



**Beaver County Courthouse  
Treasurers Department**

**Final Audit Report  
2019-2021**



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August 15, 2022

Sandie Egley  
Treasurer  
Beaver County Courthouse  
810 3<sup>rd</sup> Street  
Beaver, PA 15009

Dear Ms. Egley:

We have audited the internal controls of the Beaver County Treasurers Department for the period of January 1, 2019 through December 31, 2021 and have issued our report thereon.

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

Based upon our review, we have made the following findings and recommendations as detailed in this report.

A handwritten signature in blue ink that reads "Maria Longo".

Maria Longo  
Beaver County Controller

## Scope and Objectives

### Scope:

January 1, 2019 through December 31, 2021

### Objectives:

The following objectives were performed during the audit:

- o Evaluate internal controls
- o Evaluate controls over the Beaver County Bank Accounts
- o Evaluate established processes or lack of processes
- o Evaluate the funds are secured and deposited timely
- o Evaluate the controls over cash receipts
- o Evaluate that proper documentation is maintained in files
- o Evaluate controls over general office procedures

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### Report on Internal Controls

We have audited the records of the Beaver County Treasurers Department for the period January 1, 2019 through December 31, 2021 and have issued our report thereon.

We conducted our audit in accordance with generally accepted auditing standards. 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 Beaver County Treasurers Department for the period January 1, 2019 through December 31, 2021 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 judgements are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objective of an internal control structure is 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 statements 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.

The Treasurer's office was managed by two different administrations during the period that was audited; the year of 2019 was managed by Treasurer, Connie Javens, and for the years 2020-2021 by Treasurer, Sandie Egley. Due to Covid-19 this audit was significantly delayed, and many of the findings were remediated by the current Treasurer, Sandie Egley, prior to the issuance of this audit report.

For the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they had been placed in operation. Additionally, we assessed control risk for the internal control structure. 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 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 judgement, 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. However, we noted the following conditions:

- Written Policies, Procedures, and Awareness of Policies
- Supervisory review and/or approval
- Supporting Documentation

For further elaboration on these weaknesses, refer to the "Findings 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 and Recommendations

**Finding 1:** Written Policies and Procedures

During the audit process, it was discovered that the Treasurer's office lacks detailed written policies and procedures. Many of the current policies and procedures contain simple bullet point lists and are not the detailed policies and procedures suggested by the Controller's office. The daily cash balance reconciliation process is a good example of the level of detail that is expected in the policies and procedures. It was noted by the current Treasurer that when she entered the office there were no written policies and procedures in place.

**Recommendation:**

The Treasurer's office has begun to implement detailed written policies and procedures upon discussion with the audit team. The Controller's office suggests that they continue to update their policies and procedures, periodically review, and update as needed. Staff should be notified of all newly written policies and procedures. Due to mitigation efforts by the Treasurer, the Controller's office considers this finding remediated as of report issuance.

**Finding 2:** Supervisory review and/or approval

During the audit process, it was discovered that supervisor approvals are completed without supporting documentation. Currently verbal supervisory approval is being used and is not documented with any official sign off. This creates a control deficient environment that may allow any individual to note that the file was approved by a supervisor with no supporting documentation.

**Recommendation:**

The Treasurer's office is implementing processes within the policies and procedures to fix this problem. The Controller's office suggests adding a process to the new policies and procedures that specifies documentation of supervisory approvals. This finding is considered remediated as of report issuance.

**Finding 3:** Supporting Documentation

During the audit process, it was discovered that there is an absence of supporting documentation for approvals, and adjustments/corrections. All Transactions should have appropriate support documentation included with the transaction. It was also discovered that documentation is not consistently filed/scanned properly. Example, the Controller's office found that two 2018 interim bills were adjusted to not require payment. The adjustment was made by the Treasurer with no notes from the assessment office that they should have been adjusted. These interims should have had supporting documentation supporting the adjustments made prior to filing.

