



# County of Berks, Office of the Controller

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**Berks County Services Center**

633 Court Street, 12th Floor

Reading, PA 19601-4311

Phone (610) 478-6150

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**Sandra M. Graffius, County Controller**

Jack A. Linton, Esq., Solicitor

July 5, 2016

Mr. Eric Weaknecht, Sheriff  
Office of the Sheriff  
County of Berks, Pennsylvania

Re: Exit Conference Confirmation

Dear Mr. Weaknecht:

This is to confirm the exit conference scheduled for July 26, 2016, at 2:00 pm that will be held at your office.

We have completed our audit of the financial statements for Office of the Sheriff for the year ended December 31, 2015 and have attached an advanced draft copy of the report for your review prior to the meeting. At this time we will be discussing findings and other necessary items.

I would like to thank you for your cooperation and for the courtesies extended by your staff to mine. If you have any questions prior to the exit conference, please contact our office.

Sincerely,

Oliver J. Arthur



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Jack A. Linton, Esq., Solicitor

July 5, 2016

Mr. Eric Weaknecht, Sheriff  
Office of the Sheriff  
County of Berks, Pennsylvania

Re: Internal Auditor's Report

Dear Mr. Weaknecht:

We have completed our audit of the financial statements for Office of the Sheriff for the year ended December 31, 2015 and have attached the report for your review and response.

I ask that you respond to me no later than July 15, 2016. For each material weakness/significant deficiency, please state whether or not you agree. If you do not agree, please state why. If you agree, please state:

- ◆ The corrective action to be taken;
- ◆ The anticipated date for implementation;
- ◆ Who will perform and implement the corrective action.

Once we receive your response, we will issue a final report, including your response, to the individuals listed on the distribution list. If we do not receive your response to the report by July 5, 2016, the report will be issued without a response. This report is intended for Office of the Sheriff's management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

I would like to thank you for your cooperation and for the courtesies extended by your staff to mine. If you have any questions concerning the attached report, I would be glad to discuss them with you.

Yours truly,

Sandra M. Graffius

**Office of the Sheriff  
County of Berks, Pennsylvania**

**Eric Weaknecht, Sheriff**

**Annual Financial Statement Audit**

**For The Period Ending December 31, 2015**

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## **Report Distribution List**

1. Eric Weaknecht, Sheriff
2. Christian Y. Leinbach, County Commissioner Chair
3. Kevin S. Barnhardt, County Commissioner
4. Mark C. Scott, County Commissioner
5. Fred Mogel, Solicitor for Sheriff
6. Eugene A. DePasquale, Pennsylvania Auditor General
7. Reinsel, Kuntz, Leshar LLP, Certified Public Accountants
8. Audit File



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## **Internal Auditor's Report**

Mr. Eric Weaknecht, Sheriff  
Office of the Sheriff  
County of Berks, Pennsylvania

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Office of the Sheriff, which comprise the statement of assets and liabilities – cash basis as of December 31, 2015, and the related statement of receipts, disbursements and changes in cash balance – cash basis for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Government 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 statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Office of the Sheriff as of December 31, 2015, and its cash receipts, disbursements and cash balance for the year then ended in accordance with the cash basis of accounting described in Note 1.

### *Basis of Accounting*

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### *Other Matters*

The Supplemental information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### *Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, Internal Audit has also issued a separate report dated July 5, 2016 on our evaluation of the Office of the Sheriff's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, policies and/or procedures. That report is an integral part of the audit performed in accordance with Government Auditing Standards and is to be read in conjunction with this report in considering the results of the audit.

Sandra M. Graffius, Controller  
July 5, 2016

**Office of the Sheriff  
County of Berks, Pennsylvania  
Statement of Assets and Liabilities – Cash Basis  
As of December 31, 2015**

**Assets**

|                               |                                   |
|-------------------------------|-----------------------------------|
| Cash - Checking Account       | \$ 2,137,178                      |
| Cash - Petty Cash/Change Fund | <u>600</u>                        |
| <b>Total Assets</b>           | <b><u><u>\$ 2,137,778</u></u></b> |

**Liabilities**

|  |                                   |
|--|-----------------------------------|
| Funds held in escrow                   | \$ 1,911,946                      |
| Due to the County of Berks Treasurer   | 137,774                           |
| Due to the Commonwealth of PA          | 86,589                            |
| Due to County of Berks Prothonotary    | 869                               |
| Due to County - Petty Cash/Change Fund | <u>600</u>                        |
| <b>Total Liabilities</b>               | <b><u><u>\$ 2,137,778</u></u></b> |

The accompanying notes are an integral part of these financial statements.

