

**COUNTY OF NORTHAMPTON  
EASTON, PENNSYLVANIA**

**Controller's Annual Report**

**January 1, 2019 - December 31, 2019**



*Tony E. Bassil*  
*County Controller*



**TONY E. BASSIL**

**CONTROLLER OF NORTHAMPTON COUNTY**  
NORTHAMPTON COUNTY COURTHOUSE  
669 WASHINGTON STREET  
EASTON, PENNSYLVANIA 18042

**ANTHONY SABINO, CIA**  
Audit Manager

**ROBERT A. NITCHKEY, JR., ESQ.**  
Solicitor

**PHONE (610) 829-6617**  
**FAX (610) 559-3137**

My Dear Friends:

When you bestowed me with the honor and privilege of serving as your new County Controller, I never imagined that the start of my first year would be impacted by one of the most tragic events we have all had to endure in our lifetime.

I have been blessed with such a talented and committed staff who, in the face of the challenges presented by these times, have worked tirelessly from their respective homes in order that our office can continue to carry out its duties, virtually without skipping a beat. With that in mind, I am proud to deliver to you my first Annual Report as your Controller.

It is my fervent hope that the delivery of my second Annual Report will be precipitated by much brighter days and that we are all enjoying good health and spirits at that time.

Our office remains committed to assuring fiscal responsibility and to assisting you, the residents of Northampton County, in any way we can.

Stay well!

Tony Bassil

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# The County Controller's Office

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## Mission Statement

*Our purpose is to audit County departments and entities receiving County funds in accordance with the Home Rule Charter and to make recommendations to County management that will improve the economy and efficiency of County operations, ensure compliance with laws and regulations, and strengthen internal controls safeguarding County assets.*

# The County Controller's Office

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## Office Staff

**Tony E. Bassil**  
**County Controller**  
**BA Business and Finance**

**Robert A. Nitchkey, Jr., Esq.**  
**Solicitor**  
**BA Criminal Justice/Psychology**  
**JD Law**

**Anthony D. Sabino, CIA**  
**Audit Manager**  
**BA Journalism and Accounting**

**Paul L. Albert, CIA**  
**Lead Auditor**  
**BA Accounting**

**Kathleen A. Kuzma, MBA, CPA, CGMA**  
**Lead Auditor**  
**BS Accounting and Business**  
**MBA Accounting and Finance**

**Stacy L. Duke**  
**Auditor**  
**BS Accounting**

**Gary M. Krall, MBA, CMA**  
**Lead Auditor**  
**BA Accounting**  
**MBA Finance**

**Kathleen M. Nesfeder, CFE, CRMA**  
**Auditor**  
**BA Business Administration**

**Vacant**

# The County Controller's Office

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## Professional and Community Involvement

*Staff members belong to many professional organizations:*

American Institute of Certified Public Accountants  
Association of Certified Fraud Examiners  
Association of Local Government Auditors  
Institute of Internal Auditors  
Institute of Management Accountants  
Pennsylvania Institute of Certified Public Accountants  
Pennsylvania Society of Tax and Accounting Professionals  
Pennsylvania State Association of County Controllers

# The County Controller's Office

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## Quality Control Review

Organizations conducting audits in accordance with *Government Auditing Standards* must have an external quality control review at least once every 3 years. The purpose of the quality control review is to determine whether an audit organization's internal quality control system is in place and operating effectively, and to provide assurance that established policies and procedures and applicable auditing standards are being followed.

The Northampton County Controller's Office underwent its most recent quality control review in October 2019 by a review team from the Association of Local Government Auditors (ALGA). Reports issued during the period January 1, 2016 through December 31, 2018 were reviewed.

We are pleased to have once again received a favorable opinion from the review team. Their report, dated October 4, 2019, can be found on the following page.



## Association of Local Government Auditors

October 4, 2019

Richard Szulborski  
Controller's Office  
County of Northampton  
669 Washington Street  
Easton, Pennsylvania 18042

Dear Mr. Szulborski,

We have completed a peer review of the County of Northampton Controller's Office for the period of January 1, 2016 through December 31, 2018. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide* published by the Association of Local Government Auditors (ALGA).

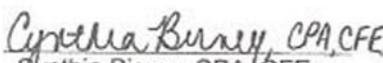
We reviewed the internal quality control system of your audit organization and conducted tests in order to determine whether your internal quality control system operated to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures included:

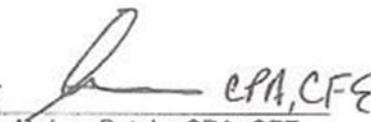
- Reviewing the audit organization's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of audit and attestation engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff and management, to assess their understanding of, and compliance with, relevant quality control policies and procedures.

Due to variances in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that the County of Northampton Controller's Office internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audits and attestation engagements during the period of January 1, 2016 through December 31, 2018.

Sincerely,

 CPA, CFE  
Cynthia Birney, CPA, CFE  
Clark County, Nevada

 CPA, CFE  
Andrea Butola, CPA, CFE  
City of Cape Coral, Florida

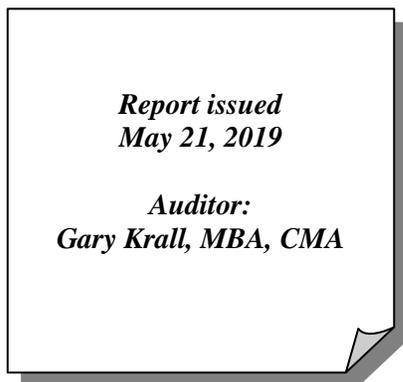
# Summary of Reports Issued Performance Audits

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## District Attorney

### Drug Seizure Account

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The District Attorney's (DA's) Office established the Drug Seizure bank account for cash seized during drug related arrests after local police departments turn that money over to them and before receiving the drug forfeiture court order. That court order gives the Detective authority to transfer the money into the Drug Forfeiture Account.

The Detective in charge of the Seizure and Forfeiture Accounts implemented a web portal and database to track and collect information from the local police departments about funds seized. The County's Drug Task Force from the local police departments uses the output from the database as documentation for the collection and receipt of seized funds.

The audit objectives were to:

- Determine the existence of and adequacy of internal controls.
- Ensure that funds are properly accounted for and are transferred to the Drug Forfeiture Account when court orders are issued.

### AUDIT RESULTS

- The system currently in place does not provide a process or feature to assess the status of seized funds, and the various aspects of the process are not integrated.
- The staffing assigned to drug seizures/forfeitures is not sufficient to provide a good control environment over cash handling and recordkeeping.
- Bank reconciliations are not completed and reviewed in a timely manner.