**Recommendation:**

The Treasurer's office is now implementing processes within the policies and procedures to fix this problem. The Controller's office suggests that the Treasurer's office continue to follow these new processes and makes changes as needed as well as adding a process to the new procedures



that specifies documentation required. This finding is considered remediated as of report issuance.

**Finding 4:** Resolving Reconciling items

During the audit process, it was discovered that there is a significant delay in resolving reconciling items on bank reconciliations. It was found that reconciling items are taking up to six months to clear, the average being three to four months. This period was reduced when the Controller's office was regularly and deeply involved in the communications to clear the reconciling items. The Controller's office is looking for the Treasurer's office to be the communication liaison to clear the reconciling items. The Controller's office should only need to occasionally assist and review. The reconciling items that seem to take longer to clear are ACH deposits, most of them being from the Commonwealth of Pennsylvania. The Controller's office provided detailed directions on how to obtain invoice support documents from the Commonwealth of Pennsylvania to clear the ACH deposits.

**Recommendation:**

The Controller's office suggests that the Treasurer's office implement a bank reconciliation policy to fix this problem. This policy should be very detailed with and contain an expected timeline. The goal should be that reconciling items be cleared as soon as possible with the maximum time open being two months. This policy should be regularly reviewed and updated as needed with changes. The Controller's considers this finding as remediated once this policy is implemented.

**Finding 5:** Payment Plans

The Controller's office found that prior to 2020 the Treasurer's office was accepting payment plans at the discount rate thru the penalty period. For example, if an individual made a partial payment in the discount period, a balance remained against the full discount amount, and was able to be paid on throughout the remainder of fiscal year.

**Recommendation:**

The Treasurer's office has stopped payment plans from happening with new internal control policies that no longer allow for any payment plans. The Treasurer also changed the tax billing cycle to annually as of the 2021 taxes billing cycle, a total of 12 months. Going forward the Controller's office feels that proper controls are in place to eliminate the ability for discount payments in the penalty period.

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August 15, 2022

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Report on Laws and Compliance

We have audited the records of the Beaver County Treasurers Department for the period January 1, 2019 through December 31, 2021 and have issued our report thereon.

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.

Compliance with laws, regulations, contracts and grants applicable to the Beaver County Treasurers Department, is the responsibility of the Department's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Treasurers Department's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of the audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

This report is intended for the information of management and the Commonwealth of Pennsylvania. However, this report is a matter of public record and its distribution is not limited.

  
Maria Longo  
County Controller

## Tested Data

**Tested 1: Daily Cash Balance Reconciliation**

Daily cash balance reconciliation process is an internal process created to reconcile the daily cash received from tax payments, transmittals with money and without money. This process is completed by four Treasurer's office clerks and is currently constructed so the clerks can cross check each other. The Treasurer's office clerks monitor the cash, checks, credit card charges, RBA reports, transmittals and New World journal entries using multiple spreadsheets with formulas created to check for errors.

The testing consisted of an analysis of 10 parcels per year from 2019 thru 2021 tracking the tax payment from date received in office thru monies being received at the bank through review of various steps of the daily cash balance reconciliation.

During testing it was found that the cash and checks for each day balanced for all dates selected. While testing in-house and web payment credit cards, the auditors found that the amounts were able to be balanced and tied appropriately, however the amounts were broken up into multiple transactions. Controller's office found that a supervisor is not reviewing the daily reports for any discrepancies and cross checking the Treasurer's clerks work. The Treasurer reviews the reports and is to begin physical sign-offs. After review of the various packets created during the daily cash balancing it was found that the packets can be modified for consistency of internal documentation. It was found that there is a delay in posting large escrow tax payments in RBA - this is due to volume and all these payments are posted before discount period ends.

The Controller's office found that the Treasurer's clerks cash drawers are randomly pulled and checked by the deputies monthly, it is suggested that these drawers be checked weekly or bi-weekly depending on the office volume. The large cash drawer in the safe is currently counted monthly and it is suggested that it is also checked weekly or bi-weekly depending on the office volume.

**Tested 2: Interims and By Letters**

Interims and by letters are processed monthly following the Board of Assessment meeting. The Assessment office provides a by letter/interim letter explaining the details of the change to the given parcel. The Treasurer's office works with Central Services to update the RBA system with the details and print the interim bills.

