Jewell Williams:

- 1. Request report formatting and development of a statement of cash flows from data contained within County Suite system.**
- 2. Establish a double-entry bookkeeping system, in addition to, increase financial data flow from County Suite systems to our general accounting operations and reporting.**
- 3. Bookkeeping training for accounting staff.**
- 4. Acquisition of financial and administrative technicians to support audits and daily operations.**

SHERIFF
PHILADELPHIA COUNTY
OFFICEHOLDER'S RESPONSE AND AUDITOR'S CONCLUSIONS
FOR THE PERIOD
MARCH 1, 2016 TO MAY 6, 2021



County Officer and Financial Managements' Response to PA State Audit Findings for Period May 2016 to March 2021

Finding No. 3 – Inadequate Voided Receipt Procedures

Our audit disclosed that proper voided procedures were not followed. The office does not maintain voided receipts. The office could not provide us with a log or other supporting documentation detailing which receipts were voided and the reason why the receipt was voided.

Good internal accounting controls require that if a receipt must be voided, proper documentation should be maintained to explain the reason for the void. In addition, someone independent from the transaction should review and sign documentation to ensure that the voided receipt was valid.

Without a good system of internal control over voided receipts made by the office, the potential is increased that funds could be lost, stolen, or misappropriated.

This condition existed because the office failed to establish adequate internal controls over its voided receipt procedures. Office staff stated that they weren't aware that they needed to keep voided receipts and supporting documentation.

Auditors' Recommendation

We recommend that the office establish and implement an adequate system of internal controls over voided receipts as noted above. All voided receipts should have proper documentation explaining the reason for the void and should be maintained to provide for an audit trail.

THE COUNTY OFFICER AND FINANCIAL MANAGEMENT TEAM HAVE RESPONDED, IN THE FOLLOWING MANNER, REGARDING:

The evaluation period is beyond the scope of the original audit timeline, every 4 years, and the findings are rejected.

Finding No. 3 - Inadequate Voided Receipt Procedures

The evaluation period is beyond the scope of the original audit and the findings are rejected. Our office has both a voided check log and a voided receipt log. The check log includes: Date Voided, Date Written, Account, Check #, Payee, and amount. The voided receipt log includes: Entry Date, Receipt #, Payee Name, Check #, Check Date, Check Amount, Check Memo, and case #.

SHERIFF
PHILADELPHIA COUNTY
OFFICEHOLDER'S RESPONSE AND AUDITOR'S CONCLUSIONS
FOR THE PERIOD
MARCH 1, 2016 TO MAY 6, 2021



County Officer and Financial Managements' Response to PA State Audit Findings for Period May 2016 to March 2021

The following actions, will be taken, by the Office of the Philadelphia Sheriff, in lieu of the failure of the State Auditor, to enforce compliance by Sheriff John Green or Jewell Williams:

Resolution to Finding No. 3 - Inadequate Voided Receipt Procedures

- 1. The check void log resolution is to add a column for *reason for the void*.**

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Finding No. 4 – Commonwealth's Portion of Revenue Was Not Transmitted Timely – Recurring We cited the issue of the Commonwealth's portion of revenue not being transmitted timely in the four prior audits, with the most recent being for the period September 1, 2012 to February 29, 2016. Our current audit found that the office once again did not correct the issue.

Our audit disclosed that six of the nine payments made to the Office of Comptroller Operations (OCO) for the Deputy Sheriff's Training and Education Surcharges were not transmitted within the time period required. The time lapse for the due date to the date a check was issued ranged from two to 224 days.

The Commonwealth's portion must be submitted semi-annually to the Pennsylvania Office of Comptroller Operations for deposit into the Deputy Sheriff's Education and Training Account. **The Pennsylvania Office of Comptroller Operations requires that the semi-annual report for the period March 1 to August 31 be postmarked by the 5th working day of September and that the semi-annual report for the period September 1 to February 28/29 be postmarked by the 5th working day of March.**

The following schedule identifies those funds that were transmitted late:

Collection Period	Payment Due Date	Check Issuance Date	No. of Days Late	Amount (\$)
03/01/16 - 08/31/16	09/08/2016	10/20/2016	42	\$ 28,000
09/01/16 - 02/28/17	3/6/2017	3/20/2017	14	\$ 17,210
03/01/17 - 08/31/17	9/8/2017	9/14/2017	6	\$ 20,810
03/01/19 - 08/31/19	9/9/2019	9/11/2019	2	\$ 23,310
09/01/19-10/19/20	3/9/2020	10/19/2020	224	\$ 28,270
10/20/20 - 05/06/21	3/10/2021	5/6/2021	57	\$ 21,962

Total **\$ 139,562**

The above noted conditions resulted in the Office of Comptroller Operations not receiving Commonwealth monies in a timely manner. We also found that the last two payments listed in the above schedule were for periods that were outside of the required reporting periods.