For the complete report, see:

<https://www.northamptoncounty.org/CONTRLR/AuditReports/Drug%20Seizure%206--30-18%20%20Audit%20Report.pdf>

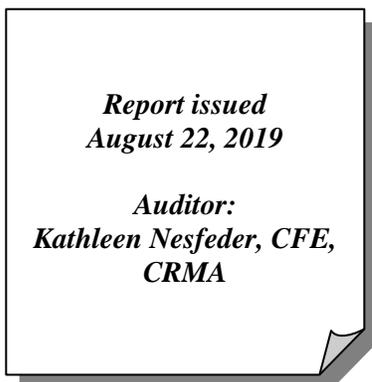
## Summary of Reports Issued Performance Audits

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### Court Services

#### Register of Wills and Orphans' Court Agency Funds

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The Register of Wills and Orphans' Court are two of several divisions that are part of the Department of Court Services. They share common office space and the same supervisor manages both divisions. The Register of Wills is responsible for the docketing, filing, retrieval and maintenance of documents pertaining to estates of decedents. The Orphans' Court is responsible for processing documents pertaining to adoptions and termination of parental rights, guardianships for minors and adjudications of incapacity, and other dependency matters relating to juveniles.

The purpose of our audit was to determine:

- The adequacy of internal controls.
- Compliance with laws, regulations, policies and procedures.
- The economy and efficiency of the procedures and processes.

#### AUDIT RESULTS

- Overall, the financial transactions and processes in the offices are functioning well. In part, this is because of County Fusion, their information management system, installed in 2015.
- We noted that escrow money received from 2007 to 2011 for caveat deposits totaling \$3,617 was still being held even though the cases were closed and all expenses were paid.
- The offices did not have an updated Policies and Procedures Manual at the start of the audit. However, management corrected this before the audit was completed.

For the complete report, see:

<https://www.northamptoncounty.org/CONTRLR/AuditReports/Wills-Orphans%20Agency%20Fund%20as%20of%203-31-18.pdf>

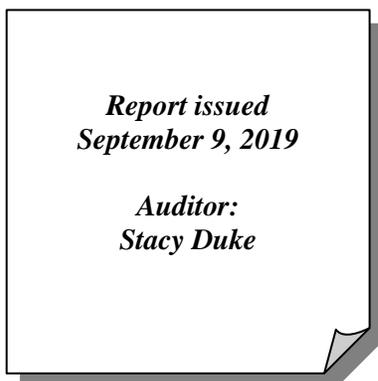
## Summary of Reports Issued Performance Audits

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### Court Services

#### Civil and Sheriff Agency Funds

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The primary function of the Civil Division is to docket and file all legal documents pertaining to civil cases, as well as federal and commonwealth tax liens. There are fees associated with all of these services.

The County maintains two agency funds for moneys handled by this division – one to account for funds associated with civil cases, and one for funds associated with sheriff sales and fees for civil cases served by the Sheriff.

The purpose of our audit was to evaluate the internal controls over the handling of Civil and Sheriff Agency Funds.

#### AUDIT RESULTS

- The receipt and disbursement processes are functioning as intended.
- The Civil Division had six cases that were older than two years and remained open in the Sheriff Advance checking account with undisbursed funds.
- Controls over the coin fund generated by the coin-operated copier lacked documentation of reconciliations and coins less than \$.25 remained in the machine indefinitely.

For the complete report, see:

<https://www.northamptoncounty.org/CONTRLR/AuditReports/Civil-Sheriff%20Agency%20Fund%2012-31-18.pdf>

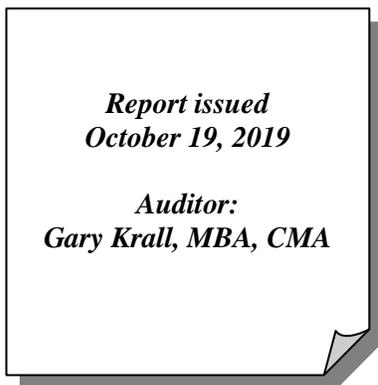
## Summary of Reports Issued Performance Audits

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### Corrections

#### Financial Responsibility Program

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The Financial Responsibility Program was created by Council Resolution #64-95, effective September 1, 1995 and amended by Council Resolution #31-01 on June 7, 2001.

The Resolution gave the Jail authority to charge inmates for certain billable services provided by the Jail, including medical services, restitution for abuse of jail property, and a nominal portion of their housing costs.

The purpose of the audit was to determine if:

- Internal controls over the processing of financial transactions are adequate.
- Compliance with Council Resolution #13-01.
- The Financial Responsibility Program is operating economically and efficiently.

#### AUDIT RESULTS

- Switching from a daily room and board fee to a flat booking fee for sentenced inmates is more cost effective and efficient. In addition, it should not affect the amount of revenue generated from the Program.
- We again noted that there were problems in the calculation of room and board charges with two of the 25 discharged inmates tested.
- Review of inmate medical charges and revenue recognition indicated that it is unlikely to increase at a meaningful rate and will remain a small portion of the total revenue in the Department of Corrections.

For the complete report, see:

<https://www.northamptoncounty.org/CONTRLR/AuditReports/Jail%20Financial%20Responsibility%20Program%202018.pdf>

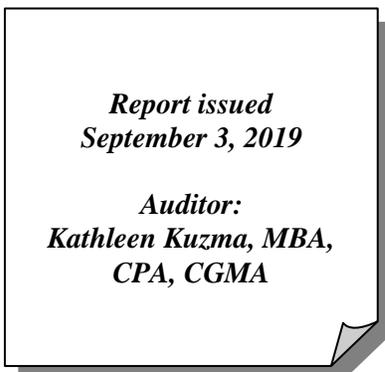
## Summary of Reports Issued Financial Audits

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### Administration

#### Conservation District

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The State Conservation Commission requires annual audits of all county conservation districts. The audit must be completed by December 31<sup>st</sup> of the year following the close of the calendar year being audited. In addition, the County has a memorandum of understanding with the local District that requires the audit to be completed by September 1<sup>st</sup>.

In order to comply with this requirement, we conducted an audit of the Northampton County Conservation District as of December 31, 2018.

#### AUDIT RESULTS

- In our opinion, the financial statement presents fairly, in all material respects, the results of operations of the Conservation District of the County of Northampton for the year ended December 31, 2018.
- The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We noted no matters involving the internal control over financial reporting and its operation that we consider a material weakness.

