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**BEAVER COUNTY VETERANS' AFFAIRS OFFICE  
AUDIT REPORT  
ISSUED FEBRUARY 2002**

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RICHARD W. TOWCIMAK  
CONTROLLER



VINCENT LaVALLE  
DEPUTY CONTROLLER

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February 25, 2002

Beaver County Board Of Commissioners

Per your request, we have audited the bank accounts of the Beaver County Veterans' Affairs Office and their advisory board.

Our review was limited in scope to the extent that it only included those special accounts and did not include a detailed review of all office procedures, internal controls, or budget concerns unrelated to the special accounts.

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

A handwritten signature in black ink, appearing to read "Richard W. Towcimak".

Richard W. Towcimak  
Beaver County Controller

## Overview:

The Beaver County Veterans' Affairs Office in conjunction with the Beaver County Veterans' Affairs Advisory Board raises funds for the benefit of Beaver County Veterans. These funds are not receipted on the books of the County. These funds are receipted in and disbursed from a separate checking account. The Veterans' Advisory Board controls this account.

The Advisory Board has a checking account to raise funds for the benefit of Beaver County POWs and to honor MIAs. The Advisory Board receives donations throughout the year from various veterans' groups. Each September the Advisory Board holds a banquet for Beaver County POWs. The Advisory Board uses the funds collected in this checking account to pay for this banquet and gifts for the POWs.

This account was established at Sky Bank, formerly Beaver Trust, in August 1989. The original bank agreement was not on file. However, an updated bank agreement dated November 3, 1994 was on file. The title on the account is Patrick J. Cody For POW MIA Committee. Mr. Cody is a member of the Veterans' Affairs Advisory Board. Mr. Cody's social security number is listed on the account. Mr. Cody and Debra Siget, an employee in the Veterans' Affairs Office, are authorized signers on the account. The mailing address on the account is Patrick J. Cody C/O Beaver County Veterans' Affairs Office at the Courthouse.

The Veterans' Affairs Office and the Advisory Board also received the balance in the World War II Commemorative Parade account after the World War II Fiftieth Anniversary Parade in Beaver Falls. This amounted to \$6,326.70. The County, for the purpose of funding the county wide World War II Fiftieth Anniversary Parade, created the World War II account. The Committee consisted of several County employees and several individuals from the community. An exact list of members could not be located. The County, through the World War II Anniversary Committee, opened a separate checking account to receive donations to defray costs associated with the county wide World War II Veterans' parade held in Beaver Falls in 1998.

This account was established at Sky Bank, formerly First Western, in June 1995. The title of the account was Beaver County World War II Commemoration Parade. The County's tax identification number was listed on the account. The County Veterans' Affairs Director, Mary Wytiaz, and committee members, William Muns, Judith Early, and Beth Crawford were authorized signers on the account. Any two signatures were required for withdrawals. Only Mrs. Wytiaz and Ms. Crawford were County employees. Upon examination, checks were signed by Mary Wytiaz and William Muns. The mailing address on the account was C/O William T. Muns at his home address. Per discussion with Mrs. Wytiaz and Mr. Muns, this account was operated by the parade committee under the direction of the County Commissioners.

At the conclusion of the parade, the funds in this account were given to the Veterans' Affairs Advisory Board. At the conclusion of the celebration, there was \$6,326.70 in the account. The parade committee turned this money over to the Veterans' Advisory Board to be used for Veterans' programs. The Veterans' Advisory Board deposited the funds in the POW/MIA account. Per discussion with Mr. Muns and Mrs. Wytiaz, the current and former Veterans' Directors of the Veterans' Affairs Office, it was the general understanding of the parade committee that the funds should be used for veterans' services. The funds were to be used to pay the cellular phone costs on the Disabled American Veterans' (DAV) Van. The DAV van is used to shuttle disabled veterans. The DAV van is owned and maintained by the Disabled Veterans' Office in Pittsburgh. The County Veterans' Affairs Office schedules volunteer drivers for the van. This cellular phone charges are the only costs associated with the van borne by the County Veterans' Affairs Office.

