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Independent Auditors' Report

**NORTHAMPTON
COUNTY OFFENDER
SUPERVISION FEE
PROGRAM**

Fiscal Year Ended June 30, 2014

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

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Offender Supervision Fee Program
For the Fiscal Year Ended June 30, 2014

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INDEPENDENT AUDITORS' REPORT

Members of the Northampton County Council
John A. Brown, County Executive
Honorable Stephen G. Baratta, President Judge
County of Northampton, Pennsylvania

We have audited the Statement of Revenues and Expenditures of the Northampton County Offender Supervision Fee Program established by Act 35 of 1991, as of and for the fiscal year ended June 30, 2014. This financial statement is the responsibility of the Northampton County 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 Offender Supervision Fee Program. 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 Offender Supervision Fee Program for the fiscal year ended June 30, 2014 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.

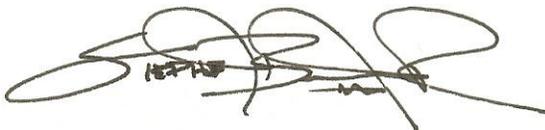
Members of the Northampton County Council
John A. Brown, County Executive
Honorable Stephen G. Baratta, President Judge
County of Northampton, Pennsylvania
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In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the Northampton County Offender Supervision Fee Program for the fiscal year ended June 30, 2014 in conformity with accounting principles generally accepted in the United States of America except for the effects of not assessing supervision fees on defendants under the supervision of the Driving Under the Influence (DUI) Program.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2015, on our consideration of the Northampton County 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 22, 2015

COUNTY OF NORTHAMPTON, PENNSYLVANIA
 Offender Supervision Fee Program
 Statement of Revenues and Expenditures
 For the Fiscal Year Ended June 30, 2014

Balance, July 1, 2013		\$	-0-
Collections:			
Amount Retained by County (Note 3)	158,195		
Amount Reimbursed by Commonwealth (Note 4)	<u>162,431</u>		
Total Collections			<u>320,626</u>
Total Available			320,626
Expenditures:			
Adult Probation: Salaries, Benefits and Operating Expenses	<u>320,626</u>		
Total Expenditures			<u>320,626</u>
Balance, June 30, 2014		\$	<u>-0-</u>

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

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Offender Supervision Fee Program
Notes to Financial Statement
For the Fiscal Year Ended June 30, 2014

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

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

NOTE 2: Administration of Program

Chapter 68 of the PA Code relates to the County Offender Supervision Fee Program (Program). Chapter 68.1 defines the Scope of the Program as:

- 1) Offenders placed on probation, parole, accelerated rehabilitative disposition, probation without verdict or intermediate punishment under the jurisdiction of a county within this Commonwealth.
- 2) Counties having jurisdiction over offenders.

Imposition of Condition

Chapter 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 specified in the regulations.

Program Implementation

Chapter 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

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Offender Supervision Fee Program
Notes to Financial Statement
For the Fiscal Year Ended June 30, 2014

fee collection and monitoring of payments to managers, supervisors and probation officers.” The County’s Chief Adult Probation Officer was designated to run the Program in Northampton County.

Collecting Entity

Chapter 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 County’s Criminal Division was designated to collect supervision fees and disburse them to the appropriate parties on a monthly basis.

Audit Requirement

Chapter 68.54 of the PA Code 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 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 represents funds that were returned to the County from the Commonwealth in two six-month payments during the period under audit. These funds were collected in the Criminal Division from May 2013 to April 2014, and then sent to the State monthly.



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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 A. Brown, County Executive
Honorable Stephen G. Baratta, President Judge
County of Northampton, Pennsylvania

We have audited the Statement of Revenues and Expenditures of the Northampton County Offender Supervision Fee Program as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated April 22, 2015. 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 their 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 their 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.

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

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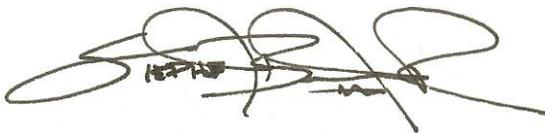
in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Northampton's Offender Supervision Fee Program 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit findings and recommendations.

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 22, 2015

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Offender Supervision Fee Program
Schedule of Audit Findings and Recommendations
For the Fiscal Year Ended June 30, 2014

Material Finding of Noncompliance

A. Assessment of Supervision Fees by DUI

OBSERVATION

Offender supervision fees were not assessed on defendants under the supervision of the DUI Office. This noncompliance of State law materially misstates the Statement of Revenues and Expenditures of the Offender Supervision Fee Program (Program). Defendants under the supervision of DUI are charged a \$30 monthly "DUI Parole Fee" which amounted to \$307,036 for the fiscal year ended June 30, 2014. This entire fee is retained by the County.

