



# CONTROLLER'S OFFICE

COUNTY OF BUCKS

Administration Building

55 East Court Street, Doylestown, PA 18901-4318

(215) 348-6435 • Fax (215) 348-6107

May 26, 2016

Commissioner Robert G. Loughery, Chairman  
County of Bucks  
Commissioners' Office  
55 East Court Street  
Doylestown, PA 18901

Re: Audit of Kimberly Hinrichs, Tinicum Township Tax Collector

Dear Chairman Loughery:

Enclosed is the report for the audit of the Settlement of Duplicates for the Bucks County real estate taxes of the Tinicum Township Tax Collector, Kimberly Hinrichs, for the tax years ended January 15, 2014 and 2013. The January 15<sup>th</sup> dates reflect the settlement dates for the two tax years included in the audit period. The section of the report titled Report to Management includes our findings and recommendations.

This examination was made in order to ascertain that Bucks County real estate tax collections were properly processed, that adequate and accurate financial records were maintained by the Tax Collector to reflect compliance to the *Tax Collector's Manual*, the *Local Tax Collection Law* and County policies and that the said collections were properly forwarded to the County. The audit was conducted in accordance with U.S. generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We express our appreciation for the courtesies extended to our auditors and acknowledge the cooperative assistance we received from the Tax Collector.

Should you have any questions regarding this audit, please call us at (215) 348-6556 between 7:00 a.m. and 5:00 p.m.

Sincerely,

Kimberly S. Doran, CPA  
Acting Bucks County Controller

14-34  
KSD/mkw

cc: Kimberly Hinrichs, Tinicum Township Tax Collector  
Brian Henthaller, CPA, Chief Operating Officer, Commissioners' Office, County of Bucks  
David P. Boscola, Director, Finance Department, County of Bucks

COUNTY OF BUCKS  
KIMBERLY HINRICHS  
TINICUM TOWNSHIP TAX COLLECTOR

For the Period  
January 16, 2012 through January 15, 2014

County of Bucks  
Kimberly Hinrichs  
Tinicum Township Tax Collector  
For the Period January 16, 2012 through January 15, 2014

TABLE OF CONTENTS

	Page(s)
<hr/> <b>INDEPENDENT AUDITORS' REPORT</b> <hr/>	1-2
<b>SPECIAL-PURPOSE STATEMENTS:</b>	
Settlement of Duplicate – For the Tax Year Ended January 15, 2014 (Cash Basis)	3
Settlement of Duplicate – For the Tax Year Ended January 15, 2013 (Cash Basis)	4
Notes to the Settlement of Duplicates	5-7
<hr/> <b>REPORT ON SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES</b> <hr/>	8-9
<b>REPORT TO MANAGEMENT:</b>	
Cover Letter	10-11
Findings and Recommendations	12-17
<b>EXIT CONFERENCE ATTENDANCE</b>	18



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## INDEPENDENT AUDITORS' REPORT

To Commissioner Robert G. Loughery, Chairman  
County of Bucks  
Commissioners' Office  
55 East Court Street  
Doylestown, PA 18901

We have audited the accompanying Settlement of Duplicates – cash basis, applicable to Bucks County (County) real estate taxes of the Tinicum Township Tax Collector (Tax Collector), for the tax years ended January 15, 2014 and 2013, and the related notes.

### **Management's Responsibility for the Settlement of Duplicates**

The Tax Collector is responsible for the preparation and fair presentation of the Monthly Report to Taxing Districts (MRTD) sheets, which are the basis for the preparation of the Settlement of Duplicates in accordance with the cash basis of accounting described in Note 1.D. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the Settlement of Duplicates in the circumstances. The Tax Collector is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Settlement of Duplicates that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Settlement of Duplicates based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Settlement of Duplicates are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Settlement of Duplicates. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Settlement of Duplicates, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Tax Collector's preparation and fair presentation of the Settlement of Duplicates in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the Tax Collector, if any, as well as evaluating the overall presentation of the Settlement of Duplicates.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Continued...*

## **Opinion**

In our opinion, the Settlement of Duplicates referred to in the first paragraph present fairly, in all material respects, the total amount the Tax Collector is responsible to collect and the total amount reported by the Tax Collector, for the tax years ended January 15, 2014 and 2013, in accordance with the cash basis of accounting as described in Note 1.D.

