



RICHARD J. SZULBORSKI

CONTROLLER OF NORTHAMPTON COUNTY

NORTHAMPTON COUNTY COURTHOUSE
669 WASHINGTON STREET
EASTON, PENNSYLVANIA 18042

PAUL L. ALBERT, CIA
Audit Manager

MICHAEL P. SHAY, ESQ.
Solicitor

PHONE (610) 829-6615
FAX (610) 559-3137

**INDEPENDENT INTERNAL AUDITOR'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Members of the Northampton County Council
Lamont G. McClure, Jr., County Executive
County of Northampton, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the Director of Fiscal Affairs, on performing computer-based analytical techniques on checks and vendor data for the period November 1, 2017 to October 31, 2018. The County's management is responsible for internal controls over vendor payments. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

1. **Procedure:** Investigate non-voided checks to ensure that duplicate payments are not made to vendors, subject to the following criteria:
 - a. Any payments made to vendors that have the same invoice number, invoice date and paid amount as other payments made to the same vendors during the period.
 - b. Any payments made to vendors over \$10,000 that have the same invoice date, invoice number, org. key and object code, as other payments made to the same vendors, but different payment amounts.

Findings: Eight duplicate payments to four different vendors were identified totaling \$4,623.91. All of these were approved for payment in error – five by Court Administration, two by the Coroner's Office, and one by Gracedale. In researching the reason these were actually paid by Disbursements, we found that the ONESolution system's duplicate payment alert function is somewhat inadequate in that it only keys off the invoice number to produce an alert. However, the Accounting Manager pointed out to us that many vendors, especially utilities, use the same invoice number each month (often inserting the County's account number in the field). This produces many false duplicate payment alerts, making it difficult for the Disbursements clerks to identify actual duplicate payments and increasing the risk that duplicates will be paid. The Accounting Manager is attempting to have the field "Statement Date" added as a duplicate alert criterion within the ONESolution system to increase controls. The Accounting Manager also notified the department employees who inadvertently

approved duplicate invoices for payment to verify with vendors that credits were applied to accounts or funds were returned.

2. **Procedure:** Investigate the reasons for any gaps in the check numbering sequence to ensure there are no checks unaccounted for.

Findings: Accounts Payable does not use check stock that has the check number pre-printed on the face. Check numbers are assigned through the ONESolution system, therefore gaps in check numbers issued are not indicative of missing check stock. In all cases, check number gaps that we noted were caused either by routine number assignment on a voided stub, which occurs with each check run, or an error in the assignment of the first check number of a check run by Disbursements. Neither of these are issues of concern.

3. **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: The County did not pay late fees on any invoice over \$500 which was paid 180 days or more past the due date.

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

Findings: No negative check balances were noted.

5. **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: All vendors meeting the stated criteria were investigated. No fictional vendors were identified.

6. **Procedure:** Identify all vendors who appear more than once in the vendor database (due to multiple addresses, etc.) and investigate to ensure each is assigned only one vendor ID number. If vendors with multiple ID numbers are found, compare to transaction file to ensure that duplicate invoices were not paid to the same vendor under different ID numbers.

Findings: We identified 498 instances where identically named vendors had more than one vendor ID number in the ONESolution system. (In this analysis, we included regular vendor numbers, which begin with a "V", and temporary vendor numbers which begin with a "T". We did not include juror payment vendor numbers which begin with a "J".) These were brought to the attention of the Accounting Manager, who said she would assign them to a staff member for research and possible consolidation. (It should be noted that some of these could indeed be different vendors with the same name and no action needs to be taken.)

We inspected all instances in which payments were made to both vendor numbers for identically named vendors during the period under review and found that there were no duplicate payments made.

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

Findings: We found three instances where one or more payments were made to vendors with addresses that matched employee addresses. We investigated all three and found that valid reasons existed for all of them.

8. **Procedure:** Investigate any payments made to vendors on check dates other than the normal Wednesday check run dates. Ensure reasons are valid.

Findings: We confirmed that reasons checks were run on days other than a Wednesday were valid. We traced single checks run on days other than Wednesday to appropriate vendor files and found that they were all properly supported.

We conducted this agreed-upon procedures engagement in accordance with generally accepted government auditing standards. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the internal controls associated with vendor payments. Accordingly, we do not express such an opinion or conclusion. 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.



Richard J. Szulborski
County Controller



Anthony Sabino, CIA
Lead Auditor

July 8, 2019

cc: S. Barron, Director of Fiscal Affairs
M. Einfalt, Accounting Manager