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Independent Auditors' Report

**NORTHAMPTON
COUNTY OFFENDERS'
SUPERVISION FEE
ACCOUNT (ACT 35)**

Fiscal Year Ended June 30, 2012

**Office of the Controller
County of Northampton
Pennsylvania**

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Offenders' Supervision Fee Account (Act 35)
For the Fiscal Year Ended June 30, 2012

Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Statement of Revenues and Expenditures For the Fiscal Year Ended June 30, 2012	3
Notes to Financial Statement	4 - 5
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters	6 - 7
Schedule of Audit Findings and Recommendations	8 - 9



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INDEPENDENT AUDITORS' REPORT

Members of the Northampton County Council
John Stoffa, County Executive
Honorable F.P. Kimberly McFadden, President Judge
County of Northampton, Pennsylvania

We have audited the Statement of Revenues and Expenditures of the Northampton County Offenders' Supervision Fee Account (Act 35), as of and for the fiscal year ended June 30, 2012. This financial statement is the responsibility of the County of Northampton Adult Probation's management, on behalf of the Northampton County Court of Common Pleas. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Revenues and Expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Revenues and Expenditures of the Northampton County Offenders' Supervision Fee Account (Act 35). We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the accompanying financial statement is intended to present the results of operations of only that portion of the General Fund assigned the cost center entitled "Adult Probation" of the County of Northampton, Pennsylvania for the Northampton County Offenders' Supervision Fee Account (Act 35) for the fiscal year ended June 30, 2012 and is not intended to present fairly the financial position and results of operations of the County of Northampton, Pennsylvania, in conformity with accounting principles generally accepted in the United States of America.

(Continued)

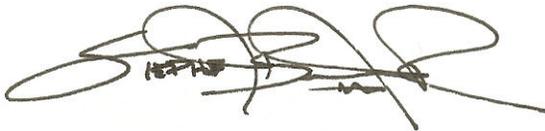
Members of the Northampton County Council
John Stoffa, County Executive
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County of Northampton, Pennsylvania
--Page Two--

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the Northampton County Offenders' Supervision Fee Account (Act 35) for the fiscal year ended June 30, 2012 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2013, on our consideration of the County of Northampton Adult Probation and Clerk of Courts – Criminal Division's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended for the information and use of the management of the County of Northampton, Pennsylvania, the Court of Common Pleas, and the Pennsylvania Board of Probation and Parole. However, this report is a matter of public record and its distribution is not limited.

Very truly yours,



Stephen J. Barron, Jr., CFE
County Controller



Paul L. Albert, CIA
Lead Auditor

April 8, 2013

COUNTY OF NORTHAMPTON, PENNSYLVANIA
 Offenders' Supervision Fee Account (Act 35)
 Statement of Revenues and Expenditures
 For the Fiscal Year Ended June 30, 2012

Balance, July 1, 2011	\$	-0-
<i>Collections:</i>		
Amount Retained by County (Note 3)	214,098	
Amount Reimbursed by Commonwealth (Note 4)	<u>216,609</u>	
Total Collections		<u>430,707</u>
Total Available		430,707
<i>Expenditures:</i>		
Adult Probation: Salaries, Benefits and Operating Expenses	<u>430,707</u>	
Total Expenditures		<u>430,707</u>
Balance, June 30, 2012	\$	<u>-0-</u>

The accompanying notes are an integral part of the financial statement.

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Offenders' Supervision Fee Account (Act 35)
Notes to Financial Statement
For the Fiscal Year Ended June 30, 2012

NOTE 1: Summary of Significant Accounting Policies

Basis of Accounting

The County of Northampton, Pennsylvania uses the modified accrual basis of accounting for its General Fund. Under a modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liabilities are incurred.

Basis of Presentation-Fund Accounting

The accounts of the County of Northampton, Pennsylvania are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. The General Fund is the general operating fund of the County. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

Financial Reporting Entity

The Adult Probation Division represents one of many divisions accounted for by the County of Northampton, Pennsylvania in its General Fund. Its revenues and expenditures are accounted for within the fund through the use of a specifically assigned cost center.

The Pennsylvania Code, Title 37, Chapter 68, Section 68.54 Audit Reporting Requirements

Title 37 of The Pennsylvania Code, Chapter 68 County Offender Supervision Fee Program, Section 68.54 Audits states that "Independent audits shall be conducted, by or on behalf of, county or state officials at least annually to determine the county's compliance to statutes, court orders, policies and procedures."

NOTE 2: Administration of Program

Title 37, Chapter 68, Section 68.21 states that "The sentencing judge of the court of common pleas shall impose upon an offender, as a condition of supervision, a monthly supervision fee unless the court of a supervising agency designated by the court determines that it should be reduced, waived or deferred" based upon criteria set forth in Section 68.21.

Further, Section 68.22 states "The president judge of the court of common pleas shall appoint an appropriate person to implement the Program. The designated official shall develop policies and procedures which clearly communicate the importance of fee collection and monitoring of payments to managers, supervisors

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Offenders' Supervision Fee Account (Act 35)
Notes to Financial Statement
For the Fiscal Year Ended June 30, 2012

and probation officers.” The County’s Chief Adult Probation Officer was designated to run the Program in Northampton County.