For the complete report, see:

<https://www.northamptoncounty.org/CONTRLR/AuditReports/Conservation%20District%2012-31-18.pdf>

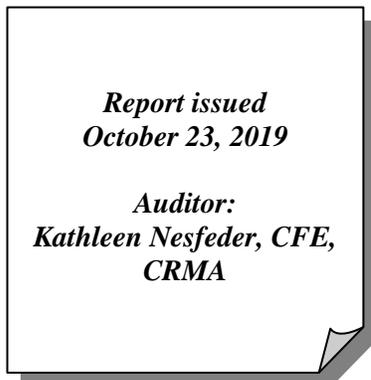
## Summary of Reports Issued Financial Audits

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### Adult Probation

#### Offender Supervision Fee 6/30/18

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In 1991, the State established a monthly offender supervision fee for all active adult probation and parole cases. The Division of Adult Probation and Parole administers the program and the Criminal Division collects the monthly fees.

State Supervision Fee regulations require an annual audit of the County's Supervision Fee account. In order to comply with this requirement, we conducted an audit of the Offender Supervision Fee Program for the fiscal year ended June 30, 2018.

#### AUDIT RESULTS

- In our opinion, the financial statements present fairly, in all material respects, the financial position of the Northampton County Offender Supervision Fee Program for the fiscal year ended June 30, 2018.
- The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We noted no matters involving the internal control over financial reporting and its operation that we consider a material weakness.
- We noted one Petition of Parole document out of twelve tested that was sent from the Adult Probation Division to the Criminal Division that did not have supervision fees entered into the Common Pleas Case Management System (CPCMS). The Criminal Division corrected this oversight and will monitor the posting of fees in the future.

For the complete report, see:

<https://www.northamptoncounty.org/CONTRLR/AuditReports/Offender%20Supervision%20Fee%206-30-18.pdf>

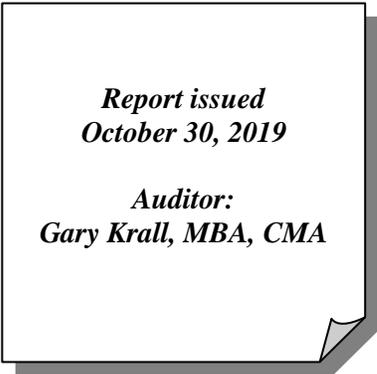
# Summary of Reports Issued Financial Audits

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## District Attorney

### Controlled Substances Forfeiture Act

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The Northampton County District Attorney’s Office administers the Controlled Substances Forfeiture Act. Forfeited property is transferred to the custody of the District Attorney and can only be used for the “purpose of enforcing the provisions of the Controlled Substance, Drug, Device and Cosmetic Act.”

Our audit was conducted for the purpose of complying with Pennsylvania State regulations that mandate an annual audit of the Controlled Substances Forfeiture Program.

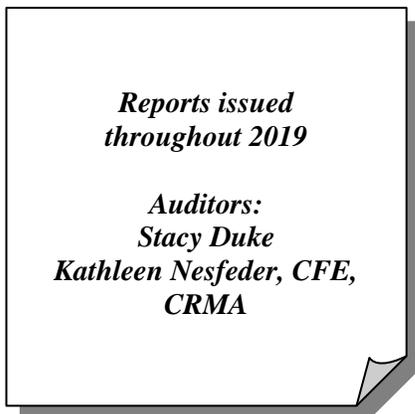
According to Pennsylvania law, results of our audit are to remain confidential.

## Summary of Reports Issued Financial Audits

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### Court Administration

#### Magisterial District Courts



Pennsylvania State law requires the Controller to audit the accounts of the fourteen Magisterial District Courts in Northampton County.

Reports issued for the years ended December 31, 2016 and December 31, 2017:

- 03-2-11 Nicholas E. Englesson, Esq.
- 03-2-12 Richard H. Yetter III, Esq.

Reports issued for the years ended December 31, 2017 and December 31, 2018:

- 03-1-04 Vivian I. Zumas, Esq.
- 03-2-05 Antonia Grifo, Esq.
- 03-2-06 Daniel Corpora
- 03-2-10 Nancy Matos Gonzalez

#### AUDIT RESULTS

- In our opinion, the financial statements present fairly in all material respects, the financial position of the district courts.
- Some of the internal control and compliance issues reported included:
  - Two offices did not obtain approval of the MDJ or a second clerical technician for voided transactions.
  - In one office, the staff did not rotate bank reconciliation duties.
  - In two offices, the MDJ did not approve the Constable Cost sheets.
  - There were two instances where the Constable Cost sheets weren't complete.

For the complete reports of Magisterial District Courts, see:

<https://www.northamptoncounty.org/CONTRLR/Pages/AuditReports.aspx#itemGroupsMagisterialDistrictJudges>

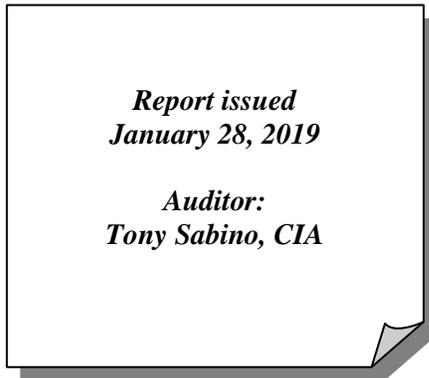
# Summary of Reports Issued Agreed-Upon Procedure Engagements

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## Fiscal Affairs

### Keystone Opportunity Zones (KOZ)

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County Council requested this agreed-upon procedure (AUP) engagement. The purpose of this engagement was to evaluate the real estate parcels in the County that are included in the Keystone Opportunity Zone (KOZ) Program.

The specific procedures were to:

- Trace each parcel that is in the KOZ Program to the original approval from the County.
- Document improvements made to properties through documentation in Assessment.
- For every active parcel in the Program, verify that there is a current approval letter from the PA DCED.
- Ensure that the current tax has either been imposed or abated based on approval from the PA DCED.

#### FINDINGS

- The 31 properties in the KOZ Program became eligible for tax abatement when County Council enacted the Program on February 22, 2013.
- Job creation is another factor that the PA DCED uses to exonerate taxes on KOZ properties.
- For tax year 2017, approval letters were present for 22 of the properties; five of these were only applicable to school district taxes. Five other properties not exonerated from taxes lacked a letter from the PA DCED, while either the City of Easton or Redevelopment Authority owned the remaining three properties.
- The current tax for 2017 was applied correctly, and those who were not exonerated paid the taxes. The total taxes exonerated in 2017 for KOZ properties was \$15,796.99.