## **Emphasis of Matter and Basis of Accounting**

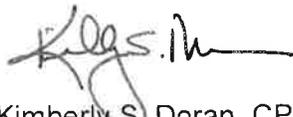
We draw attention to Note 1.C. to the Settlement of Duplicates, which describes that the settlement is prepared to present a reconciliation between the amount of County real estate taxes the Tax Collector is responsible to collect and the reported collection, liened and non-lienable amounts, and is not intended to be a complete presentation of the Tax Collector's financial activities. The County has accepted the Settlement of Duplicate format as a means for presenting this reconciliation.

We also draw attention to Note 1.D. to the Settlement of Duplicates, which describes the basis of accounting. The Settlement of Duplicates are prepared on the cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles.

Our opinion is not modified with respect to either matter.

## **Restriction on Use**

This report is intended solely for the information and use of the Tax Collector and the County. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Kimberly S. Doran, CPA, Acting Bucks County Controller  
Doylestown, Pennsylvania

April 25, 2016  
14-34

County of Bucks  
Tinicum Township Tax Collector

Settlement of Duplicate  
For the Tax Year Ended January 15, 2014  
Tax Year 2013  
(Cash Basis)

---

Amount the Tax Collector is Responsible to Collect

Amount to be Collected in Current Year:

Total Carried Forward from Prior Year	\$	1,149
2013 Tax Year - Original Duplicate		1,826,002
2013 Tax Year - Interim Billings/Adjustments		(512)
2012 Tax Year - Interim Billings/Adjustments		<u>48</u>
Total Amount the Tax Collector is Responsible to Collect	\$	<u>1,826,687</u>

Amount Reported by Tax Collector

Amount Collected from Taxpayers as Reported to the County	\$	1,760,329
Add: Discounts taken by Taxpayers		31,442
Less: Penalties paid by Taxpayers		<u>(5,589)</u>
Amount Collected at Face Value of Tax Bills	\$	1,786,182
Unpaid Taxes to be Liened as Reported to the County:		
2013 Tax Year - Original Duplicate/Interim Billings/Adjustments		<u>40,505</u>
Total Unpaid Taxes before Lien Removals		40,505
Less: Lien Removals from January 16, 2014 to April 25, 2016		<u>(155)</u>
Net Unpaid Taxes to be Liened as Reported to the County		40,350
Less: Refunds at Face Value made by Finance Department from January 16, 2013 to April 25, 2016		( - )
Total Non-Lienables Carried Forward		<u>-</u>
Total Amount Reported by Tax Collector	\$	<u>1,826,532</u>
Variance - Net Amount Under/(Over) Reported to the County	\$	<u>155</u>

See Notes to the Settlement of Duplicates.

County of Bucks  
Tinicum Township Tax Collector

Settlement of Duplicate  
For the Tax Year Ended January 15, 2013  
Tax Year 2012  
(Cash Basis)

---

Amount the Tax Collector is Responsible to Collect

Amount to be Collected in Current Year:

Total Carried Forward from Prior Year	\$	425
2012 Tax Year - Original Duplicate		1,833,754
2012 Tax Year - Interim Billings/Adjustments		<u>263</u>
Total Amount the Tax Collector is Responsible to Collect	\$	<u>1,834,442</u>

