



STEPHEN J. BARRON, JR., CFE

CONTROLLER OF NORTHAMPTON COUNTY

NORTHAMPTON COUNTY COURTHOUSE
669 WASHINGTON STREET
EASTON, PENNSYLVANIA 18042

FRANK S. KEDL, CIA
Audit Manager

PHONE (610) 559-3186
FAX (610) 559-3137

TIMOTHY P. BRENNAN, ESQ.
Solicitor

**INDEPENDENT INTERNAL AUDITOR'S REPORT ON APPLYING AGREED-UPON
PROCEDURES TO ANALYZE PAYMENTS MADE TO COUNTY VENDORS**

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 Director of Fiscal Affairs, solely to assist you with evaluating the integrity of the County's system for making payments to vendors via check. Management is responsible for maintaining adequate internal controls over vendor payments. To achieve our objectives, we used computer-based analytical procedures on check and vendor data available in the Bi-Tech financial system. We included in our sample all Accounts Payable checks issued by the County between the period 7/1/11 – 6/30/12. 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:** Ensure that duplicate payments are not made to vendors.

Findings: All payments that appeared to be duplicates were reviewed. Three out of 12 matched payments were revealed as duplicates and are being addressed by Fiscal Affairs for recovery of \$872.10 from three vendors. One out of 11 unmatched payments was revealed as a duplicate and should be addressed by Fiscal Affairs for recovery of \$5.86 from vendor.

2. **Procedure:** Ensure that each vendor is assigned only one PEID.

Findings: All vendors appearing to have multiple vendor codes were investigated and explained. There were no duplicate payments made to vendors with approved multiple vendor codes.

3. **Procedure:** Review checks for gaps in check numbers. Investigate findings.

Findings: Gaps in check numbers were noted; all gaps were investigated and explained. All checks issued were accounted for.

4. **Procedure:** Analyze vendors with highest disbursement amounts.

Findings: It was determined that, due to the nature of this test, it is unlikely to detect fraud. This test was not performed.

5. **Procedure:** Investigate late payments

Findings: We reviewed all invoices over \$500 for late payments that were received by the vendor later than 180 days. Explanations were adequate for all late payments. There were no late fees incurred by the County.

6. **Procedure:** Investigate any negative check amounts.

Findings: No negative check amounts were noted.

7. **Procedure:** Search for fictional vendors.

Findings: There were no indications that payments were made to fictional vendors.

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 system for making payments to vendors via check. 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.



Stephen J. Barron, Jr., CFE
County Controller

December 5, 2012

cc: Doran Hamann