For the complete report, see:

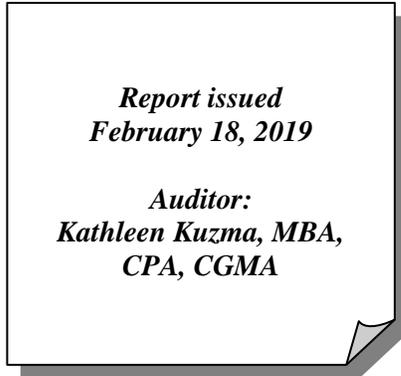
<https://www.northamptoncounty.org/CONTRLR/AuditReports/KOZ%20AUP%20Report.pdf>

# Summary of Reports Issued Agreed-Upon Procedure Engagements

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## Internal Controls - Cash Court Administration

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The purpose of this agreed-upon procedure engagement was to evaluate the County's cash collection process in the Department of Court Administration.

The specific procedures were to:

- Review cash collection work assignments to determine if a proper segregation of duties is in place.
- Determine if deposits are made on the day cash is received.
- Determine if bank reconciliations are performed monthly and are reviewed by a supervisor.

### FINDINGS

- The segregation of duties regarding cash collection in the Court Administration Department is adequate.
- Of the five receipts tested, one transcript fee was deposited on the day it was received, two transcript fees were not deposited on the day cash was received and two miscellaneous receipts did not have adequate documentation to determine when the fees were received.
- The Department does not have responsibility for any bank accounts

For the complete report, see:

<https://www.northamptoncounty.org/CONTRLR/AuditReports/Cash%20Collection%20ICR%20AUP%20Court%20Admin%2012-31-2018.pdf>

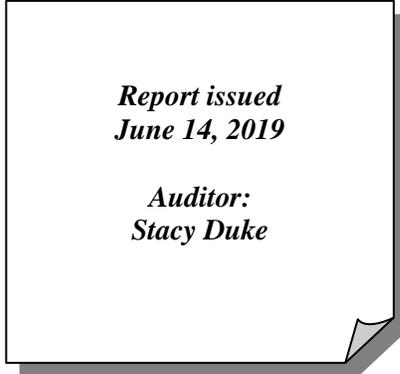
# Summary of Reports Issued Agreed-Upon Procedure Engagements

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## Internal Controls – Cash

### Human Resources

---



The purpose of this agreed-upon procedure engagement was to evaluate the County's cash collection process in the Department of Human Resources.

The specific procedures were to:

- Review cash collection work assignments to determine if a proper segregation of duties is in place.
- Determine if deposits are made on the day cash is received.
- Determine if bank reconciliations are performed monthly and are reviewed by a supervisor.

#### FINDINGS

- The segregation of duties regarding cash collection in the Human Resource Department are not adequate. Deposits are not always reviewed and initialed by someone other than the person preparing and making the deposit.
- Of the five receipts tested, three receipts were not deposited on the day cash was received and one receipt did not have adequate documentation to determine when the fees were received.
- The Department does not have responsibility for any bank accounts.

For the complete report, see:

<https://www.northamptoncounty.org/CONTRLR/AuditReports/ICR%20Cash%20Collections%20-%20Human%20Resources.pdf>

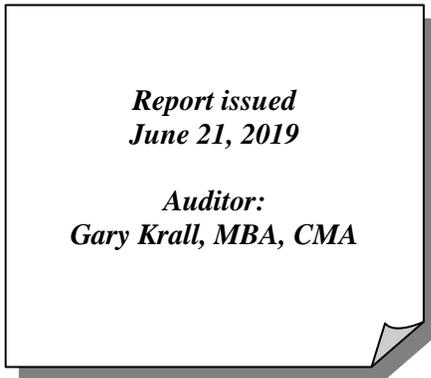
# Summary of Reports Issued Agreed-Upon Procedure Engagements

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## Corrections

### Commissary and Inmate Telephone

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The purpose of this agreed-upon procedure engagement was to comply with the audit requirements of Title 37 Pennsylvania Code, Sections 95.239(2) and (4) which require an annual audit of the Jail Commissary and Inmate Telephone system.

The agreed-upon procedures were as follows:

- Determine if inmates are being charged the correct amount for items purchased from the commissary.
- Determine if inmates are signing their order slips acknowledging receipt of what they ordered.
- Determine if Jail personnel monitor grievance resolution efforts by Keefe Commissary Network.
- Determine if charges for inmate telephone calls are in line with FCC rate caps.

## FINDINGS

- Inmates are being charged the correct amount for their purchases.
- Inmates signed 28 of the 30 order slips selected; two order slips could not be located.
- Keefe Commissary Network does not provide grievance resolution reports to the Jail; therefore, Jail personnel do not monitor grievances.
- Per minute phone rates charged to inmates comply with FCC guidelines.

For the complete report, see:

<https://www.northamptoncounty.org/CONTRLR/AuditReports/Jail%20Commissary%202018.pdf>

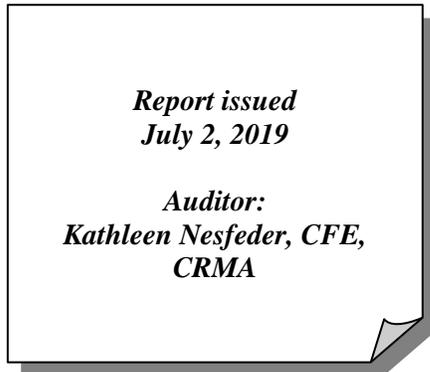
# Summary of Reports Issued Agreed-Upon Procedure Engagements

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## Internal Controls – Cash

### Corrections Vending Machines

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The purpose of this agreed-upon procedure engagement was to evaluate the County's cash collection process for the Department of Corrections Vending Machines.

The specific procedures were to:

- Review cash collection work assignments to determine if a proper segregation of duties is in place.
- Determine if deposits are made on the day cash is received.
- Determine if bank reconciliations are performed monthly and are reviewed by a supervisor.

#### FINDINGS

- Segregation of duties with regard to cash collection work assignments provides for adequate control in all areas.
- Deposits were made in a timely manner and all deposits matched the check amount. However, someone other than the Accountant who prepares and makes the deposit was not comparing the validated deposit slip to the supporting paperwork.
- The deposits are made to the County's common account. The staff is not responsible for writing checks, making withdrawals, or performing bank reconciliations for the County's common account.