Amount Reported by Tax Collector

Amount Collected from Taxpayers as Reported to the County	\$	1,745,274
Add: Discounts taken by Taxpayers		31,155
Less: Penalties paid by Taxpayers		<u>(4,654)</u>
Amount Collected at Face Value of Tax Bills	\$	1,771,775
Unpaid Taxes to be Liened as Reported to the County:		
2012 Tax Year - Original Duplicate/Interim Billings/Adjustments		61,093
2011 Tax Year - Interim Billings/Adjustments		<u>425</u>
Total Unpaid Taxes before Lien Removals		61,518
Less: Lien Removals from January 16, 2013 to April 25, 2016		<u>( - )</u>
Net Unpaid Taxes to be Liened as Reported to the County		61,518
Less: Refunds at Face Value made by Finance Department from January 16, 2012 to April 25, 2016		( - )
Total Non-Lienables Carried Forward:		
2012 Tax Year - Interim Billings/Adjustments		<u>1,149</u>
Total Amount Reported by Tax Collector	\$	<u>1,834,442</u>
Variance - Net Amount Under/(Over) Reported to the County	\$	<u>-</u>

See Notes to the Settlement of Duplicates.

NOTES TO THE SETTLEMENT OF DUPLICATES

**1. Summary of Significant Accounting Policies**

The major accounting principles and practices followed by the Tax Collector and the County are presented below to assist the reader in understanding the Settlement of Duplicates. The accounting principles and practices are presented in conformity with a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

A. Nature of Operations

The Tax Collector is an elected official designated to collect County real estate taxes as well as other taxes. In this jurisdiction, the Tax Collector is an elected official that serves a four (4) year term.

B. Reporting Entity

The accompanying Settlement of Duplicates are presented from only the financial transactions/records directly related to the County real estate taxes handled by the Tax Collector. The financial transactions consist primarily of real estate taxes collected, discounts taken and penalties paid. The Settlement of Duplicates do not present the financial activities of the Tax Collector or the County taken as a whole.

C. Basis of Presentation

The County requires Tax Collectors to settle County real estate taxes on or before January 15<sup>th</sup> of the succeeding year. As such, the County accepted the Settlement of Duplicate format to reflect the activities associated with the settlement of County real estate tax duplicates in the Tax Collector's possession during the period under audit. Specifically, the Settlement of Duplicate presents a reconciliation between the amount of County real estate taxes the Tax Collector is responsible to collect and the collection, lien and non-lien amounts reported by the Tax Collector.

Section 25 (Collection and Payment Over of Taxes) of the *Local Tax Collection Law* requires the Tax Collector to report the monthly real estate tax activities to the County on a standardized form commonly known as the MRTD sheet. Except for the "Refunds at Face Value made by Finance Department" amount, the amounts presented under the "Amount Reported by Tax Collector" section of the Settlement of Duplicate is an accumulation of information reported on the MRTD sheets for the given tax year.

D. Basis of Accounting

The Tax Collector prepares the required MRTD sheets in accordance with the financial reporting provisions prescribed by the Pennsylvania Department of Community and Economic Development, which is essentially the cash basis of accounting. Since the accompanying Settlement of Duplicates are primarily summaries of amounts reported on the MRTD sheets for the given tax years, the Settlement of Duplicates are prepared and presented on the same basis. Under the cash basis, the only asset recognized is cash, and no liabilities are recognized. Unless otherwise noted, the County portion of the real estate tax revenue collected and disbursed by the Tax Collector during a given

*Continued...*

NOTES TO THE SETTLEMENT OF DUPLICATES

**1. Summary of Significant Accounting Policies (Continued)**

D. Basis of Accounting (Continued)

tax year is presented on the accompanying Settlement of Duplicates as the "Amount Collected from Taxpayers as Reported to the County". The cash basis differs from U.S. generally accepted accounting principles primarily because the effects of accounts receivable and accounts payable are not reflected in the accompanying Settlement of Duplicates. The cash basis of accounting is an acceptable basis of accounting for the Settlement of Duplicates.

E. Amount to be Collected

Upon successful settlement of a prior year duplicate, on February 1<sup>st</sup> of each year the County issues to the Tax Collector the current year's tax duplicate, which represents County real estate taxes to be collected. In addition to the duplicate, the County may issue, throughout the year, interim adjustments. Therefore, the total amount of County real estate taxes to be collected in a tax year is the duplicate amount plus and/or minus any interim adjustment amounts.

