

**The County of Berks  
Office of the Controller  
Internal Audit Department**



**Annual Report  
For the year ended December 31, 2022**

*County of Berks*  
*Office of the Controller*

**Internal Audit Department**

**Vision, Mission, and Value Statement**

**Vision**

The Department of Internal Audit will be the County of Berks most valued resource for the support of financial, operational, and control activities.

**Mission**

The Department of Internal Audit's mission is to support the County of Berks in achieving system wide goals and objectives.

**Values**

The Department of Internal Audit is committed to certain values in carrying out its mission:

Providing excellent service to the County of Berks is our primary focus.

- Performing our services in accordance with applicable standards established by the Government Accounting Office (GAO), the Institute of Internal Auditors (IIA), and the American Institute of Certified Public Accountants (AICPA).
- Maintaining our independence, objectivity, and confidentiality in the performance of our services.
- Adhering to the highest degree of fairness, integrity, and ethical conduct.
- Characterizing our relationships within the County of Berks community with respect, helpfulness, openness, and dependability.
- Maintaining our professionalism as internal auditors through continuance of our education and training.

*County of Berks*  
*Office of the Controller*

**Internal Audit Department**

**Authority and Responsibilities**

In accordance with County Code requirements, the County of Berks Internal Audit Department is authorized to direct a broad, comprehensive program of internal auditing within the County. The internal auditors are responsible for examining and evaluating the adequacy and effectiveness of the systems of internal control established by the various agencies of the County and to audit, settle, and adjust the accounts and financial statements of these agencies annually. In accomplishing these, the Manager of Auditing, as well as all members of the audit staff, are authorized to have full, free, and unrestricted access to all County records, property, and personnel, except as restricted by law.

The role of the internal audit department is to assist management to attain organizational goals by providing independent, objective assurance and consulting activity designed to add value and improve an organization's operations. This is achieved through independently reviewing and evaluating the effectiveness of risk management, controls, governance, and operations and by providing objective analyses and constructive recommendations for improvement. Management retains full control over the implementation of these recommendations.

The internal audit activity of the organization is responsible for periodically evaluating the processes of internal control operations throughout the organization. That responsibility is carried out in three distinct steps:

1. Ascertaining that the design of the internal controls, as they have been established and represented by management, is adequately designed in relation to the related risk,
2. Determining, through compliance testing and other procedures, that the process is, in fact, operating as intended in an effective and efficient manner; and,
3. Reporting the results of audit work performed and offering recommendations for improving the internal control process.

*County of Berks*  
*Office of the Controller*

**Internal Audit Department**

**Staff Credentials and Certifications**

John Auman, *Manager of Auditing*  
Certified Internal Auditor (CIA)

Kathryn I. Dietrich, *Senior Internal Auditor*  
Bachelor of Arts in History, Lafayette College  
Certified Fraud Examiner (CFE)

Derek Gerhart, *Internal Auditor*  
Bachelor of Science in Accounting, Pennsylvania State University  
Certified Fraud Examiner (CFE)

Aaron E. Hengst, *Internal Auditor*  
Bachelor of Science in Business Administration; Accounting, Millersville University  
Certified Fraud Examiner (CFE)  
Certified Internal Controls Auditor (CICA)

Wanda Brown, *Internal Auditor*

*County of Berks*  
*Office of the Controller*

**Internal Audit Department**

**2022 Audit Summary**

**Financial Audits**

<b><u>Auditee</u></b>	<b><u>Reportable Conditions</u> *</b>
Central Arraignment Court 23-0-01	None
District Court 23-1-01	None
District Court 23-1-02	None
District Court 23-1-03	None
District Court 23-1-05	None
District Court 23-1-06	None
District Court 23-2-01	None
District Court 23-2-02	None
District Court 23-2-03	None
District Court 23-2-04	None
District Court 23-3-01	None
District Court 23-3-02	None
District Court 23-3-03	None
District Court 23-3-04	None
District Court 23-3-05	None
District Court 23-3-06	None
District Court 23-3-07	None
District Court 23-3-09	None
Sheriff	None
Register of Wills	None
Prothonotary	Yes
Recorder of Deeds	Yes
Jail Inmate Accounts	None
Jail Commissary Fund	None

\* Reportable Conditions include Material Weaknesses and Significant Deficiencies.  
Management items are not included.

County of Berks  
Office of the Controller

**Internal Audit Department**

**2022 Audit Summary (continued)**

**Financial Audits continued**

<u>Auditee</u>	<u>Reportable Conditions</u> *
Berks Organization of Jail Employees	No
Treasurer	No
Clerk of Courts	No
APO Electronic Monitoring Account	No

**Agreed-upon Procedures**

<u>Auditee</u>	<u>Reportable Conditions</u> *
Tax Collectors	See Report

**Memorandum**

<u>Auditee</u>	<u>Reportable Conditions</u> *
Clerk of Courts Automation Fund	None
Coroner—Death Certificate Account	None
Prothonotary Record Improvement Fund	None
Register of Wills Management and Technology Fund	None
Sheriff—Benevolence and Explorer Post Accounts	None

\* Reportable Conditions include Material Weaknesses and Significant Deficiencies.  
Management items are not included.

*County of Berks*  
*Office of the Controller*

**Internal Audit Department**

**2023 Goals and Objectives**

- To implement a Financial Fraud Hotline maintained by the Controller's Office for individuals to report potential fraud in Berks County.
- To fully utilize the software in analyzing data obtained during our audits.
- To complete all Row Office and District Court audits in a timely manner.
- To continue incorporating new audits on Berks County Departments.
- To conduct "Performance Audits" in addition to financial audits at the request of the Controller to increase County efficiency and save taxpayer money.
- To assist in investigations involving fraud complaints received via the County's Fraud, Waste, and Abuse hotline.
- To continue to complete 40 hours of continuing education annually to gain knowledge of new accounting/ auditing issues and pronouncements required by the GAO Yellow Book.
- To aid the Controller and Deputy Controller with respect to special projects and other tasks.
- To continue to encourage all auditors to pursue and achieve the CPA, CIA, or CGMA designation.

## Message from the Controller:

Our audit department has continued to grow in experience and proficiency. We have stabilized our staff and replaced our Audit Department Head. Oliver Arthur left to go into Public Accounting and Ron Rutkowski returned from the banking world to pilot our auditors into new unchartered projects.

We will reinstitute hotel tax audits which have been absent in the last few years. Shortages in our staff compliment stopped us from doing a full court press. We are now fully staffed and will be able to return to our pre COVID scheduling.

We are working on a program to cut the three audits now experienced by our tax collectors back to two. This can be done by incorporating some of the financial information examined by other entities. This will save our tax collectors time spent assembling information for multiple audits. It will also save money spent on the additional audits.

This will be my last message as I have decided to retire at the end of 2023. The new Controller was elected in November and will be starting after the first of 2024. He is a small businessperson, like I was, and will continue setting the bar at a high level. His new eyes will continue instituting changes to make our county transparent and reactive to the training and auditing needed for our elected officials.

Sincerely

Sandy Graffius  
Controller