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Audit Report

**LICENSE AGENCY  
FUND**

As of March 31, 2016

**Office of the Controller  
County of Northampton  
Pennsylvania**



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August 12, 2016

Members of the Northampton County Council  
John A. Brown, County Executive  
County of Northampton, Pennsylvania

We have completed an audit of the License Agency Fund as of March 31, 2016.

The Executive Summary on page one summarizes the audit results, while the Audit Results section provides a detailed explanation.

We acknowledge the cooperation and assistance we received from the Revenue Division of Fiscal Affairs. Their help was essential to the performance of this audit.

Our report was discussed with management at the conclusion of testing our and no exit conference was held. There is no Management response included in the Audit Results section as there were no reportable findings.

Very truly yours,

Stephen J. Barron, Jr., CFE  
County Controller

Gary M. Krall, CMA  
Staff Auditor

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## **EXECUTIVE SUMMARY**

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Our audit of the Revenue Division license sales revealed that internal controls over cash, receipts and disbursements are functioning as intended. Receipts for licenses are in compliance with fee schedules set by the Pa Game Commission for hunting licenses, the Pa. Fish and Boat Commission for fishing licenses and the Pa. Department of Agriculture for dog licenses. Disbursements to the state for dog license fees collected and to the County of Northampton for commissions are accurately calculated and are submitted on a timely basis.

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## INTRODUCTION

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The Revenue Division, one of several divisions under the direction of the Department of Fiscal Affairs, administers the billing and collection of all County revenue and oversees a system for collection of tax claims, property liens, and various categories of licenses. The stated goal of the Revenue Division is to collect, safeguard and account for all funds received by the office in a timely, cost effective manner using computer technology while providing knowledgeable and courteous service to the residents and taxpayers of Northampton County.

By its very design, the County's Revenue Division is authorized by the Commonwealth of Pennsylvania to act in the capacity of an issuing agent for the Commonwealth and is responsible for selling dog, fishing and hunting licenses. As an issuing agent, the County is authorized to collect the fees for these licenses and retain a fee or commission for services rendered in collecting and remitting the license fees to the Commonwealth.

The Revenue Division maintains a License Agency Fund to account for the license fees and commissions collected and remitted to the Commonwealth. By definition, an agency fund is a separate accounting entity within the County government used to account for assets held solely in a custodial capacity for individuals, private organizations, other governments and other funds. Agency funds typically involve only the receipt, temporary custody and remittance of assets to their rightful owners. The License Agency Fund is used to account for receipts and disbursements of license fees and commissions collected by the Revenue Division which are ultimately owed to the Commonwealth of Pennsylvania and the County of Northampton.

The office currently consists of the following staff:

- Revenue Manager
- Revenue/Tax Claim Supervisor
- Clerical Technicians – 7 cashiers
- Clerical Specialists – 3 cashiers with additional responsibilities

The Revenue Division collects license fees at the County courthouse and at a satellite location at the Human Services offices in Bethlehem Township.

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## **PURPOSE AND SCOPE**

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This audit is one in a series of periodic audits of all agency funds performed for the purpose of supplementing the year-end work as determined by the County's external auditor. The focus of the audit was on the receipt and disbursement functions and on compliance with state laws and regulations of the various licenses sold.

The purpose of the audit was:

- To determine the adequacy of internal controls
- To test compliance with internal controls, laws and regulations, policies and procedures.

Our testing was conducted on transactions occurring during the period January 1, 2016 through March 31, 2016. Our tests did not include an examination of the RECO cashing system used by the Revenue Division for point of sale transactions. We accepted all reports used in this audit as accurate.

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## **METHODOLOGY**

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Our methodology included:

- Interviewing the Revenue Manager and Tax Claim/Revenue Supervisor to document the overall licensing process and to update recent narrative reviews of the receipt and disbursement processes.
- Identifying applicable policies, procedures, laws and regulations and obtaining the latest license fee schedules from the applicable state agencies.
- Completing internal control questionnaires to identify and assess internal controls.
- Performing tests of transactions for compliance with internal controls and regulations and validating cash/bank account balances based on the transactions tested.
- Determining if commissions due to the County were accurately calculated, processed in a timely fashion and posted to the correct G/L accounts.

Our review included an assessment of internal controls in the audited areas. Any significant findings related to internal controls are included in the Audit Results section of the report.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## **AUDIT RESULTS**

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No major audit findings were discovered during the testing of the License Agency Fund. We did note some minor exceptions which were discussed with management during fieldwork. These exceptions were corrected by management prior to the audit date. There were no instances of noncompliance that came to our attention during testing.