



**City of Philadelphia  
Office of the City Controller**

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**Controller's Office Releases Performance Audit  
of Sheriff's Office Custodial Accounts**

*Report shows serious findings, including lack of compliance with the City's Home Rule Charter.*

**Philadelphia, PA** – The Office of the City Controller released its performance audit of the Sheriff's Office custodial accounts, the bank accounts in which the proceeds from mortgage and tax foreclosure sales administered by the Sheriff's Office are deposited. The audit identified serious internal control and compliance deficiencies in the Sheriff's Office management, operation, and use of its custodial accounts.

"The findings in the audit are serious and need immediate attention. They demonstrate the deeply entrenched problems in the Sheriff's Office, problems that Sheriff Bilal inherited from the Sheriffs before her," said City Controller Rebecca Rhynhart. "I strongly encourage Sheriff Bilal to use this audit and its recommendations to develop a detailed plan and timeline to fix each issue in order to safeguard taxpayer money and bring the Sheriff's Office into compliance with the laws of the City's Home Rule Charter."

The audit period was from July 1, 2015 through December 31, 2019 (Initial Period) under Sheriff Jewell Williams's Administration. The audit scope was expanded to include the first year of Sheriff Rochelle Bilal's Administration, January 1, 2020 through December 31, 2020 (Expanded Scope).

Key Findings

**Lack of a Comprehensive Accounting System; Inability to Produce Complete Financial Records.** A comprehensive accounting system or general ledger is a means for tracking an entity's total financial accounts with a complete record of financial transactions. The Sheriff's Office maintains a bank account for each custodial account but does not have a comprehensive accounting system

to track overall balances. The lack of a comprehensive accounting system impedes the Sheriff's Office's ability to provide accurate financial reporting, maintain accurate account balances or provide an adequate audit trail for its custodial accounts' financial activity. It also increases the risk of waste, fraud, or abuse occurring and not being detected in a timely manner.

**Inadequate Accounting of Fee Revenue.**

All revenues received by the Sheriff's Office from fees or payment of costs for services rendered by the Sheriff's Office are revenues of and should be remitted to the City. The Sheriff's Office does not maintain adequate recordkeeping procedures to account for fee revenue collected. As a result, it is unlikely that the Sheriff's Office remits all revenues and fees to the City as required. Additionally, the revenues reported to the City with respect to the Sheriff's Office do not accurately reflect the actual revenue collections made by the Sheriff's Office and the Office of the Director of Finance is unable to provide full oversight over financial activities of the Sheriff's Office.

**Unauthorized Spending from Custodial Accounts.**

All spending, including spending by the Sheriff's Office for conducting Sheriff's Sales, should be part of the Sheriff's Office's approved budget appropriation from the City. However, the Sheriff's Office spends money on discretionary purchases, including purchases typically allocated for as part of the budget process, lobbying and legal fees, and purchases of items for which the City would not allocate funds, with monies from the custodial accounts. The Sheriff's Office also pays for advertising costs for Sheriff's Sales through the custodial accounts. Spending outside of the City's budget process and making purchases without the approval of any other entity, increases the risk for fraud, waste, mismanagement and/or abuse.

Other findings include arbitrary advertising practices, a lack of accountability over custodial funds, lack of formal written policies and procedures, inadequate segregation of duties, and non-compliance with the City's procurement policies for purchases made with the custodial accounts. Additionally, we observed that the Sheriff's Office's bank reconciliation process is inadequate due to the lack of a recorded book balance to reconcile to and therefore cannot be relied upon and that the Sheriff's Office is operating outside of the checks and balances established in the Home Rule Charter to protect taxpayer funds from mismanagement or misuse.

[View the full report, including recommendations for remediating the findings, here.](#)