F. Cash

Deposits in the banking institutions are insured by the Federal Deposit Insurance Corporation and/or are fully collateralized by a pledge or assignment of assets pursuant to Act No. 72 of the General Assembly.

G. Original Duplicate/Interim Billings/Adjustments

The Original Duplicate/Interim Billings/Adjustments amounts presented under the "Amount the Tax Collector is Responsible to Collect" on the accompanying Settlement of Duplicates represent the total original duplicate plus and/or minus all applicable interim adjustments issued for the period indicated.

H. Date of Management's Review

The Tax Collector has evaluated subsequent events through April 25, 2016, the date on which the Settlement of Duplicates were available to be issued. No events have taken place that affect the Settlement of Duplicates or require disclosure.

**2. Remittances to the County**

The \$1,745,274 reported on the accompanying Settlement of Duplicate for the tax year ended January 15, 2013 as the "Amount Collected from Taxpayers as Reported to the County" is derived from the MRTD sheets submitted by the Tax Collector to the County. A comparison of the amount reported to be collected to the amount actually disbursed to the County disclosed that the Tax Collector actually disbursed \$1,745,420 as of the January 15, 2013 settlement date, which resulted in a variance of \$146. The specific cause of this variance is further discussed in the Report to Management.

*Continued...*

NOTES TO THE SETTLEMENT OF DUPLICATES

**3. Net Amount Under Reported to the County**

As indicated on the accompanying Settlement of Duplicate for the tax year ended January 15, 2014, the Tax Collector under reported \$155. The specific cause of this variance is further analyzed in the Report to Management.



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## REPORT ON SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To Commissioner Robert G. Loughery, Chairman  
County of Bucks  
Commissioners' Office  
55 East Court Street  
Doylestown, PA 18901

In planning and performing our audit of the Settlement of Duplicates, for the tax years ended January 15, 2014 and 2013, in accordance with U.S. generally accepted auditing standards, we considered the Tax Collector's internal control over the financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Settlement of Duplicates, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 Tax Collector's Settlement of Duplicates will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

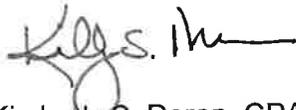
A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in F1. of the Internal Control section, F1. of the Cash - Bank Analysis section, F1. of the Cash Receipts Analysis section, F1. and F2. of the Compliance section and F1. - F3. of the Settlement of Duplicate section of the Report to Management to be significant deficiencies.

The Tax Collector's written responses to the findings identified in our audit and presented in the

*Continued...*

Report to Management were not subjected to the audit procedures applied in the audit of the Settlement of Duplicates and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Tax Collector and the County. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Kimberly S. Doran, CPA, Acting Bucks County Controller  
Doylestown, Pennsylvania

April 25, 2016  
14-34

REPORT TO MANAGEMENT

COVER LETTER

We have audited the Settlement of Duplicates, applicable to County real estate taxes of the Tax Collector, for the tax years ended January 15, 2014 and 2013. Professional standards require that we provide the Tax Collector with information about our responsibilities under U.S. generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to the Tax Collector dated September 9, 2014. Professional standards also require that we communicate the following information related to our audit.

Audit Findings Overview

*Qualitative Aspects of Accounting Practices*

The Tax Collector is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Tax Collector are described in Note 1 to the Settlement of Duplicates. No new accounting policies were adopted and the application of existing policies was not changed during the audit period. We noted no transactions entered into by the Tax Collector during the audit period for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the Settlement of Duplicates in the proper period.

The Settlement of Duplicate disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with the Tax Collector in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. As a result of the audit procedures, we did not detect any misstatements that were not trivial applicable to the Settlement of Duplicate for the tax year ended January 15, 2014. However, the Settlement of Duplicate section of the Report to Management provides details of the uncorrected misstatement to the Settlement of Duplicate for the tax year ended January 15, 2013. Management has determined that the effect of the uncorrected misstatement is immaterial, both individually and in the aggregate, to the Settlement of Duplicate taken as a whole for the tax year ended January 15, 2013.

