



County of Allegheny

Office of the Controller

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**ALLEGHENY COUNTY SHERIFF'S OFFICE
U.S. DEPARTMENT OF JUSTICE EQUITABLE SHARING FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

ISSUED: October 24, 2014

**Chelsa Wagner
Controller**

**104 County Courthouse
436 Grant Street
Pittsburgh, PA 15219
Phone: (412) 350-4660
Fax: (412) 350-4770**

E-mail: Controller@alleghenycounty.us

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CHELSEA WAGNER
CONTROLLER

COUNTY OF ALLEGHENY

OFFICE OF THE CONTROLLER

104 COURTHOUSE • 436 GRANT STREET
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PHONE (412) 350-4660 • FAX (412) 350-3006

October 24, 2014

Honorable William P. Mullen
Allegheny County Sheriff
101 County Courthouse
436 Grant Street
Pittsburgh, PA 15219

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Dear Sheriff Mullen:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Allegheny County Sheriff's Office (Sheriff's Office) U.S. Department of Justice Equitable Sharing Fund, as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sheriff's Office internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Sheriff's Office internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's Office internal control.

Sheriff Mullen
October 24, 2014

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 a 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's Office U.S. Department of Justice Equitable Sharing Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Responses as item 13-01.

Sheriff's Office Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff's Office internal control or on compliance. This report is an

Sheriff Mullen
October 24, 2014

integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's Office internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Sheriff's Office, Allegheny County Executive, Allegheny County Council, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Kind regards,

A handwritten signature in black ink, appearing to read "Chelsa Wagner". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Chelsa Wagner
Controller

A handwritten signature in black ink, appearing to read "Lori A. Churilla". The signature is cursive and somewhat stylized.

Lori A. Churilla
Assistant Deputy Controller, Auditing

cc: Honorable John DeFazio, President, County Council
Honorable Nicholas Futules, Vice-President, County Council
Honorable Rich Fitzgerald, Allegheny County Executive
Mr. William McKain, County Manager, Allegheny County
Ms. Jennifer Liptak, Chief of Staff, County Executive
Mr. Warren Finkel, Budget Director, Allegheny County
Mr. Joseph Catanese, Director of Constituent Services, County Council
Mr. Walter Szymanski, Budget Director, County Council
Mr. Kevin M. Kraus, Chief Deputy, Sheriff's Office
Ms. Marianne DiVecchio, Executive Assistant, Sheriff's Office

ALLEGHENY COUNTY SHERIFF'S OFFICE
U.S. DEPARTMENT OF JUSTICE EQUITABLE SHARING FUND
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013

FINDING 13-01 Commingling of Funds

Criteria: According to the U.S. Department of Justice's *Guide to Equitable Sharing for State and Local Law Enforcement Agencies*, the participating state or local law enforcement agency must establish a separate revenue account or accounting code through the agency's finance department for the proceeds from the Department of Justice Equitable Sharing Program. This account or accounting code will be used solely for funds from the Department of Justice Equitable Sharing Program. No other funds may be included in this account or with this account code.

Condition: The Sheriff's Office Department of Justice Equitable Sharing Fund paid for expenditures totaling \$8,025 for operations conducted with the FBI. The Sheriff's Office was notified that it would be reimbursed for these expenditures at the time they were incurred, and the Sheriff's Office was reimbursed by the FBI in the same fiscal year. Both the expenditures and reimbursements were recorded in the Department of Justice Equitable Sharing Fund.

Cause: The transactions were recorded in the Department of Justice Equitable Sharing Fund due to budgetary restrictions in the Sheriff's Office and the unknown timetable for reimbursements from the FBI.

Effect: The Sheriff's Office Department of Justice Equitable Sharing Fund is not technically in compliance with the requirements U.S. Department of Justice's *Guide to Equitable Sharing for State and Local Law Enforcement Agencies*.

Recommendation: The Sheriff's Office should only record proceeds and related expenditures in the Department of Justice Equitable Sharing Fund that are related to the Department of Justice Equitable Sharing Program.

Management's

Response: The Sheriff's Office response is attached to the report and begins on page 5.



WILLIAM P. MULLEN
SHERIFF

COUNTY OF ALLEGHENY

SHERIFF'S OFFICE

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MEMBER



KEVIN M. KRAUS
CHIEF DEPUTY

October 24, 2014

The Honorable Chelsa Wagner
Controller of Allegheny County
Room 104, Courthouse
Pittsburgh, Pennsylvania 15219

Dear Madam Controller:

This is the response to the recommendation made in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the Year Ended December 31, 2013 of the Allegheny County Sheriff's Office U.S. Department of Justice Equitable Sharing Fund. Please be advised of the following:

Recommendation regarding Commingling of Funds – Finding 13-01:

The Sheriff's Office utilized funds in the Sheriff's Office Department of Justice Federal Asset Sharing Fund for payment of the rental lease of a law enforcement vehicle in support of FBI surveillance operations for an investigation, forfeiture operation case number 245D-PG-2544713. The United States Department of Justice Federal Bureau of Investigation reimbursed the Sheriff's Office for the vehicle rental lease expenses in the amount of \$8,025.23.

The Department of Justice Assets Forfeiture Program Fund may be utilized to pay for any necessary expenses associated with forfeiture operations including equitable sharing payments. The Fund may also be used to finance certain general investigative expenses. General investigative expenses include joint law enforcement operations. These expenses are for the various costs incurred by state and local law enforcement officers participating in joint law enforcement operations with a federal agency participating in the Fund. This constitutes an authorized use as enumerated in 28 U.S.C. 524(c).

The Sheriff's Office recorded proceeds and related expenditures associated with reimbursements of expenses incurred in support of forfeiture operations, specifically case number 245D-PG-2544713 investigations.



October 24, 2014
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The Sheriff's Office did not have funding available in its general operating budget to pay for the costs associated with these forfeiture investigative expenses.

The Sheriff's Office accepts the recommendation by the Controller as contained in this report.

We very much appreciate the cooperation of your office in this matter.

Sincerely,


WILLIAM P. MULLEN, SHERIFF
County of Allegheny

cc: Ms. Lori A. Churilla, Assistant Deputy Controller, Auditing
Ms. Bethany Neal, Audit Manager

S-14-0907