The Veterans' Office also used the funds from the World War II Parade account to establish a petty cash fund. The fund was established with a check from the POW/MIA account in the amount of \$600 on November 18, 1998. This account was used to pay out of pocket miscellaneous expenses related to the use of the DAV van. This included items such as cleaning and mileage for a driver that occasionally had to transport a veteran in their personal vehicle.

The Advisory Board routinely paid the cellular phone invoice in advance. Several times a year a check was written from the POW/MIA account ranging from \$150 to \$400 payable to cash. The check was cashed and a bank or postal money order was purchased for the payment of the cellular phone invoice. Based on conversation with Mrs. Wytiaz, money orders were utilized to allow all van-related expenditures to funnel through petty cash.

Based on one of these postal money orders being misappropriated by an employee of the Beaver County Veterans' Affairs Office, a review of the POW/MIA account, World War II parade account and the office petty cash account was performed by the Beaver County Controller's Office. Even though the World War II parade account may have been under the control of the World War II Parade Committee and not the Veterans' Affairs Office or Advisory Board, the World War II parade account was also included in this review.

**Audit Scope:**

The POW/MIA Account, Beaver County World War II Commemorative Parade Account and the Office Petty Cash Account were reviewed. The period of review was from the inception of each account through February 2002.

**Audit Objective:**

The following objectives were performed during the review:

- o Prepare a statement of revenue and expense for Veterans' Affairs bank accounts
- o Prepare listing of activity in the office petty cash account
- o Ensure accounts were properly established
- o Ensure all receipts and disbursements are properly recorded
- o Ensure all disbursements were properly authorized
- o Ensure adequate documentation exists to substantiate all disbursements
- o Ensure all expenditures appeared proper.
- o Evaluate the control structure over accounts
- o Evaluate general office procedures

**Beaver County Veterans' Affairs Advisory Board Members**

Mr. William T. Muns  
Mr. Partick J. Cody  
Mr. W. Blaine Allinder  
Mr. Joe Johns  
Mr. George Larrick  
Mr. Robert Stolz  
Mr. Jesse Pressuti – replaced Mr. Louis Rittleman  
Mr. James Ross  
Mr. Lloyd Haswell

VETERAN'S AFFAIRS  
 POW / MIA ACCOUNT  
 STATEMENT OF REVENUE AND EXPENSE  
 AUGUST 1989 - FEBRUARY 2002

BEGINNING BALANCE AUGUST 7, 1999

RECEIPTS

DONATIONS	18,825.88	
TRANSFER FROM WWII FUND - 1998-1999	5,826.70	
THOMPSONS DISTRIBUTOR - REASON UNKNOWN - 1989	675.00	
RECEIPT ADJUSTMENT - 1991	600.00	
SHIRT SALES - 1991	207.42	
RETURN OF UNUSED CASH GIFTS	150.00	
REDEPOSIT OF IMPROPER CHECK - 1991	40.25	26,325.25

DISBURSEMENTS

BANQUETS	(12,285.53)	
POW GIFTS	(2,345.72)	
DAV VAN - CASH	(1,925.87)	
TEN DOLLAR CASH GIFTS	(1,100.00)	
PRINTING PROGRAMS	(939.10)	
P&DQ SPORTS (REASON UNKNOWN) - 1994-1995)	(897.00)	
FLOWERS	(469.64)	
BEVERAGES	(296.03)	
BEAVER BORO PAVING BRICK - MEMORIAL - 2000	(200.00)	
GIFTS (CAPS) PAID CASH - 1991	(200.00)	
DINNER - PAID CASH - 2001	(160.00)	
DAV VAN - PAYABLE TO SKY BANK FOR M.O. - 1992	(148.75)	
MISC. BANQUET SUPPLIES	(145.38)	
PHOTOS	(100.50)	
POSTERS	(73.26)	
IMPROPER DISBURSEMENT - 1991	(40.25)	
BOARD MEMBER - REASON UNKNOWN 1993	(40.00)	
JOHN ANTOLINE MEMORIAL - 1997	(20.00)	
BANK CHARGE - 1995	(11.50)	(21,398.53)