For the complete report, see:

<https://www.northamptoncounty.org/CONTRLR/AuditReports/ICR%20Cash%20Collections%20-%20Corrections%20Vending%20Machines.pdf>

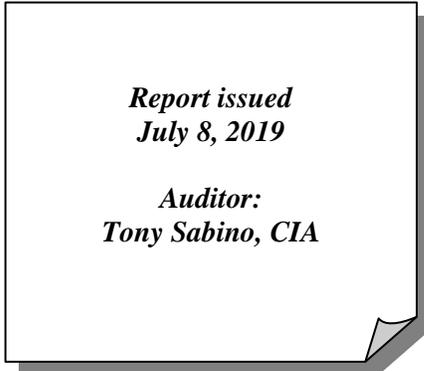
# Summary of Reports Issued Agreed-Upon Procedure Engagements

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## Fiscal Affairs

### Vendor Payment Analysis

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This agreed-upon procedure was performed to evaluate the integrity of vendor payments made through the County's Disbursements Office. Accounts payable checks issued between November 1, 2017 and October 31, 2018 were reviewed using ACL data analysis software.

The agreed-upon procedures were as follows:

- Ensure duplicate payments were not made.
- Ensure that each vendor is assigned only one ID number.
- Review check sequence for gaps and investigate findings.
- Investigate vendors with the same address as an active employee.
- Investigate payments to vendors on dates other than the normal Wednesday check run.
- Determine if any late payments included late fees.
- Investigate any negative check amounts.
- Search for fictional vendors.

### FINDINGS

- No duplicate payments were found and all check sequence gaps were explained.
- Four hundred ninety-eight vendors had more than one ID number; however, no duplicate payments were noted to these vendors.
- There were no negative check amounts and no fictional vendors found.
- There were three identical addresses between vendors and employees; all were valid.
- No late fees were paid by the County and all checks issued other than the normal check day were reviewed and were valid.

For the complete report, see:

<https://www.northamptoncounty.org/CONTRLR/AuditReports/ACL%20Checks%20and%20Vendors.pdf>

# Summary of Reports Issued Agreed-Upon Procedure Engagements

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## Procurement

### Procurement Card Program

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*Report issued  
July 25, 2019*

*Auditor:  
Kathleen Kuzma, MBA,  
CPA, CGMA*

The Procurement Division administers the County's Procurement Card (P-Card) Program. The Program's intent is to simplify the purchase and payment of goods and services while still maintaining good controls over those purchases. We tested a sample of the 6,257 p-card transactions that occurred during the fifteen-month period ended June 30, 2018.

The agreed-upon procedures were as follows:

- Determine if p-card transactions have appropriate documentation and are properly approved.
- Determine if p-card transactions comply with p-card guidelines and other County policies.

#### FINDINGS

- Documentation was either not present or not adequate for 29 of the 125 transactions tested.
- Authorized approval of transactions was not always present.
- An unapproved vendor was used for two of the transactions and four transactions included a charge for sales tax.
- Purchases appeared to be coded properly.
- None of the eight gift cards purchased were for the benefit of County employees.
- One former employee used his p-card to pay a \$25 baggage fee for his spouse while traveling together. The County was not reimbursed and the employee no longer works for the County.

For the complete report, see:

<https://www.northamptoncounty.org/CONTRLR/AuditReports/P-Card%20Program%20AUP%206-30-18.pdf>

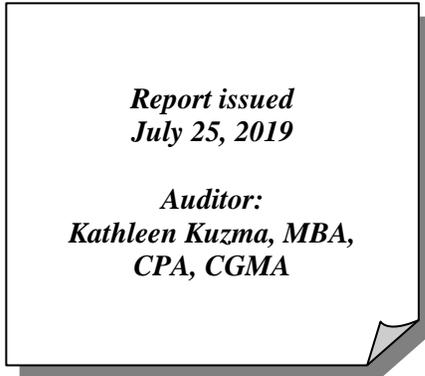
# Summary of Reports Issued Agreed-Upon Procedure Engagements

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## Internal Controls - Cash

### Coroner

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The purpose of this agreed-upon procedure engagement was to evaluate the County's cash collection process in the Coroner's Department.

The agreed-upon procedures were as follows:

- Review cash collection work assignments to determine if a proper segregation of duties is in place.
- Determine if deposits are made on the day cash is received.
- Determine if bank reconciliations are performed monthly and are reviewed by a supervisor.

#### FINDINGS

- Segregation of duties with regard to the cash collection work assignments provides for adequate control.
- This satellite office does not accept cash payments and has a policy of taking deposits to the Government Center on a weekly basis.

Four of the five receipts were deposited between one to three business days after receipt or approval for mailing the requested report. It could not be determined if the remaining receipt was deposited timely because the receipt date could not be determined.

- A merchant services bank account exists so the office could accept credit card payments. A Fiscal Affairs accountant reconciles the account monthly and a supervisor reviews the reconciliation. No checks are written out of the account.

For the complete report, see:

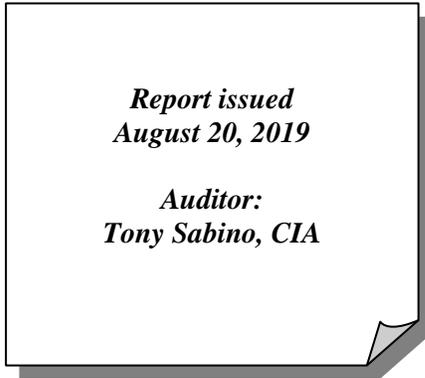
<https://www.northamptoncounty.org/CONTRLR/AuditReports/ICR%20Cash%20Collection%20-%20Coroner%205-31-19.pdf>

# Summary of Reports Issued Agreed-Upon Procedure Engagements

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## Internal Controls - Cash After Hours Bail Collection

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The purpose of this agreed-upon procedure engagement was to evaluate the County's cash collection process for cash bail received after normal working hours. The management of both the Jail and the Criminal Division are responsible for those controls.

The agreed-upon procedures were as follows:

- Review cash collection work assignments to determine if a proper segregation of duties is in place.
- Determine if deposits are made on the day cash is received.
- Determine if bank reconciliations are performed monthly and are reviewed by a supervisor.

### FINDINGS

- Segregation of duties with regard to cash collection work assignments provides for adequate control over the collection of cash.
- Bail collected in the Jail is often kept in a safe overnight and then taken to the Criminal Division the next business day. There it is counted, entered into the CPCMS system and then deposited into the Bail bank account. Of the five receipts tested, two receipts were deposited the same day the bail was receipted, and two were deposited the next business day. One receipt took a few business days to deposit because of a problem with the paperwork that accompanied the bail to the Criminal Division.
- The receipts are deposited into the Criminal Division's bank account. This account is audited when we audit the Criminal Division Agency Fund and was not reviewed here.

