

COMPLIANCE AUDIT

Sheriff

Washington County, Pennsylvania
For the Period
March 1, 2016 to August 31, 2019

November 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

The Honorable Samuel F. Romano
Sheriff
Washington County
Washington, PA 15301

We have conducted a compliance audit of the Sheriff, Washington County, Pennsylvania (County Officer), for the period March 1, 2016 to August 31, 2019, pursuant to the requirements of Section 401(e) of *The Fiscal Code*, 72 P.S. § 401(e).

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 Office of Comptroller Operations and the Pennsylvania State Police to allow them to state and settle the County Office's accounts. 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 Office is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the County Office complies 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 Office 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 August 31, 2019, the County Office, 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 finding listed below and discussed later in this report:

- Inadequate Segregation of Duties - Recurring.

This report includes summaries of the County Office's receipts and disbursements of funds collected on behalf of the Commonwealth (summaries). We obtained data representing the County Office's receipts and disbursements from the Office of Comptroller Operations and the Pennsylvania State Police, which obtains data from each of the Commonwealth's sheriff offices, and used the data to create the summaries. We also evaluated the accuracy of the data as part of our audit to conclude on the County Office'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 summaries; however, the scope of our audit does not include the issuance of an opinion on the accuracy of the amounts reported in the summaries.

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 Office and, where appropriate, their response has been included in the report. We appreciate the courtesy extended by the Sheriff, Washington 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.



Eugene A. DePasquale
Auditor General

September 21, 2020

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SHERIFF
WASHINGTON COUNTY
BACKGROUND
FOR THE PERIOD
MARCH 1, 2016 TO AUGUST 31, 2019

The Department of Auditor General is mandated by Article IV, Section 401 (e) of *The Fiscal Code* (Act of April 9, 1929, P.L.343, No. 176), 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.

Sheriff receipts consist of monies collected on behalf of the Office of Comptroller Operations and the Pennsylvania State Police. These include monies collected for the following surcharges and fees:

- Deputy Sheriff’s Education and Training Surcharges 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.
- Firearms License Validation System Account Fees of \$1 imposed for applying for a license to carry a firearm. Effective March 1, 2015, this fee is remitted to the Pennsylvania State Police as required by Pennsylvania Uniform Firearms Act.

Total disbursements for the audit period are comprised as follows:

Sheriff checks issued to:	
Office of Comptroller Operations	<u>\$ 147,920</u>
Pennsylvania State Police	<u>\$ 23,079</u>

This balance reflects a summary of receipts and disbursements on behalf of the Office of Comptroller Operations and the Pennsylvania State Police.

Samuel F. Romano served as Sheriff during the period March 1, 2016 to August 31, 2019.

The summaries 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 summaries were prepared in accordance with reporting requirements prescribed by the Pennsylvania Office of Comptroller Operations and the Pennsylvania State Police. 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.

SHERIFF
WASHINGTON COUNTY
OFFICE OF COMPTROLLER OPERATIONS
SUMMARY OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
MARCH 1, 2016 TO AUGUST 31, 2019

Receipts:

Deputy Sheriff's Training and Education Surcharges	\$ 147,920
Disbursements to Office of Comptroller Operations	<u>(147,920)</u>
Balance due Office of Comptroller Operations (County)	-
Audit adjustments	<u>-</u>
Adjusted balance due Office of Comptroller Operations (County) for the period March 1, 2016 to August 31, 2019	<u><u>\$ -</u></u>

SHERIFF
WASHINGTON COUNTY
PENNSYLVANIA STATE POLICE
SUMMARY OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
MARCH 1, 2016 TO AUGUST 31, 2019

Receipts:

Firearms License Validation System Account Fees	\$ 23,079
Disbursements to Commonwealth	<u>(23,079)</u>
Balance due Commonwealth (County)	-
Audit adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) for the period September 1, 2016 to August 31, 2019	<u>\$ -</u>

SHERIFF
WASHINGTON COUNTY
FINDING AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2016 TO AUGUST 31, 2019

Finding - Inadequate Segregation Of Duties - Recurring

We cited the issue of inadequate segregation of duties in the prior three audit reports with the most recent being for the period March 1, 2012 to February 29, 2016. Our current audit found that the office did not correct this issue.

Our audit disclosed that the Clerical Supervisor was responsible for performing the following functions:

- Opening mail.
- Collecting cash, entering collection information into the computer system, and issuing receipts.
- Making voided transaction adjustments.
- Posting disbursements to the disbursement journal.
- Reconciling collections to accounting records.
- Reconciling the bank account.
- Summarizing accounting records.

In addition, we found that the Clerical Supervisor and the Cashier II are authorized to sign checks.

These conditions existed because the office failed to establish and implement an adequate segregation of duties as recommended in the prior three audit reports.

A good system of internal controls 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 approve disbursements. 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.

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

SHERIFF
WASHINGTON COUNTY
FINDING AND RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2016 TO AUGUST 31, 2019

Finding - Inadequate Segregation Of Duties - Recurring (Continued)

Recommendations

We strongly 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. In addition, we also recommend that office employees who are responsible for the handling of cash and maintaining the accounting records are not authorized to sign checks.

Management's Response

No formal response was offered at this time.

Auditor's Conclusion

This is the fourth consecutive audit that this was cited as a finding. We strongly recommend that the office comply with our recommendations. The failure to take corrective action increases the risk that monies could be lost or misappropriated. During our next audit, we will determine if the office complied with our recommendations.

SHERIFF
WASHINGTON COUNTY
SUMMARY OF PRIOR AUDIT RECOMMENDATIONS
FOR THE PERIOD
MARCH 1, 2016 TO AUGUST 31, 2019

Summary Of Prior Audit Recommendations

During our prior audit, we recommended that the office:

- Provide for greater segregation of duties within the office by cross-training personnel and rotating job functions that include the handling of cash and maintaining the accounting records for cash. As an alternative and/or additional control, someone independent from the handling of cash and 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.

During our current audit, we noted that the office did not comply with our recommendations. Please see the current year finding for additional information.

SHERIFF
WASHINGTON COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
MARCH 1, 2016 TO AUGUST 31, 2019

This report was initially distributed to:

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

Corporal Daniel McGough
Pennsylvania State Police
Firearm Records Unit

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

The Honorable Samuel F. Romano
Sheriff

The Honorable Diana Irey Vaughan
Chairperson of the Board of Commissioners

The Honorable Michael Namie
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.