ENDING BALANCE FEBRUARY 5, 2002

4,926.72

NOTE: IF NO YEAR IS INDICATED, THE ACTIVITY IS ONGOING OR OCCURRED IN MULTIPLE YEARS



**VETERANS' AFFAIRS**  
**WW II ACCOUNT**  
**STATEMENT OF REVENUE AND EXPENSE**  
**JUNE 1995 - MAY 2000**

BEGINNING BALANCE JUNE 8, 1995

RECEIPTS

DONATIONS - (IDENTIFIED)	15,795.00	
UNIDENTIFIED DEPOSITS - SOURCE OF FUNDS UNKNOWN	3,940.00	
DONATIONS - (CASH - DONORS NOT IDENTIFIED)	501.00	20,236.00

DISBURSEMENTS

JAMITCH - 2000 ANNIVERSARY BOOKLETS	(8,000.00)	
VETERAN'S ADMINISTRATION - VAN RELATED EXPENSES	(6,326.70)	
BEAVER FALLS POLICE DEPT. - PARADE PATROL	(1,477.57)	
BEAVER FALLS STREET DEPT. - PARADE CLEAN-UP	(1,266.48)	
BEAVER VALLEY LABOR NEWS - 2000 CERTIFICATES	(600.00)	
J.M. VIDEO PRODUCTIONS - NO RECEIPT	(550.00)	
D.V. CHAPTER NO. 64 - NO RECEIPT	(500.00)	
JAMITCH - LETTERS AND NCR FORMS	(463.20)	
FERGUSON'S - BUSES FOR PARADE	(420.00)	
TONAS GRAPHICS - MISC. SUPPLIES	(257.05)	
PATRICK CODY - NORMANDY PLAQUE - NO RECEIPT	(200.00)	
BEAVER FALLS AMERICAN LEGION - NO RECEIPT	(125.00)	
RYNO PRODUCTIONS - NO RECEIPT	(50.00)	(20,236.00)