For the complete report, see:

<https://www.northamptoncounty.org/CONTRLR/AuditReports/ICR%20Cash%20Collection%20-%20After%20Hours%20Bail%20Collection%20-%20July%202019.pdf>

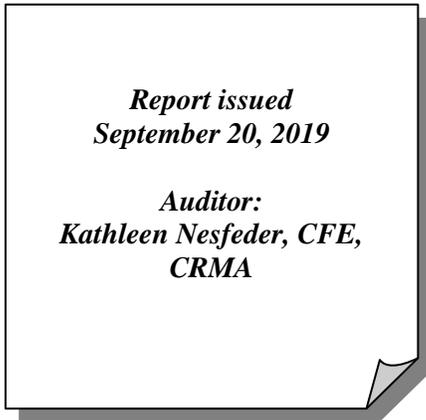
# Summary of Reports Issued Agreed-Upon Procedure Engagements

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## Corrections

### Community Corrections

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This agreed-upon procedure engagement was performed to comply with the audit requirements of Title 37 Pennsylvania Code, Section 95.239(5) that require an annual audit of the work release program.

Some of the agreed-upon procedures were as follows:

- Determine if funds received at both Community Corrections facilities were properly received, recorded and deposited.
- Determine whether checks issued by Community Corrections staff to inmates and third parties were properly prepared.
- Determine if the correct deductions were entered in the Jail Management System (JMS) and were taken from the inmates' pay.

## FINDINGS

- All receipts were not properly completed. Three receipt books could not be located, three of the receipt numbers were not sequential and one receipt did not have an amount written on it. However, all receipts tested were properly deposited into the bank.
- Checks to inmates were properly prepared and inmates signed for their checks. Supervisors reconciled the checks to documentation for all but two check dates when the supervisor was on vacation.
- The correct deductions were entered into JMS and taken from the inmates' checks.

For the complete report, see:

<https://www.northamptoncounty.org/CONTRLR/AuditReports/Community%20Corrections%20AUP%2012-31-18.pdf>

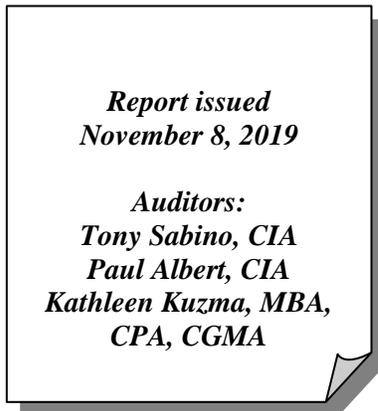
# Summary of Reports Issued Agreed-Upon Procedure Engagements

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## Human Services

### Drug and Alcohol Treatment Service Providers

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At the request of County Council, we performed an agreed-upon procedure engagement on the disbursement, receipt and spending of County funding related to Drug and Alcohol treatment service providers, as well as an investigation of allegations of a potential violation of the terms of a 2014 Community Development Block Grant (CDBG) by one of the treatment providers.

A few of the objectives of the agreed-upon procedures were to:

- Determine if Drug and Alcohol staff are monitoring the treatment providers and that any adverse findings were resolved.
- Inspect five invoices from each vendor to determine if documentation with each invoice is complete and accurate.
- Investigate allegations related to Recovery Revolutions and their use of a 2014 CDBG grant and potential conflict of interest.

#### FINDINGS

- The Drug and Alcohol Program's Monitoring Tool that we reviewed for the four vendor locations in Northampton County noted only a few minor discrepancies. The written form on the final page of the summary listed no adverse findings.
- No significant discrepancies were noted with the review of the vendor invoices.
- A conflict of interest did exist between the Director of Recovery Revolution and one of the providers for \$1,312 of 2014 CDBG funds. We reported this to the regional HUD office but are unaware if any action was taken.

For the complete report, see:

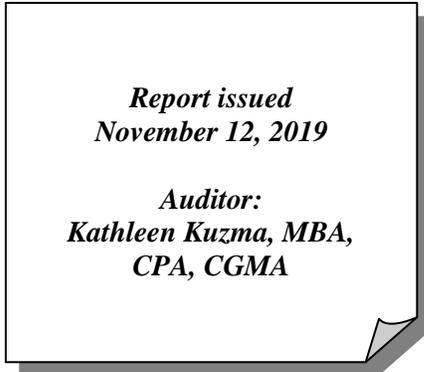
<https://www.northamptoncounty.org/CONTRLR/AuditReports/Drug%20and%20Alcohol%20Treatment%20Providers%20AUP.pdf>

# Summary of Reports Issued Agreed-Upon Procedure Engagements

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## Fiscal Affairs

### E-911 Tax Reimbursement



When Northampton County established its 911 system, three municipalities in the County (City of Bethlehem, Borough of North Catasauqua, and Borough of Walnutport) already had 911 services and opted not to utilize the Northampton County 911 system. Since 911 costs in excess of user fees are paid from the County's general revenues, reduced millage rates were assigned to these municipalities to adjust for 911 costs considered funded by their property tax revenues.

An agreed-upon procedures engagement (AUP) is scheduled annually to:

- Review and verify all calculations (based on estimates) which resulted in millage reductions for affected municipalities.
- Determine the variance between actual expenses and the estimates used to calculate the millage reduction. Variances will be reported to Fiscal Affairs for use in future millage adjustment calculations.

## FINDINGS

- We confirmed all data used in the calculations to supporting documentation and reviewed the conceptual basis for using certain data in the computation of the millage reduction. We recalculated all computations and found the estimated millage reduction to be reasonable.
- We found that there was no credit due to taxpayers based on actual 2018 expenses. The millage rate was not reduced for 2019 taxes due to a carryover of higher deductions from previous years. This should be the last year for this AUP engagement as Bethlehem consolidated with Northampton County's E-911 Center and the other two municipalities consolidated with Lehigh County's E-911 Center.

For the complete report, see:

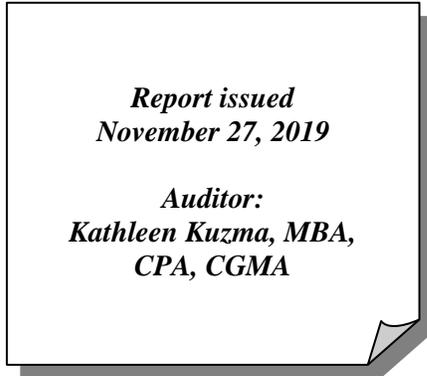
<https://www.northamptoncounty.org/CONTRLR/AuditReports/E911%20Tax%20Reimb%20AUP%202019.pdf>

# Summary of Reports Issued Agreed-Upon Procedure Engagements

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## Internal Controls - Cash Weights and Measures

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The purpose of this agreed-upon procedure engagement was to evaluate the County's cash collection process in the Weights and Measures Division.

The agreed-upon procedures were as follows:

- Review cash collection work assignments to determine if a proper segregation of duties is in place.
- Determine if deposits are made on the day cash is received.
- Determine if bank reconciliations are performed monthly and are reviewed by a supervisor.