Pursuant to Act 35 of 1991, the Program was created in Pennsylvania. The Program was further defined by Title 18 P.S. § 11.1102 and Chapter 68 of the Pennsylvania Code. The sentencing judge of the court of common pleas is to impose upon an offender, as a condition of supervision, a monthly supervision fee on any offender placed on probation, parole, accelerated rehabilitative disposition, probation without verdict or intermediate punishment unless the court or a supervising agency designated by the court determines that it should be reduced, waived or deferred because the offender is unable to pay. The Act set the monthly supervision fee at \$25, however, Administrative Order 2006-1 of the Court of Common Pleas of Northampton County increased that monthly fee to \$30 effective March 1, 2006. The money collected is to be divided evenly, with the County retaining 50% and the remaining 50% to be sent to the Pennsylvania Board of Probation and Parole (PBPP) at least monthly. The PBPP then returns that money to the County semi-annually.

Since the inception of the Program, a supervision fee was assessed on defendants under the supervision of the County's Adult Probation Office. However it was not assessed on defendants under the supervision of the DUI Office. Court Administration believed that the Program did not apply to defendants under the supervision of the DUI Office. After last year's audit Court Administration changed their position and effective August 15, 2014, DUI clients sentenced to probation or parole are assessed a supervision fee that is split evenly between the County and State. However since it occurred after the end of this audit period, there are no DUI supervision fees reflected in the report.

RECOMMENDATION

Now that supervision fees are assessed on DUI clients and a portion of the fees collected are sent to the State, procedures should be set so that when a check is received from the State, the funds are accurately coded to either Adult Probation or DUI. The annual PBPP 317 Financial Statement prepared by Adult Probation should also include the supervision fees collected by DUI.

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Offender Supervision Fee Program
Schedule of Audit Findings and Recommendations
For the Fiscal Year Ended June 30, 2014

MANAGEMENT RESPONSE

Jill Cicero, Court Administrator

The County is able to distinguish the amount of supervision fees assessed to DUI cases as compared to Adult Probation through specific codes set up in CPCMS. This will allow for funds to be accurately credited to the individual departments. The Chief Adult Probation Officer will also include the amount of DUI supervision fees on her annual PBPP 317 Financial Statement.

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Offender Supervision Fee Program
Status of Prior Year Findings
For the Fiscal Year Ended June 30, 2014

Status of Prior Year Findings

A. Entering Data into CPCMS

BACKGROUND

We recommended that greater care be taken by Criminal Division clerical technicians when entering supervision fees into CPCMS, the Criminal Division's statewide computer system. Management should also review a sample of transactions monthly to ensure they were entered correctly.

Management agreed to contact IT to have a report generated on a monthly basis for "OSP" (Offender Supervision Program) assessments and to review a sample of those transactions monthly for accuracy of data entry. Management would also counsel employees on the importance of entering data accurately.

STATUS

Each month the Clerk of Courts is reviewing a sample of cases that were assessed a supervision fee to verify that they were correctly posted to CPCMS. In our testing for this audit we reviewed 40 cases that were assigned supervision fees and found two instances where the incorrect amount of supervision fees was entered into CPCMS.

AUDITOR'S COMMENT

Monitoring of supervision fee assessments is now being done by management. Greater care needs to be taken when supervision fees are entered into CPCMS.

B. Tracking Paperwork Sent to the Criminal Division

BACKGROUND

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

Management stated that they would instruct Probation Officers to assure that forms are returned from the Criminal Division indicating the creation of accounts that are transferred in from outside counties.

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Offender Supervision Fee Program
Status of Prior Year Findings
For the Fiscal Year Ended June 30, 2014

STATUS

Management of Adult Probation instructed Probation Officers to track forms sent to the Criminal Division to ensure they're returned from Criminal with the County's case number written on the form. During our testing of 15 case files we found one instance where supervision fees were not entered into CPCMS and Adult Probation did not have the "Out of County Supervision Fee" form that had the County's case number on it, signifying that it was received by the Criminal Division. There was also one Petition for Parole form sent to Criminal with \$870 in supervision fees. These fees should not have been charged because the Judge waived all costs.

AUDITOR'S COMMENT

Management should continue to emphasize the importance of following through with forms sent to Criminal, and reviewing the Judge's sentence to determine if supervision fees were waived.