



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) 829-6615
FAX (610) 559-3137

TIMOTHY P. BRENNAN, ESQ.
Solicitor

**INDEPENDENT INTERNAL AUDITORS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Members of the Northampton County Council
John A. Brown, 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 for the period November 1, 2015 to October 31, 2016. Management is responsible for maintaining adequate internal controls over vendor payments. 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:** Remove all voided checks; investigate any payments made to vendors that appear to have the same invoice number, invoice date and same paid amount and any transactions over \$10,000 that include the same invoice date, invoice number, vendor ID, org key and object but different payment amounts. Investigate all results to ensure that duplicate payments are not made to vendors.

Findings: All voided checks were removed and two separate reports were generated and reviewed for duplicate payments. None of the payments made to the vendors that had the same invoice number, invoice date and same paid amount were duplicates. None of the payments over \$10,000 that included the same invoice date, invoice number, vendor ID, org key and object but different payment amount were duplicates.

2. **Procedure:** Summarize vendor payments and vendor numbers to verify if any vendors have multiple PEIDs; combine with a file of duplicates vendor names to ensure that each vendor is assigned only one PEID and that they have not received duplicate payments on the same invoice with different PEIDs.

Findings: Reports were generated identifying three incidences where vendors were

assigned more than one PEID. There were no duplicate payments made to these vendors. An additional six incidences were found while testing multiple vendors with same addresses/phone numbers for validity.

3. **Procedure:** Identify any gap in vendor check numbers to verify all checks are accounted for. Investigate any checks missing in the sequence for valid reasons.

Findings: Gaps in vendor check numbers were identified; all gaps were investigated and explained with valid reasons. All checks issued were accounted for.

4. **Procedure:** Investigate identical addresses between the vendor database and the employee database to determine whether payments are proper.

Findings: There were no identical addresses between the vendor database and the employee database after payments made to terminated employees were removed.

5. **Procedure:** Investigate any payments made to vendors on check dates other than the normal Wednesday check run dates.

Findings: All payments made to vendors on checks dates other than the normal Wednesday check run dates were reviewed and are valid.

6. **Procedure:** Identify any payments over \$500 that are paid 180 days past the due date to determine if late payments included any late fees.

Findings: We reviewed all invoices over \$500 that were paid 180 days past their due date, none of the invoices included late fees.

7. **Procedure:** Summarize vendor payments and filter any transactions less than \$0. Investigate any negative checks.

Findings: Vendor payments were summarized and filtered for any transaction less than \$0; no negative checks amounts were noted.

8. **Procedure:** Run a report of all checks generated for vendors with a blank address or multiple vendors with same addresses/phone numbers to ensure all vendors are valid. Investigate any vendors that appear on this report.

Findings: We reviewed generated reports of all vendors with a blank address or multiple vendors with the same addresses/phone numbers and all vendors shown on the reports are valid.

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.

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Check Payments to Vendors
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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



Stacy L. Duke
Staff Auditor

February 20, 2017

cc: Catherine Allen, Director of Administration
James Hunter, Director of Fiscal Affairs