



STEPHEN J. BARRON, JR., CFE

CONTROLLER OF NORTHAMPTON COUNTY

NORTHAMPTON COUNTY COURTHOUSE
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TIMOTHY P. BRENNAN, ESQ.
Solicitor

**INDEPENDENT INTERNAL AUDITOR'S REPORT
ON AGREED-UPON PROCEDURES**

Members of the Northampton County Council
John Stoffa, County Executive
County of Northampton, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the County Executive solely to assist you with evaluating the County's Cash Collection Process in the Children, Youth and Families Division for the six month period ended May 31, 2012. Management is responsible for the internal control over the cash collection process. This Agreed-Upon Procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

1. **Procedure:** Review cash collection work assignments to determine if a proper segregation of duties is in place.

Findings: The segregation of duties in the Children, Youth and Families Division provides for adequate control over the cash collection work assignments.

2. **Procedure:** Determine if deposits are made on the day cash is received.

Findings: Deposits are not made on the day cash is received. It is Children, Youth and Families Division's policy to make deposits weekly. Testing revealed that deposits are made within the week timeframe except for one deposit which we were unable to verify because the received date could not be determined.

3. **Procedure:** For departments with bank accounts:
 - a. Determine if bank reconciliations are done monthly and reviewed by a supervisor.
 - b. Agree account balances to IFAS.

- c. Select a sample of 5 receipts and verify that they were deposited on the same day and if possible, that the cash/check mix agrees to the validated deposit slip.
- d. Select a sample of 5 disbursements and examine the cancelled check to verify the payee, amount, and endorsement.

Findings: The Children, Youth and Families Division currently has five bank accounts. The following is a summary of testing performed:

- a. Bank reconciliations are performed for every bank statement but they are not always done in the month the statement is received. Supervisory review is evidenced by a signature and date of the reviewer.
- b. During the reconciliation process, the cash balance is reconciled to the balance on IFAS. However, for two of the five bank accounts, the cash balance did not always agree to IFAS.

For one of these bank accounts, IFAS balance did not agree to the actual cash balance because journal entries were not prepared and posted for transactions that occurred in three of the six months tested. For the other bank account, the preparer was performing the bank reconciliation incorrectly and reconciling to the deferred revenue line item instead of the asset line item for four of the six months tested.

- c. See Procedure #2 for verification of timeframe for deposits. The check/cash detail per the validated deposit receipt was available for four of the five items tested since they were deposited in Revenue. No exceptions were noted.
- d. Based on detailed disbursement testing, no exceptions were noted with the payees and amounts. The bank no longer provides the cancelled check and the copy included with the bank statement only shows the face of the check. Per a review of these copies, there was no indication that the payee was altered but the endorsements could not be verified.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the County's Cash Collection Process. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the County of Northampton, Pennsylvania and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



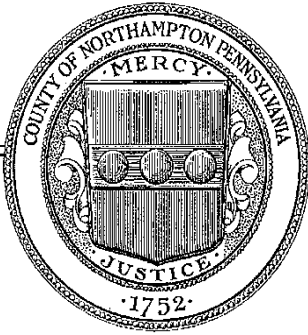
Stephen J. Barron, Jr., CFE
County Controller



Kathleen A. Kuzma, MBA, CPA, CGMA
Lead Auditor

August 1, 2012

cc: K. Dolan, Director of Children, Youth and Families Division
D. Hamann, Acting Director of Fiscal Affairs
R. Marcus, Director of Human Services
L. Lewis, CYF Fiscal Operations Officer II



COUNTY OF NORTHAMPTON

DEPARTMENT OF HUMAN SERVICES

CHILDREN, YOUTH AND FAMILIES DIVISION – FISCAL OFFICE

GOVERNOR WOLF BUILDING
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August 24, 2012

Kathleen A. Kuzma, MBA, CPA, CGMA
Lead Auditor
County of Northampton

Dear Kathy:

Below is our Program Improvement Plan/Plan of Correction for the review conducted covering the six month period ending May 31, 2012.

2. Staff have been informed to print and use a dated receipt from the computer in all instances of acceptance of any type of in person payment received in the fiscal office.

3. Bank Reconciliations:
 - a) Staff have been reminded that bank statements are to be reconciled on a monthly basis in the month they are received.
 - b) CYF fiscal staff prepares the Journal Entries and sends them up to the Government Center for processing. We have no control over when Entries are processed into IFAS. CYF fiscal staff will continue to identify any differences between the bank statement and IFAS, prepare the Journal Entry and note the adjustment on the bank statement until the Journal Entry is processed in IFAS. Also, staff have been instructed on which number to reconcile to and for the purposes of the bank reconciliations, it is always the asset account.

Sincerely,

Linda G. Lewis
Fiscal Operations Officer II

CC: Kevin E. Dolan, CYF Administrator
File