The testing consisted of 10 random parcels per year from 2019 thru 2021 tracking them from receipt of letter to next year tax billing and review of the prior year's billing.

After review and testing of the interims and by letters it found that for the majority, if the document from assessment is provided and current process is followed the transactions are processed without errors. However, the Controller's office suggests the following changes would help improve the process in the future: a formal process needs to be written, and internal controls needs to be established to be sure no one can adjust/exonerate taxes without following proper process and documentation. The process is currently only able to be done by one person; there should be a least one other person that can be a backup. Consistency in packets filed and scanned. Scanned documents need to be saved in a consistent manner, so they can be searched quickly. The Controller's office found that in 2018 two

interim bills were not paid and were adjusted with no notes from the assessment office that they should have been adjusted.

### **Tested 3: Commonwealth Collections**

The Treasurer's office is responsible for collecting monies on behalf of the Commonwealth of Pennsylvania for Hunting, Fishing, Dog and Pistol Licenses. The fees for these licenses are collected based on rules established by the Commonwealth of Pennsylvania. All fees collected are deposited in a Commonwealth of Pennsylvania bank account.

The testing consisted of 25 random dates from 2019 thru 2021 to follow payments from receipt to monies being received at the bank. The Controller's office found no irregularities within the Commonwealth Collections testing. However, the Controller's office believes that a formal process needs to be written, and there needs to be consistency in the packets being filed. The Treasurer's office is currently in the process of creating written process and procedures documentation.

### **Tested 4: Penalties & Discounts**

The Treasurer's office is responsible for collecting county real estate taxes for the current tax year. The current county real estate taxes can be paid in one of 3 periods. These periods are Discount, Face and Penalty. The Discount period which provides a 2% discount for paying early, the Face period provides no discount or penalty, and the Penalty period includes a 10% penalty added to the face amount. If taxes are not paid by the end of the Penalty period, they are moved to tax claim and considered delinquent.

Testing consisted of 2 parcels per year from 2019 to 2021 for discount period and 2 parcels per year from 2019 to 2021 for penalty period. Payment amounts were verified by taking the face amount owed and calculating the discount and penalty rates than comparing them to the amount paid for accuracy.

After review and testing of the Penalties and Discounts the following was found; a documented process needs to be established for approval of any taxes paid outside of the current tax payment cycle including an allotted period for posted mail not yet received, such as paying Discount in Face or Face in Penalty, and said process needs to include a supervisory sign off. Currently the Treasurer is the only individual reviewing the daily cash balancing for discrepancies and having them researched for accuracy. The Controller's office feels that adding a review to the process would be recommended. Discounts and penalties are calculated accurately based on the testing data. The Controller's office found that prior to 2020 the Treasurer's office was accepting payment plans at the discount rate thru the penalty period. The Treasurer's office has stopped this from happening and they do not accept any payment plans.

### **Tested 5: Bank Reconciliations**

Bank Reconciliations must be performed on a regular basis for all bank accounts as a way of ensuring the accuracy of the financial records. Reconciliations can help uncover omissions, duplication, theft, and fraudulent transactions.

The testing for bank reconciliations was focused differently than some of the other areas that were tested due to reconciliations are only done once per month. Testing consisted of review of the bank reconciliations process with the First Deputy and a Treasurer Clerk that regularly assists with bank reconciliations.

After review and testing of the Bank Reconciliations it was found that an undocumented process is set up with checks and balances. It is suggested that the following changes would help improve the process in the future: Set up of a written process with deadlines. The deadlines are important because there is risk of the bank not being able to correct the item after their grace period window per the contract with each respective bank. The Controller's office has been working closely with the Treasurer's office to provide directions and guidance regarding bank reconciliations and clearing of reconciling items. The Controller's office found that EFTs were not being reconciled regularly. Upon this finding, the Controller's office began to create a process to clear the EFT transactions and worked alongside Treasurer's office to do so.