ENDING BALANCE MAY 18, 2000

VETERANS' AFFAIRS OFFICE  
 PETTY CASH ACCOUNT

DATE	PAID TO	PURPOSE	AMOUNT	BALANCE	DOCUMENTATION
11-18-98				\$600.00	
11-18-98	P. CODY	MILEAGE	(\$25.00)	\$575.00	SIGNED FORM
12-07-98	P. CODY	MILEAGE 22	(\$7.15)	\$567.85	SIGNED FORM
12-10-98	LEON DOWLIN	MILEAGE 73	(\$25.00)	\$542.85	SIGNED FORM
12-07-98	SAM'S CLUB	SNOW BRUSH	(\$5.34)	\$537.51	SAM'S RECEIPT
01-19-99	BELL ATLANTIC	CELL PHONE	(\$300.50)	\$237.01	M.O. RECEIPT
02-11-99	T. SQUADRITO	REIMBURSE.	(\$4.00)	\$233.01	POST IT NOTE
02-11-99	L. PALMER	REIMBURSE.	(\$4.00)	\$229.01	POST IT NOTE
03-23-99	M. WYTIAZ	VAN-STOOL	(\$5.25)	\$223.76	WALMART RECEIPT
03-24-99	P. CODY	MILEAGE 16	(\$5.20)	\$218.56	ADDING TAPE
07-12-99	W. HAYWARD	MILEAGE 14	(\$4.20)	\$214.36	ADDING TAPE
10-06-99	BELL ATLANTIC	CELL PHONE	(\$150.50)	\$63.86	M.O. RECEIPT
10-19-99	E. JONES	TOLLS	(\$3.00)	\$60.86	TURNPIKE TOLLS
03-12-00	T. SQUADRITO	MILEAGE 89	(\$26.70)	\$34.16	ADDING TAPE
03-30-00	T. SQUADRITO	DINNER	(\$10.00)	\$24.16	ADDING TAPE
05-31-00	L. PALMER	CLEAN VAN	(\$10.00)	\$14.16	POST IT NOTE
06-28-00	DEPOSIT		\$500.00	\$514.16	
06-30-00	MORROW'S	KEYS	(\$99.11)	\$415.05	MORROW RECEIPT
07-07-00	T. SQUADRITO	PITT. AIRPORT	(\$16.50)	\$398.55	MILEAGE SHEET
07-25-00	BP OIL	GASOLINE	(\$27.06)	\$371.49	BP RECEIPT
10-23-00	BELL ATLANTIC	CELL PHONE	(\$200.50)	\$170.99	M.O. RECEIPT
12-12-00	T. SQUADRITO	MILEAGE 90	(\$27.00)	\$143.99	MILEAGE SHEET
03-08-00	P. CODY	M. CODY MEM.	(\$50.00)	\$93.99	NONE
04-02-01	DEPOSIT		\$500	\$593.99	
04-02-01	VERIZON	CELL PHONE	(\$400.00)	\$193.99	M.O. RECEIPT
04-02-01	AVVA	MEMBERSHIP	(\$80.00)	\$113.99	APPLICATIONS
04-02-01	MONEY ORDER	M.O. FEE	(\$1.50)	\$112.49	NOTE
05-09-01	GARBAGE BAGS	VAN	(\$5.79)	\$106.70	KMART RECEIPT
09-05-01	POST OFFICE	TRACER	(\$2.75)	\$103.95	POST OFFICE RECEIPT
10-24-01	WALMART	PLANNER-VAN	(\$10.57)	\$93.38	WALMART RECEIPT
02-02-02	MONEY ORDERS	CELL PHONE	(\$0.90)	\$92.48	NONE

## Findings and Recommendations

**Finding 1: \$400 Postal Money Order Fraudulently Negotiated By Veteran's Affairs Office Employee**

A Veteran's Affairs Office employee withdrew \$481.50 on May 2, 2001 from the office petty cash fund to purchase two postal money orders. Receipt stubs were on file from the post office for postal money order numbers 02353735170 in the amount of \$400.00 and 02353735181 in the amount of \$80.00. The money orders cost \$1.50. The money orders were also dated May 2, 2001.

Kathy Nairn, Veterans' Office employee in charge of petty cash, stated that Diane DeMaria purchased the money order. Kathy Nairn stated that when she asked Diane DeMaria for a photocopy of the money order Diane stated that she lost the photocopy. Thus, only the stub listing Verizon Wireless at the payee was on file. Both Kathy Nairn and Debra Siget, Veteran's Office employees, stated the handwriting on the money order stub was that of Ms. DeMaria. Ms Nairn made a notation on the photocopy of the money order receipt "the money order cost \$1.50 – no receipt per Diane." Ms. Nairn stated Ms. DeMaria issued the money order and that the handwriting on the stub was that of Ms. DeMaria's. A photocopy of the \$80.00 money order made payable to AVVA Membership was on file.

Postal money order number 2353735170 in the amount of \$400.00 was made payable to Diane DeMaria, a Veterans' Affairs Office employee, rather than Verizon Wireless as listed on the receipt on file in the Veterans' Office. The sender's name listed on the front of the money order was Helen DeMaria rather than the Beaver County Veterans' Affairs Office. The endorsement on the back of the money order obtained from the Postal Service was that of Diane DeMaria.

This was fraudulently negotiated and should be investigated by the District Attorney's Office.