**Office of the Sheriff  
County of Berks, Pennsylvania  
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis  
For the Year Ended December 31, 2015**

**Receipts**

|                            |                   |
|----------------------------|-------------------|
| Fees, escrow & misc. funds | \$ 14,438,245     |
| Interest income            | 2,812             |
| <b>Total Receipts</b>      | <b>14,441,057</b> |

**Disbursements**

|   |                   |
|---|-------------------|
| Refunds and disbursements                   | 10,678,380        |
| Sheriff sale advertising                    | 1,518,356         |
| County of Berks Treasurer                   | 1,453,687         |
| County of Berks Recorder of Deeds           | 501,653           |
| Commonwealth of PA                          | 222,489           |
| County of Berks Berks Tax Claim             | 117,173           |
| Deputizations - other Pennsylvania counties | 15,813            |
| County of Berks Prothonotary                | 13,582            |
| Bank fees                                   | 1,741             |
| <b>Total Disbursements</b>                  | <b>14,522,874</b> |

|   |          |
|---|----------|
| <b>Cash disbursements in excess of receipts</b> | (81,817) |
|---|----------|

|                                      |           |
|--------------------------------------|-----------|
| Cash account balance as of January 1 | 2,218,995 |
|--------------------------------------|-----------|

|   |                     |
|---|---------------------|
| <b>Cash account balance as of December 31</b> | <b>\$ 2,137,178</b> |
|---|---------------------|

The accompanying notes are an integral part of these financial statements.

**Office of the Sheriff  
County of Berks, Pennsylvania  
Notes to Financial Statements  
For the Year Ended December 31, 2015**

**Note 1: Nature of the office and significant accounting policies**

**Background and Reporting Entity:**

The Sheriff acts as a conduit for the Commonwealth of Pennsylvania, the County of Berks, related political subdivisions, and the citizens it serves. Consequently, the Sheriff's cash balance at any point in time represents undisbursed funds to one (or all) of these parties. For financial statement purposes, these undisbursed funds are included as a liability of the Sheriff.

The actual operating expenses of the Sheriff are paid by the County of Berks. These costs include the salaries and wages of Sheriff employees, fringe benefits, postage, telephone, office supplies, computer/LAN use, and furniture and equipment. These costs are not included in the audited Statement of Cash Receipts, Disbursements, and Cash Balance.

**Basis of accounting:**

The books and records of the Office of the Sheriff are maintained on the cash basis of accounting and, therefore, the financial statements presented herein do not purport to present the account balances and results of operations in conformity with generally accepted accounting principles. The cash basis of accounting is another comprehensive basis of accounting.

**Note 2: Cash and equivalents**

The following cash accounts are in the name of the County of Berks, Office of the Sheriff, and are reflected in the County of Berks financial statements:

| <u>Bank</u> | <u>Account Type</u> | <u>Bank<br/>Balance</u> | <u>Carrying<br/>Value</u> |
|-------------|---------------------|-------------------------|---------------------------|
| Metro Bank  | Checking            | \$ 2,218,995            | \$ 2,137,178              |
| Cash        | Cash on hand        | <u>600</u>              | <u>600</u>                |
|             |                     | <u>\$ 2,219,595</u>     | <u>\$ 2,137,778</u>       |

The checking account holds funds received by the Office of the Sheriff in a trust and agency capacity and use of these funds, by the Office of the Sheriff, is restricted.

Amounts on deposit in excess of FDIC limits are collateralized by the financial institution with securities held by that entity.

**Office of the Sheriff  
County of Berks, Pennsylvania  
Notes to Financial Statements  
For the Year Ended December 31, 2015**

**Note 3: Legal Matters**

Our audit disclosed no pending litigation involving the Office of the Sheriff or Mr. Eric Weaknecht, Sheriff that would affect the financial statements for the year ended December 31, 2015.

