

COMPLIANCE AUDIT

Sheriff

Butler County, Pennsylvania

For the Period

September 1, 2019 to February 28, 2023

November 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov**

**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

The Honorable Michael T. Slupe
Sheriff
Lehigh County
Butler, PA 16003

We have conducted a compliance audit of the Sheriff, Butler County, Pennsylvania (Office), for the period September 1, 2019, to February 28, 2023, pursuant to the requirements of Section 401(e) of *The Fiscal Code*, 72 P.S. § 401(e).

The objective of the audit was to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted and to provide a report to the Pennsylvania Commission on Crime and Delinquency and the Pennsylvania State Police. Our audit was limited to areas related to the objective identified above and was not conducted, nor was it required to be, in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

The Office is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted. The Office is also responsible for complying with those laws and regulations. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that our audit provides a reasonable basis for our conclusions.

Based on our audit procedures, we conclude that, for the period September 1, 2019 to February 28, 2023, the Office, in all significant respects, complied with state laws and regulations applicable to the collection of moneys on behalf of the Commonwealth, including whether they have been correctly assessed, reported, and promptly remitted, except as noted in the findings listed below and discussed later in this report.

Finding No. 1 - Inadequate Accountability Over Funds Held In Escrow.

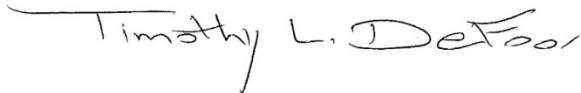
Finding No. 2 - Inadequate Internal Controls Over Manual Receipts.

Finding No. 3 - Inadequate Segregation of Duties and Cash Handling Controls.

This report includes summaries of the Office's receipts and disbursements of funds collected on behalf of the Commonwealth (summaries). We obtained data representing the Office's receipts and disbursements from the Pennsylvania Commission on Crime and Delinquency and the Pennsylvania State Police, which obtains data from each of the Commonwealth's sheriff offices and used the data to create the summary. We also evaluated the accuracy of the data as part of our audit to conclude on the Office's compliance with certain state laws and regulations as described in the previous paragraph. Any adjustments that we considered necessary based on our audit work are disclosed in the *Proposed Audit Adjustments* line of the summaries; however, the scope of our audit does not include the issuance of an opinion on the accuracy of the amounts reported in the summaries.

The purpose of this report is to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted. This report is not suitable for any other purposes.

The contents of this report were discussed with the Office's management. We appreciate the courtesy extended to us by the Office during the course of our audit. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive, flowing style.

Timothy L. DeFoor
Auditor General
October 15, 2025

CONTENTS

	<u>Page</u>
Background	1
Summaries Of Receipts And Disbursements:	
Pennsylvania Commission on Crime and Delinquency	2
Pennsylvania State Police	3
Findings And Recommendations:	
Finding No. 1 - Inadequate Accountability Over Funds Held In Escrow	4
Finding No. 2 - Inadequate Internal Controls Over Manual Receipts.....	6
Finding No. 3 - Inadequate Segregation Of Duties and Cash Handling Controls.....	8
Report Distribution	10

SHERIFF
BUTLER COUNTY
BACKGROUND
FOR THE PERIOD
SEPTEMBER 1, 2019 TO FEBRUARY 28, 2023

The Department of Auditor General is mandated by Article IV, Section 401 (e) of *The Fiscal Code* (Act of April 9, 1929, P.L.343, No. 176), to audit the accounts of each county officer to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported, and promptly remitted.

Sheriff receipts consist of monies collected on behalf of the Pennsylvania Commission on Crime and Delinquency and the Pennsylvania State Police. These include monies collected for the following surcharges and fees:

- Deputy Sheriff's Education and Training Surcharges of \$10 on each fee collected by the sheriff of every county upon acceptance for each service required for any complaint, summons, writ, or other legal paper required to be served or posted by the sheriff. In January 2021 the fee increased to \$16, in January 2022 the fee increased to \$18, and in January 2023 the fee increased to \$20.
- Firearms License Validation System Account Fees of \$1 imposed for applying for a license to carry a firearm. Effective March 1, 2015, this fee is remitted to the Pennsylvania State Police as required by Pennsylvania Uniform Firearms Act.

Total disbursements for the audit period are as follows:

Sheriff checks issued to:

Commission on Crime and Delinquency	<u>\$ 109,000</u>
Pennsylvania State Police	<u>\$ 27,207</u>

These amounts reflect disbursements for collections made on behalf of the Pennsylvania Commission on Crime and Delinquency and the Pennsylvania State Police.

