




COUNTY OF LEHIGH  
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER  
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THOMAS SLONAKER  
COUNTY CONTROLLER

JOHN A. FALK  
DEPUTY CONTROLLER

TO: Final Report Distribution  
FROM: Thomas Slonaker, County Controller  
DATE: December 29, 2011  
RE: Sheriff's Office Audit



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We have completed a performance audit of the cash handling controls at the sheriff's office. The scope of our detail auditing testing was January 1 through December 31, 2010. Our audit report number 11-67 is attached.

The result of our audit is the current accounting system does not provide adequate control over financial transactions.

Attachment

AUDITS/SHERIFF

COUNTY OF LEHIGH, PENNSYLVANIA

SHERIFF'S OFFICE

CASH HANDLING CONTROLS

*Performance Audit  
for the Period January 1 through December 31, 2010*

REPORT NO. 11-67

COUNTY OF LEHIGH, PENNSYLVANIA  
SHERIFF'S OFFICE

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COUNTY OF LEHIGH, PENNSYLVANIA  
SHERIFF'S OFFICE

**Background**

Office Duties – Overview

*“The Office of the Sheriff serves all original civil, criminal and protection from abuse documents issued by the Court of Common Pleas. The office also provides security for the County's courtrooms, judges and buildings. The Sheriff's Office transports prisoners, holds sales to collect debts on both real and personal property, investigates and apprehends fugitives and bail jumpers and preserves the peace at riots and civil strike injunctions. In addition, the Sheriff's Office issues permits to carry a concealed weapon within the Commonwealth of Pennsylvania. These permits are issued only after an appropriate background investigation is completed.”*

(quote from the County of Lehigh website – Sheriff Office)

Controller's Office Audit Focus – Cash Handling:

The Sheriff's Office financial activity is divided into three major areas: the real estate division; the personal property division; and the miscellaneous division.

- The real estate division handles orders related to real property case judgments issued by the Court of Common Pleas. Monthly sales of real estate are held in order to recoup unpaid debts (i.e. mortgages) against the property.
- The personal property division handles orders pertaining to personal property case judgments issued by the Court of Common Pleas. Services include, but are not limited to: serving notices to defendants in personal property cases, the attachment of banks accounts, and assisting in the levy, recovery, and subsequent sale of personal belongings.
- The miscellaneous division handles orders for service arising from Clerk of Judicial Records – Civil, other law enforcement agencies, and sheriff's offices outside Lehigh County. In addition to providing the serving function, the sheriff also handles the application, issuance, and approval of license to carry and sell firearms, the license to sell precious metals, and Lehigh County identification badges for both employers and contractors.



# COUNTY OF LEHIGH

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THOMAS SLONAKER  
COUNTY CONTROLLER

JOHN A. FALK  
DEPUTY CONTROLLER

Ronald W. Rossi, Sheriff  
Lehigh County Courthouse, Room 253  
455 West Hamilton Street  
Allentown, PA 18101-1614

We have recently completed a performance audit of cash handling at the sheriff's office. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The scope of our detail audit testing focused on transactions occurring during calendar year 2010. We believe calendar year 2010 transactions provide a reasonable basis to conclude on our audit objective. Our consideration of internal control was limited to audit testing required to meet the audit objective and would not necessarily identify all deficiencies in internal control that might be significant or material weaknesses.

Our audit objective was to determine the adequacy of internal control over cash handling (cash receipts activity, billings and recordkeeping). Our office performed this audit at this time based on our evaluation of county-wide risk assessment. During the audit, we amended the scope to also include security over confiscated weapons, and issuance of visitor passes.

Audit criteria and standards included compliance with established County of Lehigh and sheriff's office policies and practices including real estate conditions of sale, and the Sheriff Fee Act. Audit standards applied in performing the audit included generally accepted government auditing standards, and *Government Auditing Standards* (July 2007 revision) issued by the Comptroller General of the United States.