Disagreements with the Tax Collector

For purposes of this letter, a disagreement with the Tax Collector is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the Settlement of Duplicates or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

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REPORT TO MANAGEMENT

COVER LETTER

Representations from the Tax Collector

We have requested certain representations from the Tax Collector that are included in the management representation letter dated April 25, 2016.

Purpose

In reviewing this report, it is important to remember that this letter addresses those conditions that we believe should be brought to the attention of the Tax Collector, and accordingly, does not recite the other sound controls that presently exist. Furthermore, our suggestions should not be construed as a criticism of or a reflection on the integrity of the Tax Collector.

Report Distribution

This report is intended solely for the information and use of the Tax Collector and the County. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Legend:

F – Finding

R – Recommendation

The Tax Collector's Office consisted of one (1) Tax Collector.

During our audit, we became aware of significant deficiencies in internal control that have been identified as such in the separate report titled "Report on Significant Deficiencies and Material Weaknesses" dated April 25, 2016. The Internal Control, Cash - Bank Analysis, Cash Receipts Analysis, Compliance and Settlement of Duplicate sections of the Report to Management detail the significant deficiencies noted in the Tax Collector's control environment and our recommendations for improvement. The Report to Management does not affect our "Independent Auditors' Report" dated April 25, 2016, on the Tax Collector's Settlement of Duplicates.

Internal Control

A review of the internal control environment disclosed the following:

- F1. A review of the financial transactions recorded and the procedures performed by the Tax Collector revealed that there was a general lack of segregation of duties among the authorization, execution and recording of the County real estate tax transactions and the related assets.
- R1. Although a one-person staff does not afford the Tax Collector the opportunity to separate incompatible duties, audit guidance requires the reporting of such a condition. The basic premise to any internal control structure is that no one (1) individual should have access to both physical assets and the related accounting records or to all phases of a transaction.

Auditee's Response:

- F1. Unfortunately, I am a small collector with no need for help or to hire another person.

Cash - Bank Analysis

Included within the audit were procedures to verify, through random selection of monthly bank statements, that the Tax Collector made only appropriate disbursements, maintained up-to-date checkbook balances, prepared monthly bank reconciliations and utilized the account for only tax collection activities.

- F1. In order to determine whether the Tax Collector maintained adequate accounting records to support the source of funds that made up the \$46,757 and \$46,773 adjusted bank statement balances as of January 15, 2014 and 2013, respectively, we reviewed documents and inquired as to the composition of these balances. This analysis disclosed that the Tax Collector could not determine the source of \$7,825 and \$8,680 of the adjusted bank statement balances, respectively.
- R1. If this condition still exists, the Tax Collector should immediately take the necessary steps to determine the composition of the bank statement balance.

*Continued...*

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Cash - Bank Analysis (Continued)

F2. A review of the June 2013 bank statement disclosed that the Tax Collector accepted the repayment of one (1) tax payment that was initially paid by check in the prior period but was returned by the bank as having non-sufficient funds. Since the repayment was received in the penalty period, the appropriate tax payment amount should have included an additional \$25, which represented the 10% penalty. Consequently, the acceptance of this transaction by the Tax Collector resulted in a \$25 under submission of County real estate taxes. In addition, the tax records were not adjusted to reflect the actual payment date, which was the replacement payment date.

R2. The Tax Collector should be reminded of the importance of insuring that the amount of the real estate tax payment is appropriate for the period in which it was collected. In accordance with Section X of the *Tax Collector's Manual*, "Acceptance of a check from a taxpayer is at most only a conditional payment of taxes; the taxes are not considered fully paid until the check has cleared." Furthermore, the Tax Collector should contact the Finance Department for clarification on the policy for handling checks returned for insufficient funds.

Additionally, the Tax Collector should be reminded of the importance of updating the payment date information in the tax collection records to reflect both the non-sufficient funds notification and the replacement payment dates.

F3. Included within the review of the bank reconciliations were procedures to verify the completeness of the checkbook and the accuracy of the running balance. This review disclosed that although the Tax Collector maintained a checkbook during the audit period, the following issues were noted:

- A running balance was not recorded after each transaction entered in the checkbook.
- Transactions were not always entered in chronological order, resulting in an inaccurate running balance when calculated.
- Transaction descriptions were not always complete.