Michael T. Slupe served as Sheriff during the period September 1, 2019, to February 28, 2023.

The summaries of receipts and disbursements on the following pages provide a summary of receipts and disbursements by category. The categories and the amounts of surcharges and fees assessed are based on Pennsylvania laws and regulations.

The summaries were prepared in accordance with reporting requirements prescribed by the Pennsylvania Commission on Crime and Delinquency and the Pennsylvania State Police. Under this method, only the Commonwealth portion of cash receipts and disbursements are presented, revenues are recognized when received, and expenditures are recognized when paid.

SHERIFF
BUTLER COUNTY
PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY
SUMMARY OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
SEPTEMBER 1, 2019 TO FEBRUARY 28, 2023

Receipts:

Deputy Sheriff's Training and Education Surcharges	\$ 109,000
Disbursements to Commission of Crime and Delinquency	<u>(109,000)</u>
Balance due Commission of Crime and Delinquency (County)	-
Proposed audit adjustments	<u>-</u>
Adjusted balance due Commission of Crime and Delinquency (County) for the period September 1, 2019 to February 28, 2023	<u><u>\$ -</u></u>

SHERIFF
BUTLER COUNTY
PENNSYLVANIA STATE POLICE
SUMMARY OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
SEPTEMBER 1, 2019 TO FEBRUARY 28, 2023

Receipts:

Firearms License Validation System Account Fees	\$ 27,207
Disbursements to Commonwealth	<u>(27,207)</u>
Balance due Commonwealth (County)	-
Proposed audit adjustments	<u>-</u>
Adjusted balance due Commonwealth (County) for the period September 1, 2019 to February 28, 2023	<u><u>\$ -</u></u>

SHERIFF
BUTLER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 1, 2019 TO FEBRUARY 28, 2023

Finding No. 1 - Inadequate Accountability Over Funds Held In Escrow

Our audit disclosed that there was no accountability over undisbursed funds for two of the three accounts maintained by the Sheriff's office. As of February 28, 2023, these two accounts had adjusted book balances of \$278,017.11 and \$603.08, respectively, without a corresponding liabilities report indicating to whom the monies were due.

Good internal accounting control procedures ensure that the ending adjusted book balance is reconciled with liabilities on a monthly basis and any discrepancies are immediately investigated and resolved. Since the office bank account is essentially an escrow account on behalf of the Commonwealth, County, and other participating entities, all available funds on hand should equal unpaid obligations.

The Sheriff stated they implemented a new software suite in the middle of the audit period, the current software suite shows a current account of liabilities on hand, and staff can check how much money is owed to State, County Treasurer, or Civil Accounts at any time. The Sheriff stated there is not a separate liabilities report, but the Sheriff's office maintains internal tracking and can provide up-to-date figures.

Without a good system of internal controls over funds held in escrow, the possibility of funds being lost or misappropriated increases significantly.

Recommendations

We recommend that the office attempt to identify all existing liabilities associated with the office bank account and take appropriate action. Any unidentified funds should be accounted for under normal escheat procedures. Furthermore, we recommend that the office should ensure that reconciled cash equals unpaid obligations monthly.

Management's Response

The Sheriff responded as follows:

Software provider will work with the Auditor General to customize and to meet the requirements for the audit throughout the Commonwealth. Also, the Records Management System (RMS) has separate records for monies held in escrow.

SHERIFF
BUTLER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 1, 2019 TO FEBRUARY 28, 2023

Finding No. 1 - Inadequate Accountability Over Funds Held In Escrow (Continued)

Auditor's Conclusion

We appreciate the office's efforts to resolve this issue; however, the implementation of corrective measures is at the discretion of the office and the software provider. Additionally, auditors rely on detailed records to trace transactions, verify balances, and assess whether funds are being managed in accordance with laws, regulations, and internal policies. During our next audit, we will determine if the office complied with our recommendations.

SHERIFF
BUTLER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 1, 2019 TO FEBRUARY 28, 2023

Finding No. 2 - Inadequate Internal Controls Over Manual Receipts

Manual receipts are available to be issued in the event of a temporary power loss to the office's computer system. When the computer system is operating again, the manual receipt should be replaced by an official computer-generated receipt and included in the daily receipts. The Sheriff's office utilized three vendors to purchase manual receipts during the audit period.