**Finding: 2: Money Orders Were Used To Made Payments**

The Veterans' Affairs Office uses bank and postal money orders to pay all invoices associated with the DAV van cellular telephone account. The DAV van cellular telephone invoice was paid from the office petty cash account. If there is sufficient funds in the office petty cash account, an office employee will withdraw cash from the account and purchase a bank or postal money order for the amount of the payment. If there was not sufficient funds in the petty cash account, a check was written from the POW/MIA account

payable to cash or Sky Bank. A money order will be purchased for the amount of the payment. A copy of the money order was maintained for documentation of the payment. In the case of the fraudulently negotiated money order, only the receipt stub was maintained in the office as documentation. Based on conversations with Mrs. Wytiaz, the former Veteran's Affairs Director, money orders were used so all expenses associated with the DAV van would be paid from the office petty cash account and thus ensure expenses related to the DAV van were maintained separately from other POW/MIA account activity. It is noted that in May of 2001, Veterans' Administration dues for office employees were paid from this petty cash fund. These dues were not related to the use of the DAV van.

Money orders should not be used. Money orders do not provide an adequate form of internal control. Because cashed money orders are not returned to the Veterans' Office, money orders can be fraudulently negotiated without detection by the Veterans' Affairs Office.

**Finding 3: The DAV Van Cellular Telephone Was Paid In Advance**

The Veterans' Affairs Office paid the DAV van cellular telephone in advance. The cellular phone was paid by the Veterans' Affairs Office from November 1998 through the present. During this time only six payments were made to this account. The payment ranged between \$144.45 and \$400.00. The Veterans Affairs Office would make periodic overpayments to the telephone provider. This resulted in the office having a credit balance with the telephone provider. Once this credit was near depletion another payment would be made.

Cellular telephone payments should not be made in advance. The required payment should be made each month.

**Finding 4: The POW/MIA account is held in the name of a member of the Veteran's Affairs Advisory Board.**

The POW/MIA account was opened in August 1989 at Sky Bank, formerly Beaver Trust. The account is currently in the name of Patrick J. Cody For POW MIA Committee. The mailing address on the account was the County Veterans' Affairs Office. Mr. Cody's social security number is listed on the account. This account is not interest bearing. Mr. Cody and Debra Siget, a Veteran's Affairs Office employee, are authorized signers on the account. Only one of these individual signatures is required for withdrawal. Based on review of checks issued after 1996, two signatures were on all checks. Mr. Cody is a member of the Beaver County Veterans' Advisory Board. Debra Siget is a County employee and not a member of the Advisory Board. Checks and bank statements prior to 1996 were not available for review.

The POW/MIA account should be established in the name of the Beaver County Veterans' Advisory Board. The account should be established in accordance with Internal Revenue Service regulations for non-profit organizations.

**Finding 5: World War II Commemorative Parade Account Was Established Using The County's Tax Identification Number. This Resulted In Violation Of County Code Purchasing Requirements.**

\$8,000 was paid from the World War II account to Jamitch Printing for 2000 Booklets. Competitive price quotes could not be located. Because this account was opened using the County's tax identification number, these funds should have been disbursed utilizing the requirements of the County Code. Section 1801 of the County Code requires all expenditures over \$5,000 be quoted. These quotes must be maintained on file.

The World War II Parade Committee was using the County's tax identification number, and also the County's tax exempt status. Checks were signed by a Non-County employee. In order to comply with the County Code, these funds should have been receipted on the books of the County and authorized County Officials should have signed the checks.

**Finding 6: Money Order Payments Were Inconsistently Recorded In The Petty Cash Log**

The Veterans' Affairs Office was using money orders to pay cellular telephone invoices. If the petty cash account had sufficient funds to cover the payment, the funds would be withdrawn from the petty cash account and the money order would be purchased. If the petty cash account did not have sufficient funds to cover the payment, cash would be obtained by writing a check from the POW/MIA account to obtain cash. Upon review of cellular telephone payments, in two of six instances where money orders were obtained by the use of a POW/MIA account check, the transaction was not recorded in the petty cash log.

