

Beaver County Sheriff
2018-2019 Audit



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November 4, 2020

Mr. Tony Guy
Beaver County Sheriff
Beaver County Courthouse
810 Third Street
Beaver, PA 15009

Dear Mr. Guy:

We have audited the records of the Beaver County Sheriff for the period of January 1, 2018 through December 31, 2019 and issued our report thereon dated November 4, 2020.

We conducted our audit in accordance with generally accepted governmental auditing standards. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial records are free of material misstatement.

Based upon our review of the financial records, we have made the following observations and recommendations as detailed in this report.

A handwritten signature in blue ink that reads "Maria Longo". The signature is fluid and cursive.

Maria Longo
Beaver County Controller

Scope:

The scope of this audit encompasses the period from January 1, 2012 to December 31, 2019. The main portion of this audit will encompass January 1, 2018 to December 31, 2019.

Objectives:

Through the completion of internal control questionnaires, control tests, substantive tests, and observation, the following audit objectives were accomplished for this audit:

- Prepare a financial statement for year reviewed
- Evaluate controls over the Sheriff's office checking accounts, change fund, and petty cash
- Ensure that funds are deposited timely
- Ensure that funds received are disbursed to the proper payees
- Ensure that funds held in escrow are adequate and properly documented
- Ensure that funds receipted are applied properly to the case
- Evaluate controls over the DARE Program and its administration
- Ensure that funds due to the Commonwealth are remitted correctly and in a timely manner
- Ensure that void receipts are voided for a valid reason
- Ensure that proper documentation is maintained in the case files
- Evaluate the controls over cash
- Evaluate the controls over purchasing and the administration of the budget
- Evaluate controls over general office procedures

**OFFICE OF THE BEAVER COUNTY SHERIFF
STATEMENT COMPILATION
2018**

	Annual Amounts
Beginning Cash	356,779.29
Receipts	
General Account	1,694,858.94
Total Receipts	1,694,858.94
Disbursements	
For the Commonwealth	(41,565.37)
For All Other Payees	(1,258,615.02)
For The County	(402,571.02)
Total Disbursements	(1,702,751.41)
Adjustments	(830.75)
Ending Balance	\$ 348,056.07

***Information Obtained From INFOCO Reports

**OFFICE OF THE BEAVER COUNTY SHERIFF
STATEMENT COMPILATION
2019**

	Annual Amounts
Beginning Cash	348,056.07
Receipts	
General Account	1,129,662.51
Total Receipts	1,129,662.51
Disbursements	
For the Commonwealth	(37,506.80)
For All Other Payees	(764,099.64)
For The County	(305,179.90)
Total Disbursements	(1,106,786.34)
Adjustments	
Prior Year	20.00
Miscellaneous	(.10)
Ending Balance	\$ 370,952.14

***Information Obtained From INFOCON Reports

**OFFICE OF THE SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2018 THROUGH DECEMBER 31, 2019**

Note 1: Summary of Significant Accounting Policies - The Sheriff's Office reports on the cash basis of accounting. Under the cash basis of accounting, revenues are recognized when received and expenses recognized when the disbursement is made.

The financial statements are a combined presentation of two bank accounts: the General Bank Account and the Surcharge Bank Account. These accounts are through Huntington National Bank. Transfers were made on a monthly basis from the General Bank Account to the Surcharge Bank Account for costs due to the Commonwealth of Pennsylvania every six (6) months for deputies Training and Education Fund.

Note 2: General Account Receipts/Disbursement Categories - The Sheriffs' Office received money for deposit into the General Bank Account for the following: gun applications, gun duplicates, gun permits, complaints, warrants, complaint in mortgage foreclosure, writ to join additional defendant, civil action case, protection from abuse, writ of revival, license to sell firearms, license to sell precious metals, declaration of taking notification/offer, vehicle impoundments, funeral transporting, accident reports, parking violations, tax sale services, advanced payments, deposits to hold real estate, fingerprinting fees / Jail, deputy overtime services, and the balances due on real estate, writs of executions, writs of possession, writs with interrogatories, writs of seizure, payments on property sold, money made on sheriff's sales, property claim writs, and additional costs incurred.

Disbursements were made from this account for the following: refund payments, towing costs, costs due to the county and transfers to the surcharge account. Additionally, disbursements were made for case filings (prothonotary/recorder of deeds), tax payments (county, local, claims department), advertising costs, disbursements to financial institutions for land sales and plaintiff disbursements.

Note 3: Surcharge Account Receipts/Disbursement Categories - The Sheriffs' Office received money into the Surcharge Bank Account from the General Bank Account. This money represents fees collected that will be disbursed to the Commonwealth of Pennsylvania for the Deputies Education Fund. These funds are disbursed to the Commonwealth of Pennsylvania two times each year along with the required reports.

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November 4, 2020

Mr. Tony Guy
Beaver County Sheriff
Beaver County Courthouse
810 Third Street
Beaver, PA 15009

Report On Internal Control Structure

We have audited the records of the Beaver County Sheriff for the period January 1, 2018 to December 31, 2019 and have issued our report thereon dated November 4, 2020.