Therefore, we based the late payment calculation on when the payment should have been made rather than the date to which the office included the collections.

Recommendation:

We again strongly recommend the office transmit the Commonwealth's portion of revenue as required by the Office of Comptroller Operations.

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THE COUNTY OFFICER AND FINANCIAL MANAGEMENT TEAM HAVE RESPONDED, IN THE FOLLOWING MANNER, REGARDING:

The evaluation period is beyond the scope of the original audit timeline, every 4 years, and the findings are rejected.

Finding No. 4 – Commonwealth's Portion of Revenue Was Not Transmitted Timely – Recurring:

1. The semi-annual form, received for calculating the amount due, **does not contain the following information:**

The Commonwealth's portion must be submitted semi-annually to the Pennsylvania Office of Comptroller Operations for deposit into the Deputy Sheriff's Education and Training Account. The Pennsylvania Office of Comptroller Operations requires that the semi-annual report for the period March 1 to August 31 be postmarked by the 5th working day of September and that the semi-annual report for the period September 1 to February 28 be postmarked by the 5th working day of March.

The audit report, from September 2012 to February 2016, indicated this as a finding, however, the previous administration did not address the lack of this payment cycle information being incorporated into the remittance form.

The remittance form should reflect the above-mentioned payment cycle requirements—as a constant reminder and early notification.

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County Officer and Financial Managements' Response to PA State Audit Findings for Period May 2016 to March 2021

Resolution to Finding No. 4 – Commonwealth's Portion of Revenue Was Not Transmitted Timely – Recurring

The following actions, will be taken, by the Office of the Philadelphia Sheriff, in lieu of the failure of the State Auditor, to enforce compliance by Sheriff John Green or Jewell Williams:

1. Structure payment processing in accordance with the following:

The Commonwealth's portion must be submitted semi-annually to the Pennsylvania Office of Comptroller Operations for deposit into the Deputy Sheriff's Education and Training Account. The Pennsylvania Office of Comptroller Operations requires that the semi-annual report for the period March 1 to August 31 be postmarked by the 5th working day of September and that the semi-annual report for the period September 1 to February 28 be postmarked by the 5th working day of March.

- 2. Establish a procedure for collecting and processing the payments 10 days prior to the due date.**
- 3. Create a notification system, via Microsoft Teams, to establish a semi-annual reminder to the real estate and accounting staff that the payment date is forthcoming.**
- 4. Create Commonwealth Revenue log which will list payments starting with next payment dates in accordance with the payment process requirement listed in #1 of this response.**

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Auditor’s Conclusion

We first address management’s responses that apply to all of the findings. Further below we address comments specific to individual findings.

Regarding the officeholder’s statement, “The evaluation period is beyond the scope of the original audit timeline, every 4 years”, we acknowledge the officeholder’s concerns regarding the extended timeframe of our audit. In the past, our audits for this office have been on a four year timeframe, but we have conducted audits of other sheriffs’ offices on different timeframes. The timeframes are established primarily based on availability of audit staff and the mandated requirement for us to conduct audits of every District Court and County Row Office throughout the Commonwealth. The Department of the Auditor General has the discretion of extending timeframes for some audits when we become aware of information which warrants further review. Section 401(e) of *The Fiscal Code* states that the Department of the Auditor General is mandated 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.⁴ Neither this mandate nor any other law or regulation specifies a certain audit period timeframe for our audits of sheriffs’ offices within the Commonwealth.

Regarding the officeholder’s statement that the “findings are rejected”, management’s responses did not identify any inaccuracy within the findings, and the findings remain as stated.

Regarding the officeholder’s statements, “the nature of the findings, were such that the corrections could not be made in one year, by any current or future administrations” and the findings “basically ensure the indictment, of the current Sheriff and overlooked her immediate actions”, we acknowledge that implementing internal controls cannot be done instantaneously and requires time and effort. Further, we do not conduct audits or report findings with the purpose of assigning credit or blame among officeholders. Our department requires all audit staff to attest to their independence and impartiality for every audit to which they are assigned, and we write findings in a fair and objective manner without regard to who holds the office. Accordingly, this audit, along with all mandated audits, are conducted over defined time periods irrespective of office holders and when they came into office. In fact, it is the intent and hope of the Department that current officers will take note of deficiencies that occurred in previous administrations and make efforts to correct them in a timely manner.