R3. The Tax Collector should be reminded of the importance of maintaining an accurate, up-to-date checkbook showing all deposit, disbursement and adjustment dates, descriptions and amounts. Furthermore, the maintenance of an accurate checkbook and running balance would provide the Tax Collector with the basis for preparing accurate monthly bank reconciliations.

Auditee's Response:

F1. I will look into this and believe that most of it is Palisades School District funds that was unresolved.

F2. I will be more conscious and aware of doing this in a timely manner.

F3. I will and am trying to do a better job at doing this.

*Continued...*

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Cash Receipts Analysis

As a part of the audit, we reviewed a sample of paid tax notices and deposits to determine whether payments were properly recorded and deposited intact and in a timely manner.

- F1. An analysis of a sample of debit interim adjustments disclosed that the receipt information applicable to an interim tax bill payment could not be traced to the Tax Collector's records in 25% of the four (4) debit interim adjustments examined. Consequently, the auditors were unable to verify that this was a valid payment.
- R1. The Tax Collector should be reminded of the importance of maintaining all documentation that supports deposits of County real estate taxes.
- F2. In 33% of the six (6) deposits examined, the tax payments were not deposited in a timely manner.
- R2. All tax payments should be processed, posted, reconciled and deposited intact on the day of payment or by the next business day.

Auditee's Response:

- F1. I will look into this one payment.
- F2. I try to make deposits every day or the day after the receipt of the payments, but sometimes with the volume, I can't always do it. I am continually trying to do this.

Compliance

In order to determine whether the Tax Collector was in compliance with certain provisions of the *Tax Collector's Manual*, *Local Tax Collection Law* and County policies, we reviewed MRTD sheets, tax notices, disbursement practices and other appropriate documentation.

- F1. A review of the November 2012 MRTD payment detail sheet disclosed that the Tax Collector did not timely report and remit the collection of eight (8) payments made during the discount and face periods. Since the payments were not remitted to the County until the penalty period, the appropriate amount remitted to the County should have included an additional \$556, which represents the difference between the amount reported to be collected and the 10% penalty amounts associated with these tax notices. Based on the nature of this error, the Tax Collector should have forwarded an additional \$556 of personal funds to rectify this condition.
- R1. In accordance with Section 25 of the *Local Tax Collection Law*, "The collector shall pay over on or before the tenth day of each month...all monies collected as taxes during the previous month..." Furthermore, the Tax Collector should contact the Finance Department for clarification on the policy for untimely remittances to the County.
- F2. A review of the debit and credit interim adjustments, which are issued by the Board of Assessment, disclosed the following:
- In 13% of the eight (8) interim and adjusted tax notices examined, an allocation of County and Township amounts due were not shown.

Continued...

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Compliance (Continued)

- In 75% of the eight (8) interim and adjusted tax notices examined, the collection periods were not correctly stated.
  - In 25% of the eight (8) interim and adjusted tax notices examined, the tax notice was not issued in a timely manner.
- R2. The Tax Collector should be reminded of the importance of issuing interim and adjusted tax notices in accordance with the guidelines established in the *Tax Collector's Manual*.
- F3. An analysis of the disbursements made by the Tax Collector to the County disclosed that County real estate tax revenue transfers over \$50,000 were not in compliance with the wiring of funds requirement established by the Finance Department.
- R3. In order to afford the County the opportunity to maximize interest on the collection of County real estate tax revenue, the Tax Collector should strictly adhere to the guidelines issued by the Finance Department regarding the timely and appropriate submission of revenue.

Auditee's Response:

- F1. These were items that were collected and not posted to the monthly report they were collected in. These were oversights and were found during the year end reconciliation. I try not to let this happen. I am now aware (did not remember) that I should pay the penalty amount from my personal funds.
- F2. I am aware of the issuance policy of interims and should be and am trying to do better.
- F3. I will try and am doing better with this.