We achieved our objectives by comparing the established criteria and standards to actual practice, reviewing revenue-related transactions, inspecting weapons storage facilities, and reviewing weapon disposition documents. We believe that the audit evidence obtained by performing the following procedures and analyses provide a reasonable basis for our findings and conclusions based on our audit objective. Audit procedures included tests of:

- Receipt sequences, automated and manual
- Bank deposits/cash composition/bank statements
- Cash receipts postings
- Real estate ledger activity
- Sheriff sales of real estate
- Undisbursed real estate proceeds
- Personal property ledger activity
- Confiscated weapons activity
- Training reimbursements and other grant receipts
- Miscellaneous receipt activity including:
  - Gun permit activity
  - Precious metal licenses
  - Licenses to sell firearms
  - Visitor pass activity
  - PFA billings
  - Warrant service billings

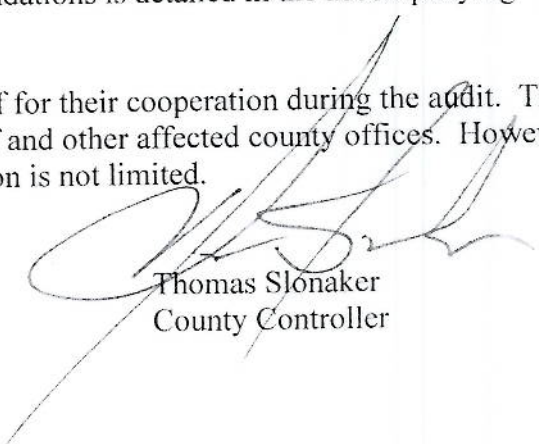
Our audit included examination of the accounting records, documentation, discussions with sheriff's office personnel and other county personnel, and such other auditing procedures we considered necessary in the circumstances.

We concluded:

- the system of internal controls at the sheriff's office would not detect or prevent (non-material) errors or omissions;
- the automated computer system does not provide adequate control over transactions;
- real estate sale management should be more closely supervised or re-assigned; and
- access to confiscated weapons is not sufficiently limited, and a policy for periodic destruction of confiscated weapons needs to be implemented.

A complete description of our recommendations is detailed in the accompanying "*Schedule of Audit Findings and Recommendations*".

We wish to thank the sheriff and his staff for their cooperation during the audit. This report is intended for the information and use of the sheriff and other affected county offices. However, this report is a matter of public record and its distribution is not limited.



Thomas Slonaker  
County Controller

December 29, 2011  
Allentown, Pennsylvania

Final Distribution

Donald T. Cunningham, Jr., County Executive  
Board of Commissioners  
Brian L. Kahler, Fiscal Officer  
Honorable Carol K. McGinley, President Judge

Thomas S. Muller, Director of Administration  
Susan T. Schellenberg, Court Administrator  
Troy A. Stone, Manager, Information Technology

COUNTY OF LEHIGH, PENNSYLVANIA  
SHERIFF'S OFFICE

*Schedule of Audit Findings and Recommendations*

1. Accounting System Limitations and Segregation of Duties

**Condition:** The antiquated automated accounting system lacks adequate controls, security features, review processes, and requires substantial manual input to record and track information. In addition, duties assigned to the clerical staff do not provide adequate division of responsibilities to provide reasonable assurance that human errors or fraud would be prevented or detected in the normal course of business operations. There is limited direct supervision by office management.

Examples of information technology (IT) issues include:

- Management had requested part-time staff share passwords to fulfill responsibilities of employees who were absent.
- Fee assessments for all cases are input, tracked, and recorded manually on excel spreadsheets, manual index cards, and case ledgers in the automated system.
- Fees and costs are posted, changed, and overridden without identification of data entry person, date, or amount. There is no opportunity for management review and approval.
- No audit trail for transactions posted.
- Users are able to change data, access user fee tables, and change other staff member's transactions using just the user's initials.

Other administrative issues not directly related to the IT issues above included:

- Warrant fee assessment calculations are not retained or reviewed by sheriff's office management. (Note: Warrant fees are added to cases in the CPCMS system and collected by the Bureau of Collections.)
- Excess case funds are being forfeited without client knowledge.