We conducted our audit in accordance with generally accepted auditing standards and Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial records are free of material misstatement.

In planning and performing our audit of the Office of the Beaver County Sheriff for the period January 1, 2018 to December 31, 2019 we considered the office's internal control structure to determine our auditing procedures for the purposes of expressing our opinion on the financial statements and the office's compliance with applicable regulations and not to provide assurance on the internal control structure.

The management of the office is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statement in accordance with prescribed policies. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, future reliance on any evaluation of the structure, past or current, is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation. Additionally we assessed control risk for the internal control structure except for matters of compliance. Compliance with applicable laws and regulations was considered when assessing control risk for the internal control structure.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce, to a relatively low level, the risk that material errors or irregularities affecting the financial statements being audited may occur and not be timely detected by employees in the normal course of performing their assigned functions.

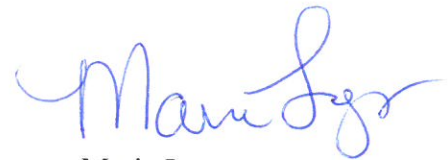
Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above. We noted the following reportable conditions:

- **Budget Review and Expenses**
- **Cash Controls**
- **Escrow Balances**

- **Petty Cash**
- **Daily Receipt/Deposits**

For further elaboration of these weaknesses, refer to the “Observations and Recommendations” section of this audit report.

This report is intended solely for the information and use of management, the office of the Controller, and others within the administration. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Maria Longo
Beaver County Controller

Findings, Observations and Recommendations

Findings and Observations:

Budget Review and Expenses:

1. New World Line items expenditures were reviewed over a five year period and all items appeared reasonable. All changes year to year were also reviewed and appear to be adequately explainable.
2. All budgetary transfers were reviewed and appeared properly completed.
3. All transmittals that were selected had the proper authorization.
4. Review of the 2019 G/L Distribution Report revealed that the some items were being presented for payment with multiple invoices for the same items on the same or consecutive days to prevent the need to obtain the proper purchase orders. Listed below are some of these items.

- a. Review of County check number 242462 to Minuteman Press revealed that multiple consecutively numbered invoices with the same issue date were presented for parking tickets and envelopes.

The following invoices from Minuteman Press were presented for payment all dated 10/29/2019.

Invoice 37917	\$457.33
Invoice 37918	\$291.56
Invoice 37919	\$457.33
Invoice 37920	\$457.33

Total	\$1,663.55
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- b. Review of County check number 232963 to Precision Transmission and Automotive revealed that multiple invoices dated one day apart with consecutive invoice numbers were presented for TA Sport Police Pursuit 245 55 R18 tires.

Invoice 3937	\$354.64
Invoice 3938	\$354.64

Total	\$709.28
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- c. Review of County check number 235849 to Precision Transmission and Automotive revealed that multiple invoices dated one day apart with consecutive invoice number were presented for Sumitomo Enhance L/X 235 55 R17 tires.

Invoice 6946	\$250.00
Invoice 6947	\$250.00

Total	\$500.00
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- d. Review of County check number 243874 to Precision Transmission and Automotive revealed that multiple invoices dated one day apart with consecutive invoices were presented for BFGOODRICH ADVANTAGE TA SPORT PURSUIT 245 55 R tires.

Invoice 6983	\$359.78
Invoice 6984	\$359.78

Total	\$719.56
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- e. Review of County check number 243087 to Precision Transmission and Automotive revealed that multiple invoices dated on consecutive days with consecutive invoice numbers were presented for two county vehicles on consecutive invoice numbers for BFGOODRICH ADVANTAGE TA SPORT POLICE PURSUIT 245 55 R18 tires.

Invoice 6979	\$359.78
Invoice 6980	\$359.78
Invoice 6981	\$359.78
Invoice 6982	\$359.78

Total	\$1439.12
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5. 2019 travel expenditures were reviewed and appeared reasonable, and the proper paperwork was attached to transmittals.
6. All items reviewed appeared to be properly charged to the correct accounts.

Conclusions:

It is recommended that the Sheriff's office review and comply with all County Purchasing Policies and that they request purchase orders for all items over the threshold of \$500.00. Receiving multiple invoices for items in order to circumvent County policy is unacceptable. In cases such as purchasing tires, uniforms and parking tickets the office can request a blanket purchase order for the year and draw from this throughout the year. Review of total purchases from previous budget can help in establishing a base for blanket purchase orders.

Cash Control Review

Finding: 1

Review of the Signature Cards for the Sheriff's bank accounts revealed that they are not up to date. Person's no longer with the Sheriff's Department are still listed as signatures on the accounts.

Recommendations:

It is recommended that all accounts be reviewed on a regular basis to insure that only the appropriate persons are listed on signature cards and have access to official funds.

Finding: 2

This finding relates to office procedures, but due to a sensitive nature it has been determined that it will not be released to the public.