In addition, Section 68.51 explains “The president judge of the court of common pleas and the board of county commissioners/county executive shall designate an appropriate county agency to be responsible for collection of supervision fees. The collecting agency shall deposit, at least monthly, 50% of the fees collected into the County Offender Supervision Fund. The remaining 50% shall be deposited with the county clerk of courts for transmittal to the Board through the Department of Revenue.” The Criminal Division was designated to collect supervision fees and disburse them to the appropriate parties on a monthly basis.

NOTE 3: Amount Retained by County

This amount represents the monthly portion of supervision fees that were retained by the County and credited as revenue to the Adult Probation Division.

NOTE 4: Amount Reimbursed by Commonwealth

This amount includes funds that were remitted to the Commonwealth for the time period May 2011 to April 2012, which the Commonwealth then sent back to Adult Probation in two six-month payments. Actual collections remitted to the State for the period July 1, 2011 to June 30, 2012 amounted to \$210,597.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of the Northampton County Council
John Stoffa, County Executive
Honorable F.P. Kimberly McFadden, President Judge
County of Northampton, Pennsylvania

We have audited the Statement of Revenues and Expenditures of the Northampton County Offenders' Supervision Fee Account (Act 35) as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated April 8, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Adult Probation and the Criminal Division are responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Adult Probation's and the Criminal Division's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Statement of Revenues and Expenditures, but not for the purpose of expressing an opinion on the effectiveness of Adult Probation's and the Criminal Division's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Adult Probation's and Criminal Division's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Members of the Northampton County Council
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County of Northampton, Pennsylvania

--Page Two--

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

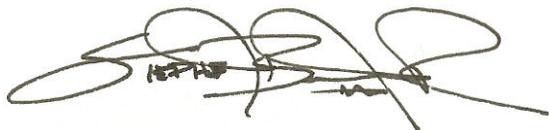
As part of obtaining reasonable assurance about whether the County of Northampton's Offenders Supervision Fee Account (Act 35) financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Adult Probation and the Criminal Division in the accompanying schedule of audit findings and recommendations.

The Adult Probation and Clerk of Courts – Criminal Division's response to the findings identified in our audit is described in the accompanying schedule of audit findings and recommendations. We did not audit the Adult Probation and Clerk of Courts – Criminal Division's response and, accordingly we express no opinion on it.

This report is intended solely for the information and use of the management of the County of Northampton, Pennsylvania, the Court of Common Pleas, the Pennsylvania Board of Probation and Parole, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Stephen J. Barron, Jr., CFE
County Controller



Paul L. Albert, CIA
Lead Auditor

April 8, 2013

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Offenders' Supervision Fee Account (Act 35)
Schedule of Audit Findings and Recommendations
For the Fiscal Year Ended June 30, 2012

A. Entering Data into CPCMS

OBSERVATION

We reviewed 40 cases that were assigned supervision fees and found that in five cases the incorrect amount of supervision fee was entered into CPCMS, the Criminal Division's statewide computer system.

RECOMMENDATION

Greater care should be taken by Criminal Division clerical technicians when entering information into CPCMS. If time or manpower constraints do not allow the proofing of data entry, then management should review a sample of transactions to ensure they are entered correctly. If errors are found, employees should be counseled on the importance of accurately entering data into CPCMS.

MANAGEMENT RESPONSE

Leigh Ann Fisher, Clerk of Courts Criminal

Management will contact IT to have a report generated on a monthly basis for "OSP" (Offender Supervision Program) assessments. Management will review report monthly for accuracy of data entry. Management will counsel employees on the importance of accurate data being entered.

B. Tracking Paperwork Sent to the Criminal Division

OBSERVATION

Supervision fees were not found in CPCMS for two of the fifteen cases we selected in which the supervision fee paperwork originated in Adult Probation. Both of these cases involved defendants that moved into Northampton County from another county. The originating county did not transfer the case electronically to the Criminal Division so a case number was never established in CPCMS and fees weren't recorded.

After Criminal enters the supervision fee into CPCMS, they write the case number on the form and send a copy of it back to the probation officer.

RECOMMENDATION

Probation officers should track the "Petition for Parole" and "Out of County Supervision Fee" forms sent to the Criminal Division to ensure they're returned from Criminal with

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Offenders' Supervision Fee Account (Act 35)
Schedule of Audit Findings and Recommendations
For the Fiscal Year Ended June 30, 2012

the County's case number written on it signifying that Criminal received the form and entered the fees into CPCMS.

MANAGEMENT RESPONSE

Marie D. Bartosh, Chief Adult Probation Director

The Northampton County Adult Probation Department will continue to work closely with Northampton County Clerk of Criminal Courts to assure compliance with the supervision fee standards provided by the State of Pennsylvania. Specifically, Probation Officers will be instructed to assure that forms are returned from Criminal Division that indicate the creation of accounts that are transferred in from outside counties. Also, staff will review parole cases to make sure their accounts include the appropriate amount of supervision fee. Lastly, there are plans to update the department policy manual to assure it has detailed procedures regarding supervision fee, including the above noted steps.