

**The County of Berks
Office of the Controller
Internal Audit Department**



**Annual Report
For the year ended December 31, 2020**

County of Berks
Office of the Controller

Internal Audit Department

Vision, Mission, and Value Statement

Vision

The Department of Internal Audit will be the County of Berks most valued resource for the support of financial, operational, and control activities.

Mission

The Department of Internal Audit's mission is to support the County of Berks in achieving system wide goals and objectives.

Values

The Department of Internal Audit is committed to certain values in carrying out its mission:

Providing excellent service to the County of Berks is our primary focus.

- Performing our services in accordance with applicable standards established by the Government Accounting Office (GAO), the Institute of Internal Auditors (IIA), and the American Institute of Certified Public Accountants (AICPA).
- Maintaining our independence, objectivity and confidentiality in the performance of our services.
- Adhering to the highest degree of fairness, integrity and ethical conduct.
- Characterizing our relationships within the County of Berks community with respect, helpfulness, openness, and dependability.
- Maintaining our professionalism as internal auditors through continuance of our education and training.

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Authority and Responsibilities

In accordance with County Code requirements, the County of Berks Internal Audit Department is authorized to direct a broad, comprehensive program of internal auditing within the County. The internal auditors are responsible for examining and evaluating the adequacy and effectiveness of the systems of internal control established by the various agencies of the County and to audit, settle, and adjust the accounts and financial statements of these agencies annually. In accomplishing these, the Manager of Auditing, as well as all members of the audit staff, are authorized to have full, free, and unrestricted access to all County records, property, and personnel, except as restricted by law.

The role of the internal audit department is to assist management to attain organizational goals by providing independent, objective assurance and consulting activity designed to add value and improve an organization's operations. This is achieved through independently reviewing and evaluating the effectiveness of risk management, controls, governance and operations and by providing objective analyses and constructive recommendations for improvement. Management retains full control over the implementation of these recommendations.

The internal audit activity of the organization is responsible for periodically evaluating the processes of internal control operations throughout the organization. That responsibility is carried out in three distinct steps:

1. Ascertaining that the design of the internal controls, as they have been established and represented by management, is adequately designed in relation to the related risk;
2. Determining, through compliance testing and other procedures, that the process is, in fact, operating as intended in an effective and efficient manner; and,
3. Reporting the results of audit work performed and offering recommendations for improving the internal control process.

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Staff Credentials and Certifications

Oliver J. Arthur, *Manager of Auditing*
Bachelor of Science in Accounting, Virginia Commonwealth University
Certified Public Accountant (CPA)
Certified Internal Controls Auditor (CICA)
Certified Global Management Accountant (CGMA)

Kathryn I. Dietrich, *Internal Auditor*
Bachelor of Arts in History, Lafayette College
Certified Fraud Examiner (CFE)

Derek Gerhart, *Internal Auditor*
Bachelor of Science in Accounting, Pennsylvania State University

Aaron E. Hengst, *Internal Auditor*
Bachelor of Science in Business Administration, Millersville University
Certified Internal Controls Auditor (CICA)
Certified Fraud Examiner (CFE)

Candace A. Romig, *Internal Auditor*
Bachelor of Science in Business Administration, Pennsylvania State University

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2020 Audit Summary

Financial Audits

<u>Auditee</u>	<u>Reportable Conditions</u> *
Central Arraignment Court 23-0-01	None
District Court 23-1-01	None
District Court 23-1-02	None
District Court 23-1-03	None
District Court 23-1-05	None
District Court 23-1-06	None
District Court 23-2-01	None
District Court 23-2-02	None
District Court 23-2-03	None
District Court 23-2-04	None
District Court 23-3-01	None
District Court 23-3-02	None
District Court 23-3-03	None
District Court 23-3-04	None
District Court 23-3-05	None
District Court 23-3-06	None
District Court 23-3-07	None
District Court 23-3-09	None
Sheriff	None
Register of Wills	None
Prothonotary	Yes
Recorder of Deeds	None
Jail Inmate Accounts	None
Jail Commissary Fund	None

* Reportable Conditions include Material Weaknesses and Significant Deficiencies.
Management items are not included.

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2019 Audit Summary (continued)

Financial Audits continued

<u>Auditee</u>	<u>Reportable Conditions *</u>
Berks Organization of Jail Employees	Yes
Treasurer	None
Clerk of Courts	None

Agreed-upon Procedures

<u>Auditee</u>	<u>Reportable Conditions *</u>
Tax Collectors	See Report

Memorandum

<u>Auditee</u>	<u>Reportable Conditions *</u>
APO Electronic Monitoring Account	See Report
Clerk of Courts Automation Fund	See Report
Coroner—Death Certificate Account	See Report
Prothonotary Record Improvement Fund	None
Register of Wills Management and Technology Fund	None
Sheriff—Benevolence and Explorer Post Accounts	See Report

* Reportable Conditions include Material Weaknesses and Significant Deficiencies.
Management items are not included.

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2021 Goals and Objectives

- To implement a Financial Fraud Hotline maintained by the Controller's Office for individuals to report potential fraud in Berks County.
- To fully utilize the IDEA software in analyzing data obtained during our audits.
- To complete all Row Office and District Court audits in a timely manner.
- To continue incorporating new audits on Berks County Departments.
- To conduct "Performance Audits" in addition to financial audits at the request of the Controller to increase County efficiency and save taxpayer money.
- To assist in investigations involving fraud complaints received via the County's Fraud, Waste, and Abuse hotline.
- To continue to complete 40 hours of continuing education annually to gain knowledge of new accounting/ auditing issues and pronouncements required by the GAO Yellow Book.
- To aid the Controller and Deputy Controller with respect to special projects and other tasks.
- To continue to encourage all auditors to pursue and achieve the CPA, CIA, or CGMA designation.

Message from the Controller:

Our Audit department continues to operate in a hybrid home/office environment. Everyone has laptops which they carry back and forth to the office. To eliminate complete staff in house, they schedule themselves in and out on a staggered basis. The only ones expected to be there daily are our two newest auditors who must be trained.

We continue to use the new program "IDEAS" which is a data analysis tool. It takes pages of data and looks for "out of the ordinary" entries which require a closer look for fraud. All our auditors have passed the Certified Fraud Examiner accreditation tests except our newest member who just moved into the Audit Department in January 2021.

Last year we grouped tax collectors together at central locations and sent multiple auditors to those municipal locations to do the tax audits. Luckily for us, we had completed all but a handful of tax collectors when the pandemic hit. We solved sending auditors to the MDJ offices by bringing boxes of their information in house and having the auditors do desk audits.

We are cutting back on our full audits for most tax collectors for 2021. We selected a finite number of tax collectors for full audits depending on special circumstances. Next year we will go back to in house audits for everyone.

We are adding P-Cards to the Berks county departments. Our audit staff will review purchases and pass on the legitimacy of the purchases. Each department has been assigned a dollar value on the individual cards as well as a category designation. We continue to work on implementing a Debit Card program.

Sincerely

Sandy Graffius
Controller