### FINDINGS

- Proper segregation of duties appears to be in place.
- Three of five receipts tested were deposited the same business day, one receipt was deposited the next business day and the final receipt was deposited in four business days because the employee that processes receipts was on vacation.
- This Division does not maintain any bank accounts.

For the complete report, see:

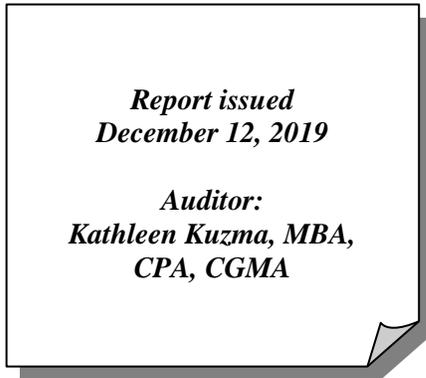
<https://www.northamptoncounty.org/CONTRLR/AuditReports/Cash%20Collection%20ICR%20AUP%20Final%20Weights%20and%20Measures%209-30-19.pdf>

# Summary of Reports Issued Agreed-Upon Procedure Engagements

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## Internal Controls - Cash Sheriff's Department

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The purpose of this agreed-upon procedure engagement was to evaluate the County's cash collection process in the Sheriff's Department.

The agreed-upon procedures were as follows:

- Review cash collection work assignments to determine if a proper segregation of duties is in place.
- Determine if deposits are made on the day cash is received.
- Determine if bank reconciliations are performed monthly and are reviewed by a supervisor.

### FINDINGS

- Testing indicated that the Executive Secretary was performing all of the assignments related to preparing deposits, taking deposits to the Revenue Division and verifying that the Revenue register receipt agrees to the deposit.
- For two of the five receipts tested, there was no indication when the receipts were received so it could not be determined if they were deposited the same day as received. The remaining three receipts were ACH deposits so they went directly into the County's common bank account.
- This Department does not maintain bank accounts.

For the complete report, see:

<https://www.northamptoncounty.org/CONTRLR/AuditReports/Cash%20Collection%20ICR%20AUP%20Final%20Report%20Sheriff%209-30-19.pdf>

# Summary of Reports Issued Agreed-Upon Procedure Engagements

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## Community and Economic Development

### Hotel Tax

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*Reports issued  
throughout 2019*

*Auditors:  
Gary Krall, MBA, CMA  
Kathleen Nesfeder, CFE,  
CRMA  
Stacy Duke*

During 2019, the Controller's Office issued reports for the hotels listed below which are located in Northampton County. The purpose of the engagements was to ensure the accuracy and timeliness of the taxes remitted to the County.

Report issued for the years ended December 31, 2016 and December 31, 2017:

- #127 Holiday Inn Express & Suites Bethlehem
- #133 Courtyard Marriott
- #142 Woodsprings Suites
- #144 Woodstone Country Club & Lodge
- #152 View Inn and Suites
- Various Non-Site Visits

Reports issued for the years ended December 31, 2017 and December 31, 2018:

- #101 The Hotel Bethlehem
- #104 LV Hotel and Conference Center
- #105 Hampton Inn Bethlehem
- #106 The Lafayette Inn
- #108 Quality Inn Easton
- #121 Hampton Inn Easton

### FINDINGS

- Additional hotel tax and interest due from these hotels was calculated to be \$12,071.
- Some hotels used outdated remittance forms.
- Numerous hotels claimed invalid exemptions.
- There were several instances of hotels not reporting revenue from pet fees, pet cleaning fees, smoking fees and no-show revenue.
- Some remittance forms had clerical errors.

For the complete list of Hotel Tax reports, see:  
<https://www.northamptoncounty.org/CONTRLR/Pages/AuditReports.aspx#itemGroupsHotelTax>

## Summary of Follow-Up Reports

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### **Procurement Card**

*Report issued  
September 29, 2017*

*Follow-Up Report  
June 17, 2019*

Corrective action was not taken on the two remaining audit concerns.

This was the third follow-up; no further follow-up is planned.



### **Tax Billing**

*Report issued  
July 18, 2018*

*Follow-Up Reports  
January 28, 2019  
December 17, 2019*

Corrective action was taken on two of the three audit concerns.

Additional follow-up will be performed in June 2020.



### **Vision Benefits**

*Report issued  
September 19, 2018*

*Follow-Up Reports  
June 12, 2019  
December 17, 2019*

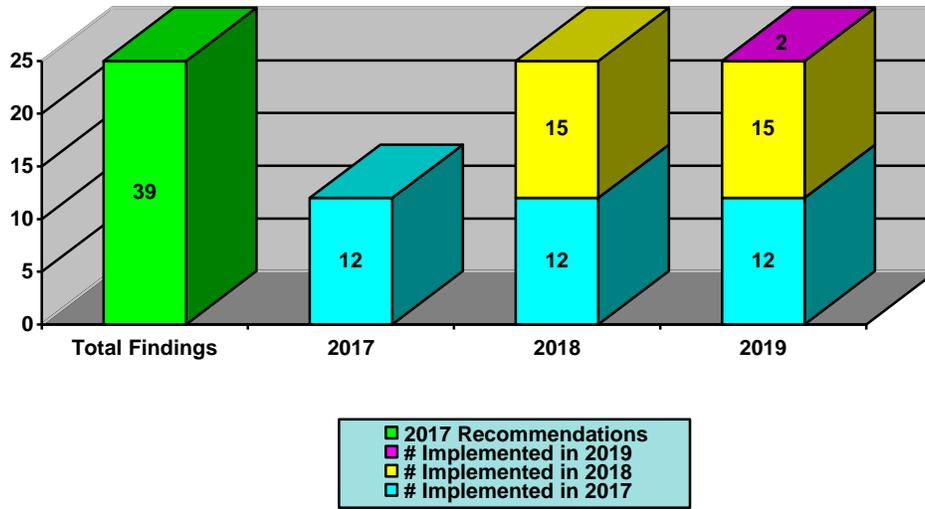
Corrective action was taken for two of the audit concerns.

Additional follow-up will be performed in June 2020.