### **Tested 6: Interest Tracking**

The Treasurer's office has a new process for monthly records the interest earned on each bank account. This process is for internal use only.

The testing for interest tracking was different than some of the other areas that were tested due to interest tracking is only done once per month. Testing consisted of review of the interest tracking spreadsheet and comparing it to the bank statements also using formulas to calculate the interest based on interest rate.

After review and testing of Interest tracking it was found that an undocumented process is set up to record the total interest earned, but the process is lacking review, formulas to check the accuracy of the earned interest, and a documented process. The spreadsheet was also missing interest rates for Premier Bank checking accounts, and multiple accounts were not on the spreadsheet when reviewed against Premier Bank Statements. The Treasurer's office has made needed corrections to the spreadsheet.

### **Tested 7: Rolling Taxes Annually**

All County Real Estate taxes not paid as of December 31st are rolled over to Tax Claim to collect because they are now considered delinquent. The process is run through a series of reports. The only exception are interims and by letters that are not due as of December 31st.

The testing for rolling taxes was different than some of the other areas that were tested due to rolling taxes is only done once per year. Testing consisted of review of the rolling taxes process with the First Deputy.

After review and testing of Rolling Taxes it was found that a standard undocumented process is set up with checks and balances. The Controller's office suggests the following change would help improve the process in the future; a formal process needs to be documented. This would possibly prevent future errors in processing such as interims/by letters being incorrectly rolled over to Tax Claim. Currently, when there is an error in the taxes rolled, the Tax Claim department returns the taxes to the Treasurer's office for correction.

**SANDIE EGLEY**  
**TREASURER**

**CEBRAN B, NETHERLAND**  
**FIRST DEPUTY**

# Beaver County Treasurer



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August 19, 2022

Ms. Maria Long  
Controller  
Beaver County Courthouse  
810 3<sup>rd</sup> Street  
Beaver, PA 15009

RE: 2022 Treasurer's Office Audit for years 2019-2021

Dear Ms. Longo,

I would like to thank the Controller's office-team for the recent completion of an internal audit, conducted for the first time in over well over twenty years. We welcome the opportunity to provide feedback in effort to identify the priorities of policies and procedures, as well as certain functions that are continually being built upon.

As documented in the Audit Report the time frame in which the audit was conducted spanned across two elected officials, Connie Javens in 2019 and myself from 2020-2021. I would like to note that upon taking office in 2020, the previous Treasurer had shredded or removed many manuals, policies and procedures, as well as historical documentation that had to be re-created immediately upon my arrival. While this proved to be a very daunting task, our office has worked diligently in re-creating and in most cases building policies and procedures that provided an accountability structure within our office.

I will provide factual responses to each of the findings listed in the report.

## **Findings and Recommendations**

Finding 1: Written Policies and Procedures

The Treasurer's Office had very limited documented policies or procedures



when I took office. Since my term began in January 2020, our office built a New Hire Binder that documents a step by step guide for all new and existing employees on how to perform daily tasks. We also began to make a list of all policies and procedures. At this time, we have at the very least a bullet point procedure for each task and most have detailed directions. We will continue to improve the policies and procedures. We agree this has been remediated.

Finding 2: Supervisory review and/or approval

The Treasurer's Office has two deputies, who oversee the general daily operation of the office. The Deputies document by initialing (signing-off) on certain tasks assuring that they are accurate and completed with all pertinent documentation attached. Those documents are then given to the Treasurer for final review and filed. We agree that this has been remediated.

Finding 3: Supporting Documentation

The audit noted that supporting documentation was at times in the past not properly attached or provided. Our office has created a place where employees can make notes and attach documents where they are needed. Having supporting documentation is vital to our process and policies. The Treasurer's Office is one of the first offices to work with the county's IT department in implementing a record retention policy where records are scanned to be retained in compliance with the law. We are continually improving upon the accuracy of how the records are stored and how quickly they can be retrieved. We agree that this has been remediated.