An effective accounting system utilizes a central automated system to record transactions, to update subsidiary ledgers, and to provide an audit trail for management review and approval. Effective control ensures one person does not have sole access to receipting, recording, and reviewing financial transactions. Adequate control requires proper supervision.

**Recommendations:** Management should consider a new accounting system which provides adequate controls over financial transactions and proper segregation of duties. In addition, management should consider reorganizing clerical and supervisory staff responsibilities to promote efficiencies in operations, ensure effective cash handling, billing controls, and proper review procedures by implementing a new system that allows the following:

- Audit trails for all transactions, including data entry person, date, and amount.
- Prohibit the use of shared passwords.
- Update of individual case financial activity from transaction journals, including deposits, fees, and vendor costs. Ensure case activity is posted from detail transaction journals only.
- Retention of historical financial transactions by case, including deposits, sales receipts, distributions, fees, and costs.
- End-of-month reports for use in reconciliation to the general ledger control total.
- Utilization of a fee table, accessible only by management, for receipting and assessing fees.
- Discontinue the use of excel spreadsheets and manual index cards.
- Prohibit managers and supervisors from receiving and recording transactions.
- Require management or supervisory approval for all fee changes, void receipts, and final billing assessments.

In addition to the abovementioned IT recommendations:

- Sheriff's office personnel should retain copies /screen prints of warrant fee calculations. Sheriff's office management should review, approve and initial the fee documentation. Warrant fee documentation should be maintained.

## 2. Personal Property Case Assessments

**Condition:** Our testing revealed the following issues related to Personal Property case management:

- Case balances are not being properly assessed, recorded, or reviewed by management.
- Mileage fees used for case assessments do not comply with The Sheriff Fee Act of 1984.
- Several case assessments could not be substantiated by supporting documentation.
- Management review and approval of adjusted case balances is not being performed.
- Several case refunds were issued in error and never recovered.
- Timely review of outstanding refunds issued in error is not being performed.

**Recommendation:** Office responsibilities should be reorganized to accomplish the following:

- One employee should enter original case data, another employee should perform case adjustments and reassessment, and management should review and approve all changes for case assessments.
- Management should adhere to laws and regulations governing fees to be assessed and record retention policies.
- An employee should be assigned the responsibility to ensure all supporting documentation is filed correctly, kept in a secure place, and made available upon request of interested parties.
- A supervisory employee should be responsible for review and approval of adjusted case balances.
- An attempt should be made to recover any recent or outstanding refunds issued in error. If recovery is not possible, management should document the case balances to be written off and notify the office of fiscal affairs.



### 3. Possible Public Perception of Conflict of Interest

**Condition:** The sheriff's solicitor (legal advisor) performs occasional management functions within the sheriff's office, including auctioneer duties at sheriff sales of real estate and directing activities performed by the real estate clerical staff. Since the solicitor is the attorney of record on numerous real estate cases handled by the sheriff's office, there may be a perceived conflict of interest by sale participants.

**Recommendation:** We recommend the solicitor restrict his involvement to providing advice and legal guidance to the staff.

### 4. Conditions of Sale

**Condition:** A real estate sale payment made using an attorney's trust account check in the amount of \$19,910 did not clear the bank due to insufficient funds. The rules of sale allow the purchaser to pay via bank check, cashier's check, certified check, or attorney's check acceptable to the Sheriff and payable to the Sheriff.

**Recommendation:** We recommend the conditions of sale be revised to match the payment rules used for Lehigh County tax sales, limiting payment options to cashier's check, certified check or money order.

### 5. Controls over confiscated firearms and weapons

**Condition:** Controls over storage of confiscated firearms are not adequate. The sheriff office confiscates firearms and other weapons when serving PFA (protection from abuse) orders. Our audit testing found no discrepancies between the tracking system and physical counts of firearms and weapons; however, we found that the maintenance staff has access to the locked rooms containing the firearms. We also found unclaimed and forfeited weapons have not been destroyed since 2002.