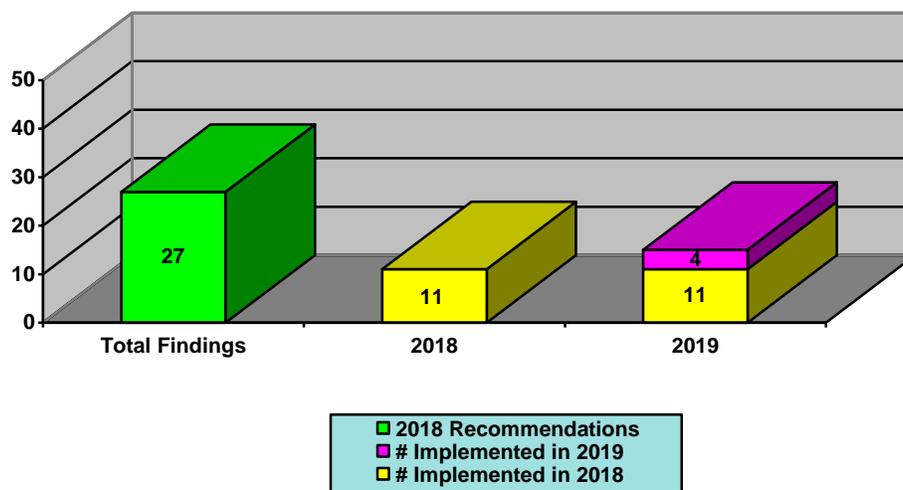
## Summary of Follow-Up Reports

The following graphs illustrate how audit follow-up encourages the implementation of corrective action.

### 2017 Audit Recommendations



### 2018 Audit Recommendations



## Summary of Nonaudit Services

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The Controller's Office provided nonaudit services to County employees and departments in 2019. Some of these services are listed below.

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### Consulting

*Auditors:*  
*Tony Sabino, CIA*  
*Kathleen Kuzma, MBA,*  
*CPA, CGMA*

The Controller's Office provides computer assistance to County employees upon request.

Staff provides assistance to various County Offices as requested.



### DCED Report

*Auditor:*  
*Stacy Duke*

Prepared the Pennsylvania Department of Community and Economic Development's Annual Audit and Financial Report.



### Debt Statement

*Auditor:*  
*Tony Sabino, CIA*

In compliance with Section 402.3 of the County of Northampton Home Rule Charter, we prepared a statement of bonded indebtedness of Northampton County for the period ending December 31, 2018 with projections to December 31, 2019.

## Summary of Nonaudit Services

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### Single Audit

*Auditor:*  
*Kathleen Kuzma, MBA,*  
*CPA, CGMA*

We researched and responded to various letters from grantor agencies relating to the Single Audit Schedule of Expenditures of Federal Awards.



### Post Audit Support

*Auditors:*  
*Tony Sabino, CIA*  
*Gary Krall, MBA, CMA*

We used ACL to compare the list of active employees to the list of employees eligible for medical benefits. A report of exceptions was provided to Human Resources.

We provide a monthly list of terminated employees to Procurement so that procurement cards can be deactivated as necessary.



### Procurement

*Auditors:*  
*Tony Sabino, CIA*  
*Gary Krall, MBA, CMA*  
*Stacy Duke*  
*Kathleen Nesfeder, CFE,*  
*CRMA*

We attended proposal openings for professional service RFPs as prescribed by the County Administrative Code.

## Summary of Nonaudit Services

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### **Training**

*Auditors:*  
*Paul Albert, CIA*  
*Tony Sabino, CIA*  
*Kathleen Kuzma, MBA, CPA,*  
*CGMA*  
*Gary Krall, MBA, CMA*  
*Stacy Duke*  
*Kathleen Nesfeder, CFE,*  
*CRMA*

We co-sponsored the 2019 Fall Conference for Government Auditors with the Lehigh County Controller's Office. Governmental auditors from 12 different counties and two cities attended the conference. Each of our auditors earned 24 continuing education credits at no cost to the County.



### **Verification of State Reports**

*Auditors:*  
*Paul Albert, CIA*  
*Tony Sabino, CIA*

We agreed data on E-911 and Domestic Relations state reports to County records and outside sources to validate their accuracy.

## Summary of Other Work

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In addition to issuing reports and performing nonaudit services, the Controller's Office committed staff resources to the other assignments summarized below.

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<u>Assignment</u>	<u>Completion Date</u>
Assisted RKL LLP with the 2018 year-end financial audit.	April 2019
Assisted RKL LLP with the 2018 Single Audit.	April 2019
Disposed of office files in accordance with the <i>County Records Manual</i> issued by the Pennsylvania Historical and Museum Commission.	September 2019
Submitted abstracts of audit reports for publication in the <i>Local Government Auditing Quarterly</i> .	Ongoing
Updated the Controller's Office web page with audit reports and other pertinent information.	Ongoing
Scanned audit reports and workpapers in PDF format for file retention.	Ongoing

## Work in Process

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The following audits and agreed-upon procedure engagements are in progress at December 31, 2019. These assignments will be included in the 2020 Summary of Reports Issued.

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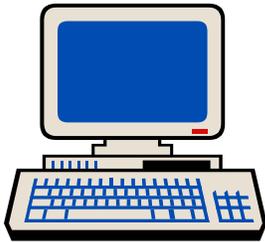
<u>Assignment</u>	<u>Projected Issue Date</u>
Hotel Tax – Tuscarora Inn & Conf. Center #141	January 2020
Recorder of Deeds Agency Fund	January 2020
Jail Commissary and Inmate Telephone	February 2020
Hotel Tax – Extended Stay America Bethlehem #123	February 2020
Hotel Tax – Sayre Mansion #120	February 2020
Hotel Tax – Non-Site Visits	February 2020
MDJ Broschious #03-2-03	March 2020
Medical Claims	June 2020
Hotel Tax – Hyatt Place Bethlehem #140	July 2020
MDJ Mege, Esq. #03-2-04	July 2020
MDJ Zito, Esq. #03-3-03	July 2020
Fleet Card Program	October 2020

# Office Improvements

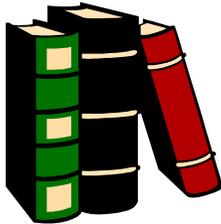
The staff of the Controller's Office continually strives to improve themselves and the audit process. During 2019, we made several improvements to our processes and professional skills.



- ◆ Completed 368 hours of continuing professional education to comply with *Government Auditing Standards* and professional certifications.
- ◆ Completed our triennial Peer Review as required by *Government Auditing Standards*. It was performed by members of the Association of Local Government Auditors (ALGA).
- ◆ Participated in ACL Audit Software User's Group.
- ◆ Presented a PowerPoint session at the Pennsylvania State Controller's Association Fall Conference on performing a Medical Claims audit.



- ◆ Continued to use the Internet to research audit subject matter and evaluate the best practices of other audit departments.
- ◆ Received laptop computers that enhanced the staff's ability to work offsite.



- ◆ Revised the office policies and procedures manual.
- ◆ Updated audit report and attestation engagement letter shells to comply with *Government Auditing Standards*.