Finding 4: Resolving Reconciling Items

The previous Treasurer had not reconciled some bank accounts for more than 6 and sometimes 9 months. Our office has corrected this and our goal is at the beginning of each month we reconcile each bank account of the prior month within the first two weeks of the bank statement becoming available. We agree that this has been remediated.

Finding 5: Payment Plans

The prior Treasurer accepted partial payment plans, we do not. The current tax year was corrected to an annual year, January 1<sup>st</sup> to December 31<sup>st</sup> starting with the 2021 tax year. Where as my predecessor had the current year being from January 1<sup>st</sup> through April of the following year. This proved to be difficult to generate a year-end balance and would skew the financial budgets at the close of each year, because taxes were still being accepted in the following year. We agree that this has been remediated.

## **Report on Laws and Compliance**

Tested 1 Daily Cash Balance Reconciliation

It is noted in the audit that the supervisor is not reviewing the daily balance report. This is due to the fact that each daily balance is partially completed by 4 employees. The final report has to pass through four phases and balance before it is considered to be complete and balanced. There is never a day in our office that the daily balance is not balanced to the

penny. However, we will take the advice of the Controller's office and we have instituted a process in which a Deputy and/or the Treasurer will physically sign off on the daily balance.

The finding of a delay in posting large escrow tax payments into RBA is in part due to the volume, but also there will be a delay in the process when the escrow company's file does not balance with the tax that is due. We then work with the escrow company to correct their file before posting the tax paid.

#### Tested 2: Interims and By Letters

The Treasurer's office has one employee who handles Interims and By-Letters monthly. The process and procedures have been documented and in the absence of that employee another will be capable of completing this task. I would like to note that our office has been cross trained in all daily tasks. Because of the countywide re-assessment being implemented now, we are in a phase of working with the old system and the new system.

#### Tested 3: Commonwealth Collections

In addition to the internal audit by the County Controllers office, The Treasurer's office is subject to an audit by the Pennsylvania Attorney Generals Office for all Commonwealth services. This audit is mandatory for County Treasurer's Offices every 4 years. The audit performed four years ago was not found in the office records from the prior Treasurer, but we have requested a copy and are currently working through correcting its findings.

#### Tested 4: Penalties & Discounts

The Treasurer's office has noted that in the past the previous Treasurer accepted tax payments given the Discount rate well into the Penalty phase with no documentation explaining why. Currently as the new Treasurer, I have implemented the policy reflecting the following guidelines: If the payment is mailed and post marked before the deadline of the next phase, the payment will be credited in the phase in which it was paid. If a person walks into the office, they will pay the tax in the phase delineated on the tax bill.

#### Tested 5: Bank Reconciliations

The bank reconciliations process and procedure has been completed and is being followed in a timely manner.

#### Tested 6: Interest Tracking

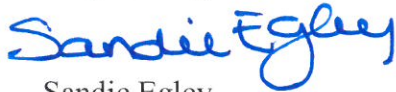
The interest tracking report was developed as a matter of internal knowledge only. It is not required. It is noted that the tracking will be reviewed and checked by a Deputy for accuracy monthly.

Tested 7: Rolling Taxes Annually

The rolling of taxes is only performed one time a year and we are merging to an updated tax system due to the court ordered re-assessment. Currently, we are in the middle of two systems. The old system's process is bullet pointed and very brief in nature. Once the merge to the new system is complete, the process and procedure will be detailed and followed.

In closing, thank you for working with the Treasurer's office by conducting this internal audit. Going through the process of an audit is never easy, but me, my Deputies and staff look at it as a way to improve upon the policies and procedures in the Treasurer's Office. Coming into office and immediately being hit by a global pandemic was just another of the hurdles we had to overcome. In the past two years, the Treasurer's office has focused our attention on serving the taxpayers of Beaver County in a transparent and an efficient manner. We have implemented many new actions that verify that appropriate responsibilities are assigned to staff, Deputies and/or Treasurer and they are held accountable. Tasks now have firm deadlines and are followed. We will continue to monitor the progress and the effectiveness of our policies & procedures, making adjust as needed.

Respectfully,



Sandie Egley  
Beaver County Treasurer