The use of money orders should be discontinued.

**Finding 7: Documentation Of Expenditures From The POW/MIA Account Was Incomplete**

Documentation of disbursements from the POW/MIA account prior to 1996 could not be located. Documentation to support 14 of 40 disbursements between January 1996 and February 2002 could not be located. In some cases the documentation that was on file was not sufficient to explain the transaction. For example:

On May 24, 1996 check number 146 in the amount of \$480 was paid to Steve Degennaro. The former Veterans' Director stated this check was to pay for POW gifts purchased at a flea market. The documentation to support this payment was a generic invoice with no company name, and no signature.

There was a hand written note in the invoice file stating that on September 18, 1997 a \$60.00 tip was paid for catering and bartending service. The note states that cash was paid from gift money. There was no further explanation of any gift money. This may have been taken from the \$400 cash obtained from the POW/MIA account to give the POWs ten-dollar cash gifts. No further documentation could be located.

Due to lack of documentation and poor record keeping it was not possible to determine that all expenditures were proper

**Finding 8: Documentation Was Not On File To Support 4 Of 8 Cash Disbursements From The POW/MIA Account**

8 POW/MIA checks were written payable to cash. 3 cash payments appear to have been used to give ten dollar cash gifts to POWs. There is no list of recipients of these gifts on file. Several days after each disbursement, there is a deposit of the unused portion of the cash. One disbursement appears to have been used to pay for a dinner. There is no record of the purpose of the dinner or who attended. Several days after this disbursement, there is a deposit of the unused funds. Because this deposit is a mixture of donations and return of cash, the amount of cash returned could not be determined. The remaining four disbursements were used to replenish the petty cash account as evidenced by the petty cash log.

The practice of making checks payable to cash should be discontinued.

**Finding 9: Documentation Of Expenditures From The World War II Commemoration Parade Account Was Incomplete**

Documentation to support 8 of 37 disbursements could not be located. Documentation to support payments to the City of Beaver Falls Police and Public Works employees was not sufficient to allow the recalculation of payments in all cases. Payments were made from this account to Beaver Falls

Police and Public Works employees for work performed associated with the parade. Time sheets were on file. However, hourly rates were not on file. Therefore, these payments could not be verified.

Due to lack of documentation and poor record keeping it was not possible to determine that all expenditures were proper

**Finding 10: Documentation Of Receipts Collected For The POW/MIA Account Or The World War II Account Was Not Sufficient**

The only documentation for donations and receipts was a copy of the donors' check. In some instances there was no record where the income originated. This is especially true in the case of cash donations.

Due to lack of documentation and poor record keeping it was not possible to determine that all receipts were properly received.

**Finding 11: Documentation For The Disbursement Of Petty Cash Was Poor**

Documentation of petty cash disbursements was not sufficient to substantiate the disbursement. Documentation for mileage did not normally list how the mileage was incurred. Mileage was normally documented on a post it note or adding machine tape. In only three cases did the individual incurring the expense sign any documentation. It was also noted that the person receiving the petty cash did not sign a petty cash log sheet.

Due to lack of documentation and poor record keeping it was not possible to determine that all petty cash disbursements were proper. If Petty Cash is to be used and approved by management, proper internal control procedures for petty cash should be established and followed.

**Finding 12: Office Personnel Purchased Non-County Related Items In The Name Of The Veteran's Affairs Office**

During the review, the Director brought to our attention a past due invoice from Lydia's Flower Shoppe in the amount of \$57.48 and a collection notice in the amount of \$63.86 for items purchased from LTD. The Director stated that the office employees gave their own money to Diane DeMaria to pay for these items. The Director stated the items were received but payments were not made to the vendors. Because these items were delivered to the Veterans' Affairs Office, it appears to the vendors that the Veterans' Affairs Office is delinquent on payment.



This item should be investigated by the District Attorney's Office.  
Items of a personal nature should not be ordered in the name of the County.