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**CONTROLLER OF NORTHAMPTON COUNTY**

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**INDEPENDENT INTERNAL AUDITORS' REPORT  
ON APPLYING 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 Director of Fiscal Affairs and the Director of Human Resources solely to assist you with ensuring that the County payroll is accurately calculated and properly disbursed. Management is responsible for maintaining adequate internal controls over the payroll system. We included in our sample all time records and direct deposit data between the period of 10/1/13 and 5/31/15. This Agreed-Upon Procedures engagement was conducted in accordance with 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:** Investigate payments to identical direct deposit accounts for unrelated employees.

**Findings:** All duplicate direct deposit account instances were properly explained.

2. **Procedure:** Ensure longevity is paid out per policy or per provision of collective bargaining agreement guidelines and that longevity is paid to eligible active employees only.

**Findings:** We identified three instances in which employees did not receive the longevity payment to which they were entitled.

3. **Procedure:** Ensure that salary increases do not exceed approved percentages and that pay scales entered into the IFAS system match pay scales as approved by County Council. Determine whether out-of-class pay was properly authorized and ensure that no employee has been receiving out-of-class payment for more than 6 months.

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**Findings:**

- Testing showed no instances of salary increases that exceeded approved percentages.
- Pay scales as entered into IFAS agreed with pay scales as approved by Council.
- Testing showed no instances of hourly wages being applied inconsistently across pay grades and steps. However, we noted that two employees had the incorrect number of hours per day listed in IFAS. This did not impact the employees' actual pay, and the error has been corrected by Human Resources.
- A review of the "Employees with Out-of-Class Rates" report showed that two employees have been receiving out-of-class pay for more than 6 months. No written approval was obtained to extend out-of-class pay, and in one instance we noted that there are no vacancies in the department where the out-of-class employee works.

4. **Procedure:** Ensure that unusual or inappropriate pay codes are not used to conceal improper payments and that FLSA exempt employees do not receive overtime payments.

**Findings:**

- A review of unusual pay codes showed no instances of improper payments.
- Testing showed no instances of FLSA exempt employees receiving overtime payments. We did note that four employees who were FLSA non-exempt had a status of FLSA exempt in IFAS. Three of these employees are still active, and Human Resources has corrected this error.

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 employees. 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



Stephanie Rath-Tickle  
Staff Auditor

October 2, 2015

cc: J. Hunter, Director of Fiscal Affairs  
L. Schintz, Deputy Director of Human Resources