⁴ 72 P.S. § 401(e) (Act 176 of 1929 as amended).

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Auditor's Conclusion (Continued)

Regarding the officeholder's statement that the audit "should have mentioned that the purpose of the audit was to review the system of internal control and uncover whether the prior administration has corrected the findings of the most recent audit", this was not the purpose of the audit. As stated in the compliance letter at the beginning of this report:

The objective of the audit was to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted and to provide a report to the Pennsylvania Office of Comptroller Operations.

The objective of the audit is based on our legal mandate to conduct the audit and not defined by the period of any office holder. As part of our audit, we reviewed the prior audit findings and recommendations to determine whether or not the office complied with the recommendations from the prior audit, which is a standard procedure commonly performed within the auditing profession. However, that was not the primary purpose of our audit.

Regarding the officeholder's statement that actions will be taken "in lieu of the failure of the State Auditor to enforce compliance by Sheriff John Green or Jewel Williams", we do not have the authority to force officeholders to comply with recommendations included in our audit reports. County Officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted.

We appreciate the officeholder providing planned corrective actions for each finding in her response to the findings. We will determine whether the office complied with our recommendations during our next audit.

Auditor's Conclusion Regarding Responses Specific to Finding No. 1

The officeholder's response incorrectly quoted Finding No. 1 when the response stated, "their concern was that the prior County Officer failed to correct the previous recorded findings concerning cash receipts, not always aligning with deposits." The officeholder also stated, in reference to the problems we identified, that the problems were "not delineated, by date, from the administrations of then Sheriff John Green and Sheriff Jewel Williams." As stated in Finding No. 1, our audit disclosed that for 32 of the 43 receipt days tested, the total amount deposited did not match the total amount collected for the day. The differences ranged from a deposit amount of \$2,600 less than collected to a deposit amount of \$650 more than collected. A schedule within Finding No. 1 includes a breakdown of the deposits that identifies the days where the total collected did not equal the total amount deposited into the bank account. The deposits are listed by date and,

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therefore, readers can determine who was serving as Sheriff when the errors occurred. While we acknowledge that implementing corrective actions requires time and effort and we did not intend to assign blame among officeholders, the information in the finding allows readers to determine that the last five deposits listed occurred during the current officeholder's administration and the other listed deposits occurred during the previous officeholder's administration.

Auditor's Conclusion Regarding Responses Specific to Finding No. 3

The officeholder stated that they have both a voided check log and a voided receipts log. However, we reviewed the voided check log and found that it listed checks used as payment for Sheriff Office services that were voided by the office. There was no transaction or receipt information on this document. Regarding the voided receipts log, the Director of Finance and Compliance stated that while the computer system in use has a voided receipts log available, the office does not utilize this feature of the system.

As stated in the finding, good internal accounting controls require that if a receipt must be voided, proper documentation should be maintained to explain the reason for the void.

Auditor's Conclusion Regarding Responses Specific to Finding No. 4

We acknowledge the officeholder's concerns regarding the semi-annual form not having the payment requirements listed on the form. However, the Pennsylvania Office of Comptroller Operations includes specific submission requirements for the Commonwealth's portion of revenue within the semi-annual notice that the Pennsylvania Office of Comptroller Operations sends to Sheriff Offices.

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SUMMARY OF PRIOR AUDIT RECOMMENDATIONS
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Summary Of Prior Audit Recommendations

During our prior audit, we recommended that the office:

- Establish and implement an adequate system of internal control system over receipts in order to minimize the possibility of loss or theft of funds.
- Establish and implement an adequate system of internal control system over the bank account.
- Transmit the Commonwealth's portion of revenue as required by the Office of Comptroller Operations.

During our current audit, we noted that the office did not comply with the above bulleted recommendations. Please see the current year Finding No. 1, Finding No. 2, and Finding No. 4 for additional information.

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REPORT DISTRIBUTION
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This report was initially distributed to:

Mr. Harrison Brooks
Commonwealth Accountant Manager
Office of Comptroller Operations
Accounts Receivable

Mr. Derin Myers
Director
Office of Financial Management and Administration
Pennsylvania Commission on Crime and Delinquency

The Honorable Rochelle Bilal
Sheriff

The Honorable Darrell L. Clarke
President of City Council

The Honorable Rebecca Rynhart
Controller

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.