During our review of manual receipts, the following were noted:

- There was no record of the number of manual receipts the office purchased prior to November 17, 2020, from its first manual receipts vendor. Therefore, we could not determine the population of manual receipts.
- The office's copy of the invoice for manual receipts purchased from its second vendor included the total manual receipts purchased but did not include the beginning and ending manual receipt numbers. Therefore, we could not determine the population of manual receipts.
- Manual receipts logs were not maintained by the office.
- The office's copies of manual receipts issued from September 1, 2019 through January 3, 2021, could not be located and were not available for review.
- The office issued manual receipts for cash transactions for license to carry permits and license to carry permit renewals, although the current computer system in place is capable of generating a computer system receipt.
- There were three manual receipts that were issued out of numerical sequence.

Good internal accounting controls ensure that:

- Manual receipts are accounted for and copies are retained.
- Official documentation (i.e. requisition forms, invoices) from the vendor(s) for manual receipts purchased are maintained by the office. The documentation should include, among other related information, the total manual receipts purchased and the beginning and ending manual receipt number.

SHERIFF
BUTLER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 1, 2019 TO FEBRUARY 28, 2023

Finding No. 2 - Inadequate Internal Controls Over Manual Receipts (Continued)

- A manual receipt log is maintained to document information that is recorded on the manual receipt, including date issued, date filed, instrument number, signature of the person receiving the payment, remitter name, payment source, and payment method. This will provide an audit trail on the issuance of the manual receipt and funds received.
- Manual receipts are only used when the computer system is down.
- Manual receipts are issued in numerical sequence to enhance reconciliation and accountability.

The Sheriff stated they purchased and used manual receipts, not realizing these receipts weakened internal controls. We note that the use of manual receipts is not in itself a deficiency in internal controls. A deficiency in internal controls occurs when manual receipts are not properly accounted for or are used when the computer system is available.

Without a good system of internal control over funds received by the office, the possibility of funds being lost or misappropriated increases significantly.

Recommendation

We recommend that the office establish and implement an adequate system of internal controls over manual receipts as noted above.

Management's Response

The Sheriff responded as follows:

During COVID-19, statements and manual receipts were placed in a box for audit and couldn't be found. Also, manual receipts are in sequential numerical order.

Auditor's Conclusion

During our next audit, we will determine if the office complied with our recommendation.

SHERIFF
BUTLER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 1, 2019 TO FEBRUARY 28, 2023

Finding No. 3 - Inadequate Segregation Of Duties and Cash Handling Controls

Our audit disclosed the following:

- The Sheriff was solely responsible for reconciling the office's bank account.
- There is one cash drawer that is utilized by four office staff members for daily collections.
- Of the office's four staff members, there is one staff member that collects moneys at a separate location in the courthouse. At the end of each day, the moneys collected are brought to the Sheriff's Office and combined with the moneys collected by the other three clerks in the same cash drawer.

A good system of internal controls ensures that other office staff are properly cross trained to complete the office's monthly reconciliation, and this duty should be rotated. Also, there should be a locked cash drawer provided for each office staff member who makes collections.

The Sheriff stated that he is the only one that does the bank reconciliation, and he wants it this way. Also, the Sheriff stated that he wants to maintain only one cash drawer in the office to centralize the collections of funds. Furthermore, the Sheriff stated that he is comfortable with these situations.

Without adequate segregation of duties, the possibility of funds being lost or misappropriated increases significantly and functions may not be performed when an employee is absent due to lack of training among other employees.

Recommendation

We recommend that the office provide greater segregation of duties within the office. This can be done by cross-training personnel and rotating job functions that include the handling of cash and reconciling the office's bank account monthly.

Management's Response

The Sheriff responded as follows:

Generally, there are two full-time and one part-time clerical employees who receive monies. Monies are counted and matched daily.

SHERIFF
BUTLER COUNTY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
SEPTEMBER 1, 2019 TO FEBRUARY 28, 2023

Finding No. 3 - Inadequate Segregation Of Duties and Cash Handling Controls (Continued)

Auditor's Conclusion

It is imperative that duties be adequately segregated to prevent the increased risk of funds being lost or misappropriated. During our next audit, we will determine if the office complied with our recommendation.

SHERIFF
BUTLER COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
SEPTEMBER 1, 2019 TO FEBRUARY 28, 2023

This report was initially distributed to:

Corporal Daniel McGough, Jr.
Pennsylvania State Police
Firearm Records Unit

Mr. Derin Myers
Director
Office of Financial Management and Administration
Pennsylvania Commission on Crime and Delinquency

The Honorable Michael T. Slupe
Sheriff

The Honorable Leslie A. Osche
Chairperson of the Board of Commissioners

Benjamin A. Holland, CPA
Controller

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.