Recommendations:

This recommendation has been reviewed by the Sheriff and corrective action taken.

Escrow Balance Review

Observations:

Review of the Sheriff's Escrow Reports showed that the funds held in the account represent a true balance. The review also shows several old Items from years prior to 2017 that are still outstanding. Due to the corona virus the part time employee who normally reviews these items has not been working. None of the full time employees are currently reviewing these items.

Conclusions:

It is recommended that the Detailed Escrow Report be reviewed on a monthly basis to insure that old dated items are addressed.

Petty Cash Review

Findings:

Review of the Sheriff's petty cash fund revealed that while there is a log kept of all petty cash transfers and that receipts are presented for payment but it was impossible to determine if all receipts were for proper purchases or were within County regulations. There are no forms related to the reimbursement of these receipts that would explain why these purchases were made. In addition to this the amount shown on the petty cash ledger does not match with cash on hand. Even though this discrepancy was relatively small it was impossible to determine the overall effect of this difference on the fund. The fact that there was long period of time between audits also contributed to the inability to determine the exact cause of the problem. Discussion with the Captain also revealed that the petty cash is only being counted every couple of months. This also contributes to the inability to track any discrepancies.

Recommendation:

It is recommended that the sheriff office revise their procedure for the reimbursement of petty cash. The office should create a petty cash reimbursement form on which the officer requesting petty cash should show the reason for the reimbursement. Each form should require the amount of reimbursement requested and signature of the requesting officer when submitted, and the signature of the person reimbursing the funds along with the amount reimbursed. It is also recommended that the petty cash fund be counted each week, with any discrepancies being noted and corrected if possible.

Observations:

Review of the petty cash fund also revealed that much of the petty cash fund has been replaced with County Credit cards. A cursory review of this program shows a strong set of procedures that are followed by the Sheriff's Office and reviewed by the Commissioner's Office before being submitted for payment to the Controller's Office. A more complete review of this program should be included in the next audit under a separate category.

Recommendation:

None.

Receipt Deposit Review

Findings: 1

Review of the process for voiding receipts revealed that the procedure for voiding receipts allows the same person who creates a receipt and receipts funds to void a receipt. This is not considered best practices as it allows the possibility of theft.

Recommendation: 1

It is recommended that the Sheriff's Office review the process by which void receipts are created. The process should insure that the same person who receives and receipts funds should not be able to void those receipts. This can be done by only allowing a person who does not receipt funds to void receipt. It could also be done by requiring a second person in the office who does receipt funds to void receipts for the person who did the original receipt.

Findings: 2

Review of manual receipts revealed that when the computer system goes down the office does not receive any funds and therefore does not issue any manual receipts. However it was also revealed that the office is issuing gun permits from remote locations and is not issuing manual receipts. Upon return to the office a computer receipt is generated and placed in the file.

Recommendation: 2

It is recommended that the Sheriff's Office create a manual receipt for all gun permits issued at remote locations and that upon return to the office a computer receipt should be generated and the corresponding manual receipt attached and filed with the office paperwork.



Beaver County Sheriff's Office

TONY GUY, SHERIFF

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Sheriff's Office Response to 2018-2019 Audit

Response to Findings and Observations

Budget Review and Expenses

Item #4 (a): This item was the result of clerical staff being unfamiliar with County Purchasing Policy and my failure to recognize the cumulative amounts of invoices submitted for similar items. Clerical staff has been made better aware of the Policy and future transmittals will be reviewed in greater detail.

Item #4 (b), (c), (d), and (e): During the years 2018 and 2019 tires were ordered by the Department of Public Works and not by the Sheriff's Office. To the best of my recollection this procurement process for vehicle equipment and supplies was put into effect prior to 2018. The Sheriff's Office appreciates the Controller's Office recommendation for obtaining blanket purchase orders and will use this process in the future.

Cash Control Review

Finding #1 Signature Cards have been updated and will be reviewed commensurate with any pertinent personnel changes

Finding #2 Policy has been changed to require clerical staff to lock the register prior to leaving in an emergency.

Escrow Balance Review

Observation Upon the retirement of a member of the clerical staff a new clerk was assigned the responsibility for overseeing the Escrow Account. A complete review of the Escrow Account revealed a large number of outstanding checks. Through diligent review, contact with payees, and reissuing of checks this issue has been completely cleared up. The only currently outstanding checks are less than 90 days old as is normal for regular business. The Detailed Escrow Report will now be reviewed on a regular monthly basis and older outstanding checks will be addressed immediately.

Petty Cash Review

A Petty Cash Reimbursement Form has been created and is currently in use. All other recommendations from the Audit have been instituted.

Receipt Deposit Review

Finding #1 A Policy has been established among the clerical staff that a clerk does not void a receipt which they had created.

Finding #2 The Sheriff's Office now creates manual receipts for all gun permits when regular receipts are unavailable which is then attached to the computer-generated receipt when produced.



Tony Guy

Beaver County Sheriff

March 23, 2021