



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) 559-3186
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 Area Agency on Aging solely to assist you with evaluating the proof of cash reconciliation for the Old York Road Senior Center, Bethlehem, PA for the National Penn non-profit checking account (a non-county cash bank account) for the period January through June, 2015. These procedures were done at the request of the Area Agency on Aging in order to enhance the integrity of the management of these monies donated to the Senior Center even though they are non-county funds. Management is responsible for the internal controls over the proof of cash process. 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:** Perform a proof of cash reconciliation for the Old York Road Senior Center bank account for the National Penn non-profit checking account #21690-347-5 as of June 30, 2015. Reconcile the bank balance to the Senior Center Income Statement book balance.

Findings: The proof of cash was performed for the period January 6 through June 30, 2015. The June 30, 2015 ending cash balance in this Senior Center bank account was \$4,695.13.

The activity per the bank statements for the period did not agree to the Senior Center's activity as reported on their Income Statement (book activity). A deposit of \$60.30 from 6/25/2015 was noted on the bank statement but none of the Senior Center's reports reflected this deposit amount.

The Senior Center Income Statement, which detailed receipts and disbursements for each month and calculated the book balance for cash, could not be relied upon for book activity. In order to perform the proof of cash, the book activity had to be reconstructed using the Senior

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Center's receipt and disbursement records. There appeared to be formatting and formula errors present on the Income Statement spreadsheet. Some of the Income Statement activity was also not being recorded in the proper month, and other receipt activity in addition to the 6/25/2015 deposit was missing.

The transaction (check) register was not properly maintained by Senior Center staff. The check register did not include deposits, bank fees or the running account balances. Check entries did not always show the complete payee name or description of the expenditure. Check entries did not always detail the correct issue date. Checks were issued out of numeric sequence order and were entered in the register out of issue date sequence order.

The Senior Center staff did not perform bank reconciliations. The Senior Center staff compared the Income Statement end of month cash balance to the bank balance and noted differences. However, none of these differences were explained or resolved. In addition, the cash balance per the Senior Center's records and difference between the book and bank cash balance that occurred as of yearend for 2014 was disregarded and the Income Statement for the 2015 year began with the bank balance as of the beginning of 2015 with no explanation.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the proof of cash reconciliation for the Old York Road Senior Center (a non-county cash bank account). 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.

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



Kathleen A. Kuzma, MBA, CPA, CGMA
Lead Auditor

August 3, 2015

cc: John Mehler, Aging Administrator
Diane Esch, Senior Center Manager