Settlement of Duplicate

In order to determine whether the Settlement of Duplicates were accurately presented, we reviewed the MRTD sheets submitted to the Finance Department. The review included a verification of the cash collected, discounts taken, penalties paid and debit and credit interims including lienable and non-lienable amounts.

- F1. The Tax Collector accepted but did not report or remit a tax payment to the County applicable to a discount payment of a 2012 Tax Year – Original Duplicate Billing for one (1) parcel. Although the Tax Collector processed the tax payment, the parcel was erroneously lienied by the Tax Collector. The effect of this condition on the accompanying Settlement of Duplicate was a \$380 understatement of the "Amount Collected at Face Value of Tax Bills" and a \$380 overstatement of "Net Unpaid Taxes to be Lienied as Reported to the County" for the tax year ended January 15, 2013. In an effort to rectify this condition, in April 2013 the Tax Collector forwarded a payment from the tax collection bank account to the Tax Claim Bureau for the outstanding lien amount plus the associated fees. Since the original payment was made during the discount period, this transaction resulted in a \$95 over remittance of funds actually collected. Due to the cause of this condition, the additional \$95 required to pay off the lien and the associated fees should have come from the Tax Collector's personal funds.

*Continued...*

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Settlement of Duplicate (Continued)

- R1. The Tax Collector should be reminded of the importance of accurately recording the receipt of tax payments and the subsequent remittance of those funds to the County. Furthermore, the Tax Collector should reimburse the tax collection bank account, from the Tax Collector's personal funds, for the excess disbursement made to the Tax Claim Bureau.
- F2. Although we determined that the combined Settlement of Duplicate for the tax year ended January 15, 2014 was fairly presented, in all material respects, we noted the following variance within the individual settlements:

Item to be Settled	Under/(Over) Reported to the County
2012 Tax Year – Interim Billings	\$ -
2013 Tax Year – Original Duplicate/Interim Billings	<u>155</u>
Variance – Net Amount Under Reported to the County	<u>\$ 155</u>

Upon analyzing the net under reported variance, we believe that the following condition attributed to the variance:

Variance – Net Amount Under Reported to the County	\$ 155
Less: One (1) Parcel that was Not Accounted for by the Tax Collector	<u>(155)</u>
Unidentified Net Variance	<u>\$ -</u> <sup>(a)</sup>

(a) The Tax Collector properly requested the removal of a parcel liened in error but did not remit or report the real estate taxes associated with the correct parcel that should have been liened. The effect of this condition on the accompanying Settlement of Duplicate resulted in a \$155 understatement of the "Total Amount Reported by Tax Collector" for the tax year ended January 15, 2014.

- R2. It is the Tax Collector's responsibility to prepare and maintain accurate accounting records to support all transactions involving the collection and disbursement of County real estate taxes and to settle all duplicates to zero. As previously indicated, there is an identified, outstanding under reported variance of \$155. Based on the nature of this condition, the Tax Collector is personally responsible for rectifying this matter and for filing all necessary amendments with the County.
- F3. As indicated in Note 2 to the Settlement of Duplicates, the amount of County real estate tax collections over remitted to the County for the tax year ended January 15, 2013 was \$146 when compared to the amount reported to be collected.

*Continued...*

REPORT TO MANAGEMENT

FINDINGS AND RECOMMENDATIONS

Settlement of Duplicate (Continued)

R3. If this condition still exists, the Tax Collector should take the necessary steps to research and resolve this issue with the County.

Auditee's Response:

F1. I am aware that I should use personal funds for this. I will make that deposit.

F2. I will be more aware of how to properly handle the removal of a lien.

F3. I will look into this.

EXIT CONFERENCE ATTENDANCE

An exit conference was held via conference call on April 29, 2016. Those participating in the conference call were:

Tinicum Township Tax Collector

Kimberly Hinrichs, Tax Collector

Controller's Office

Denise Rimby, CPA, Audit Supervisor  
Dana M. Conboy, CPA, Auditor

The results of the audit were presented and discussed in their entirety.