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**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 County Executive, on the County's Cash Collection Process in the Farmland Preservation Division as of April 2017. County management is responsible for implementing internal controls over the cash collection process. 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:** Review cash collection work assignments to determine if a proper segregation of duties is in place.

Findings:

Work assignments in the Farmland Preservation Division provide for an adequate segregation of duties. One individual receives and deposits checks at the bank. A second individual reviews checks and compares them to the entries on Daily Cash Summary Sheet which is submitted to the Revenue Division, initialing the sheet as evidence of review. Checks are deposited in the Common Account, which is reconciled monthly by the Accountant I in Fiscal Affairs.

In our sample of deposits, however, we did note one instance where the Daily Cash Summary Sheet was not initialed.

2. **Procedure:** Select a sample of 5 receipts and verify that they were deposited on the same day as received and that the cash/check mix agrees to the validated deposit slip.

Findings:

Very few bank deposits are made in a given year in Farmland Preservation, and most deposits include multiple receipts. All receipts accepted are in the form of checks; no currency is handled. For our sample, we attempted to include different types of receipts accepted by this office. We reviewed one bank deposit which included six receipts for appraisal deposits, one bank deposit which included checks for state-owned easements, and one bank deposit which included checks for a mix of state-owned and county-owned easements.

For all of the checks selected for sample, we found that there was no record kept of the date of receipt or documentation explaining why a check needed to be held prior to deposit. (An example of a reason a check may be held would be missing documents which are supposed to be submitted along with an appraisal deposit.)

For two of the deposits selected for review, the checks included were dated several weeks prior to the date of the deposit; however, the date of the check is not necessarily an accurate indicator of the date of receipt.

3. **Procedure:** For offices with bank accounts.
 - a) Determine if bank reconciliations are done monthly and reviewed by a supervisor.
 - b) Agree account balances to IFAS.
 - c) Select a sample of 5 disbursements and examine the cancelled check to verify the payee, amount and authorized signer.

Findings:

This office does not maintain any bank accounts.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 County's Cash Collection Process in the Farmland Preservation Division as of April 2017. 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.

INDEPENDENT INTERNAL AUDITORS' REPORT
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Cash Collections – FARMLAND PRESERVATION DIVISION
Page 3 of 3

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



Anthony D. Sabino, CIA
Lead Auditor

May 18, 2017

cc: J. Hunter, Director of Fiscal Affairs
M. Bentzoni, Farmland Preservation Administrator
C. Allen, Director of Administration