**SUPPLEMENTAL INFORMATION**

**Office of the Sheriff**  
**County of Berks, Pennsylvania**  
**Schedule of County of Berks**  
**Revenues and Direct Expenditures**  
**For the Year Ended December 31, 2015**  
**(Unaudited)**

|                        |                            |
|------------------------|----------------------------|
| <b><u>Revenues</u></b> | <b><u>\$ 2,036,816</u></b> |
|------------------------|----------------------------|

**Direct Expenditures**

|                                    |                            |
|------------------------------------|----------------------------|
| Salaries and Wages                 | \$ 5,564,542               |
| Fringe Benefits                    | 1,406,292                  |
| Workers Compensation               | 125,152                    |
| Firearms                           | 101,940                    |
| Supplies                           | 93,609                     |
| Vehicle Expenses                   | 92,150                     |
| Software/Maintenance               | 83,178                     |
| Telephone/Internet                 | 30,524                     |
| Uniforms                           | 27,709                     |
| Postage                            | 22,963                     |
| Conference/Training                | 16,129                     |
| Equipment                          | 12,550                     |
| Other General Expenditures         | 12,050                     |
| Equipment Maintenance              | 7,722                      |
| Contracted Services                | 7,485                      |
| Professional Fees/Association Dues | 5,459                      |
| Insurance                          | 3,947                      |
| Background Checks                  | 3,418                      |
| Advertising                        | 2,676                      |
| Travel                             | 2,498                      |
| Rent Expense                       | 1,992                      |
|                                    | \$ 7,623,985               |
| <b>Total Direct Expenditures</b>   | <b><u>\$ 7,623,985</u></b> |



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## **Internal Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

Mr. Eric Weaknecht, Sheriff  
Office of the Sheriff  
County of Berks, Pennsylvania

In planning and performing our audit of the financial statements of the Office of the Sheriff as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Office of the Sheriff's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office of the Sheriff's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the Schedule of Findings and Recommendations that we consider to be significant deficiencies.

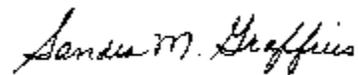
The Office of the Sheriff's responses to the finding identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The Office of the Sheriff's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the responses.

As part of obtaining reasonable assurance about whether the Office of the Sheriff's financial statements are free of material misstatement, we performed tests of its compliance

with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect in the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Office of the Sheriff in a separate letter dated July 5, 2016, regarding timeliness of bank deposits, documentation of voided transactions, calculation of monthly remittances to County of Berks, and escheats.

This report is intended for the information and use of the County of Berks Board of Commissioners and the Office of the Sheriff's management. This report is, however, a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Sandra M. Graffius". The signature is written in a cursive style.

Sandra M. Graffius, Controller  
July 5, 2016

**Office of the Sheriff  
County of Berks, Pennsylvania  
Schedule of Audit Findings and Recommendations**

**Significant Deficiency and Management's Response**

**1. Inadequate supporting documentation of manual system changes**

**Condition:** During our review of monthly remits to the county, we noted the office had incorrectly issued a receipt as a miscellaneous transaction for the Sheriff's fee. The error was noticed by the Sheriff's office at the time of issuing a refund check to the District Justice Court. The office contacted the County of Berks Information Systems department to correct the receipt so the check could be issued. The request for correction was done verbally by the staff of the Office of the Sheriff. As a result, there is a lack of supporting documentation for the request and approval of the change to receipt by management. There is also a greater opportunity for misappropriation of funds and changes in the AS400 system could go undetected.

**Recommendation:** We recommend that Office of the Sheriff implement a policy and procedure to document the request and approval from management in the AS400 system made by the Information System department and/or Office of the Sheriff to reduce the risk of misappropriation of funds.

**Management's Response:** A policy has been put in place with regards to the "Significant Deficiency" noted in the Sheriff's Financial Audit for the Period January 1, 2015 to December 31, 2015 as follows:

When a manual change to the AS400 is needed the Information Systems department is notified by email. This email will include the specific change and the reason for the change. Once the change has been made, a follow-up email is forwarded to the Office of the Sheriff. This change is signed off on by management and kept in the financial file for audit review.