**Recommendation:** To enhance control over confiscated firearms we recommend limiting access to confiscated firearms. We also suggest establishing a schedule to destroy weapons on a regular basis (yearly at a minimum). The destruction process should include procuring the court's approval and a written witness statement verifying destruction signed by a representative of the sheriff's office and a representative from the destruction site.

### 6. Control Over Visitor Passes

**Condition:** There were several internal control weaknesses surrounding the authorization, issuance, and recording of visitor passes. Lack of proper controls could result in a significant security threat to judges, county staff, and others conducting business at the courthouse. Our testing revealed the following:

- Fifteen passes were issued prior to payment.
- Two passes were issued without payment.
- Authorization letters of four attorneys were missing.
- Visitor passes are not pre-numbered.
- Visitor pass payments, authorizations, and subsequent revocations are not being adequately monitored by management.

**Recommendation:** Due to the lack of controls surrounding the authorization, receipt, review, and subsequent revocation of visitor passes and to ensure the continued safety of judges, county employees, and other individuals conducting business at the Courthouse, we recommend the discontinuance of visitor passes. Management should consider requiring non-employees to pass through the metal detectors.

#### 7. Noncompliance with unclaimed funds rules

**Condition:** As of June 30, 2011, the sheriff's office has been unable to locate the parties entitled to \$70,900 in proceeds from real estate sales held more than five years ago. These unclaimed funds have not been escheated to the Pennsylvania Department of Revenue.

**Recommendation:** After reasonable efforts to refund proceeds to the appropriate parties have been exhausted, management should request the fiscal office transfer these funds to the state when filing the annual unclaimed funds report to the state. Documentation of efforts made to issue these refunds should be maintained by sheriff's office management.



RONALD W. ROSSI  
SHERIFF

# Sheriff's Office

## County of Lehigh

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KENNETH J. COIA  
*Captain*

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RICHARD B. SOMACH, Esq.  
*Solicitor*

### Sheriff's Office Response to Controller's Performance Audit of Cash Handling At the Sheriff's Office During the Calendar Year 2010

The Lehigh County Controller conducted a very exhaustive and detailed performance audit of cash handling at the Lehigh County Sheriff's Office during the calendar year 2010. The results of the performance audit confirmed how well managed the Sheriff's Office operates as the Controller was only able to note four extremely minor conclusions from an otherwise perfect audit. With regard to these four conclusions found near the end of the Controller's cover letter, the Sheriff responds appropriately as follows:

- The first conclusion of the audit specifically concluded that "the system of internal controls at the Sheriff's Office would not detect or prevent (non-material) errors or omissions." The Sheriff accepts that in any business or office, "non-material", inconsequential, irrelevant or de minimis errors or omissions may go undetected or unnoticed and is, therefore, proud that the Controller's Audit has concluded that material errors or omissions are properly detected and prevented, especially since the Sheriff is so severely limited in the resources he has to carry out his statutory duties as the chief law enforcement officer of the County.
- The second conclusion of the audit specifically concluded that the automated computer system supplied by the County and provided to the Sheriff does not provide adequate control over transactions, notwithstanding repeated and annual requests by the Sheriff for additional resources and equipment that would better enable the Sheriff's Office to work at peak efficiency.
- The third conclusion of the audit specifically concluded that real estate sale management should be more closely supervised or reassigned, but could only site one incident in the thousands of real estate sales transactions to justify its recommendation that attorney's trust account checks should not be accepted, notwithstanding the fact that the one incident was immediately rectified by the attorney involved.
- The fourth conclusion of the audit specifically concluded that "audit testing found no discrepancies between the tracking system and physical counts of firearms and weapons", high praise for the Sheriff's Office which is required by court orders to handle the confiscation, storage and disposition of hundreds of weapons and firearms annually.

The Sheriff and his staff gratefully acknowledge the thanks of the Controller regarding their cooperation during the audit.

With regard to the Schedule of Audit Findings and Recommendations, attached to the Controller's letter, seven Conditions and Recommendations (C&R) were noted, most of which reflect, however, on the inherent lack of knowledge of the Controller with regard to the duties of the Sheriff or the workings of the County with regard to the Sheriff's budget. For example, the first C&R detailed suggests that the Sheriff consider a new accounting system and noted nine specific IT recommendations which are principally beyond the Sheriff's control unless the Administration allocates additional financial resources to the Sheriff's Office. The final C&R issue was made without identifying any specific problem that the Controller uncovered and would require significant additional manpower and physical resources that are not currently available to the Sheriff.

The second issue raised under the Schedule of Audit Findings and Recommendations relates to personal property case assessments and once again demonstrates the lack of understanding of the Controller to such statutes as the Sheriff Fee Act, fails to address the corrective measures that the Sheriff took last year on his own accord when minor performance issues were uncovered through the diligent oversight provided by management personnel within the Sheriff's Office and further demonstrates a lack of comprehension of the Rules Of Civil Procedure by which the Sheriff's Office is required to abide.

The third issue raised in the Schedule of Audit Findings and Recommendations regards "possible public perception of conflict of interest". Once again, the Controller fails to cite any particular irregularity and ignores the fact that the Sheriff's Solicitor has been advising the Sheriff's Office of Lehigh County for most of the last 35 years without once having a credible allegation of conflict of interest raised. What the Controller recommends that the Solicitor do is conflicting, that is, provide advice and legal guidance but don't direct activities.

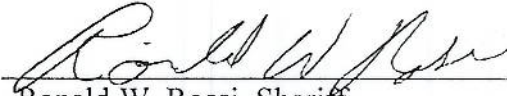
The fourth issue raised by in the Schedule of Audit Findings and Recommendations deals with a one time event where an attorney's trust check did not initially clear the bank due to insufficient funds. When advised of the situation, the attorney instantly rectified the matter. The Controller recommends that the conditions of sale be revised to match the payment rules used by the Lehigh County Tax Claim Bureau which include the accepting of cash, a practice which the Controller previously advised the Sheriff was ill advised, and to include cashier's checks, which the Tax Claim Bureau found this year to be capable of being stopped. Since there is no material detriment when the conditions of sale are violated as the successful bidders bid is automatically registered, the Controller's suggestion is contrary to the practice and procedures generally employed by Sheriff's Offices throughout the Commonwealth.

The fifth issue raised in the Schedule of Audit Findings and Recommendations relates to controls over confiscated firearms and weapons which the Controller concludes are not adequate, even though their audit testing found no discrepancies between the tracking system and the physical counts of firearms and weapons thereby confirming that no weapons or firearms are unaccounted for. Inexplicably, the Controller suggests an annual destruction of confiscated firearms notwithstanding the laws of the Commonwealth which apply to the retention of firearms and weapons by the Sheriff.

The sixth issue raised in the Schedule of Audit Findings and Recommendations regards control over visitor passes. Here the Controller makes assertions unsupported by any empirical

evidence that the internal control weaknesses identified have ever resulted in any security threat. Furthermore, the Controller's recommendations fail to recognize that the system in place was endorsed by the County judges and accommodate attorneys who are Officers of the Court and whose expedited access to the courthouse facilitates the work of the courts.

Finally, the seventh issue raised in the Schedule of Audit Findings and Recommendations regards non-compliance with unclaimed funds rules. Curiously, the stated period of the Controller's Audit was calendar year 2010 and yet this audit finding refers to an operative date of June 30, 2011 and relates to less than \$71,000 of the millions of dollars that passes through the Sheriff's Office. Furthermore, this comment fails to recognize that some funds must be maintained by the Sheriff for periods beyond five years because of pending cases and fails to recognize that the Sheriff's Office works hand and hand with the Fiscal Office to escheat unclaimed funds on a regular basis, when applicable.

  
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Ronald W. Rossi, Sheriff

12/29/11