



COUNTY OF LEHIGH  
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER  
17 SOUTH SEVENTH STREET  
ALLENTOWN, PA 18101-2400  
(610) 782-3082 FAX: (610) 871-2897

GLENN ECKHART  
COUNTY CONTROLLER

JOHN A. FALK  
DEPUTY CONTROLLER

**TO:** Final Report Distribution  
**FROM:** Glenn Eckhart, County Controller G.E.  
**DATE:** May 18, 2016  
**RE:** Audit of Community Corrections Center

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We have completed a financial audit of the Community Corrections Center, County of Lehigh, Pennsylvania for the period October 1, 2014 to September 30, 2015. Our audit report number 16-16 is attached.

The results of our audit are:

- The "*Statement of Receipts and Disbursements*" for the period October 1, 2014 to September 30, 2015 presents fairly, in all material respects, the financial activity arising from cash transactions of the Department of Corrections Community Corrections Center.
- Current ownership and use rights and maintenance obligations for Riverside Drive are not clearly defined. The users of Riverside Drive will be contacted in an effort to establish an agreement for road maintenance.
- Work Program (Blue Crew) is being reviewed for the cost/benefit of maintaining the program.

Attachment

**COUNTY OF LEHIGH, PENNSYLVANIA**  
**COMMUNITY CORRECTIONS CENTER**

*Financial Audit*  
*For the Period October 1, 2014 to September 30, 2015*

AUDIT REPORT NO. 16-16

COUNTY OF LEHIGH, PENNSYLVANIA  
COMMUNITY CORRECTIONS CENTER

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COUNTY OF LEHIGH, PENNSYLVANIA  
COMMUNITY CORRECTIONS CENTER

*Background*

The Lehigh County Community Corrections Center (CCC) houses sentenced male and female residents in a minimum security facility. Fully renovated in 2011, this center affords individuals the opportunity to participate in rehabilitative programs, secure local community employment, and pay their court costs, child support, room and board, etc. The 2016 budget is predicated on an average daily population of 225 residents including some state offenders, for which the county receives per diem compensation. As a form of intermediate punishment, community corrections is widely used for short-term, low custody level offenders, who pose minimal risk to society. The facility also provides highly structured supervision for offenders who would otherwise be incarcerated for technical violations of parole supervision. (Source: 2016 adopted Lehigh County Budget)

The CCC management compiles in-house statistics on number of daily residents, who are eligible for work and who are actually employed. Please refer to Exhibit 1 on page 10 for available information for 2012 through 2015. Below is an excerpt from this data using the month of October as an example of the typical mix of employed and unemployed CCC residents:

Random Snapshot of Employed CCC Inmates:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Total CCC Residents</b>	<b>291</b>	<b>236</b>	<b>224</b>	<b>190</b>
<b>Work Eligible Residents</b>	<b>145</b>	<b>130</b>	<b>128</b>	<b>117</b>
<b>Number Actually Employed</b>	<b>106</b>	<b>101</b>	<b>93</b>	<b>74</b>
<b>Number Not Working</b>	<b>39</b>	<b>29</b>	<b>35</b>	<b>43</b>

The CCC management utilizes some of the unemployed workforce for county-related work. This is done under the supervision of the Department of General Services.





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GLENN ECKHART  
COUNTY CONTROLLER

JOHN A. FALK  
DEPUTY CONTROLLER

Laura Kuykendall, Warden  
Community Corrections Center  
1600 Riverside Drive  
Bethlehem, PA 18016

We have audited the accompanying Statement of Receipts and Disbursements of Community Corrections Center for the period October 1, 2014 to September 30, 2015 as listed in the Table of Contents. The financial statements are the responsibility of Community Corrections Center's management. Our responsibility is to express an opinion on the Statement of Receipts and Disbursements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the generally accepted government auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Also, as discussed in Note 1, the financial statements present only the Community Corrections Center financial activity and does not purport to, and does not, present fairly the assets, liabilities, and results of operations of the County of Lehigh for the period October 1, 2014 to September 30, 2015 in conformity with the cash receipts and disbursements basis of accounting.

In our opinion, the Statement of Receipts and Disbursements referred to above presents fairly, in all material respects, the financial activity arising from cash transactions of the Community Corrections Center for the period October 1, 2014 to September 30, 2015, on the basis of accounting described in Note 1. However, we noted control deficiencies or other management issues that are described in the accompanying "*Schedule of Audit Findings and Recommendations*".

In accordance with *Government Auditing Standards*, we have also issued a report dated May 16, 2016 on our consideration of Community Corrections Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



GLENN ECKHART,  
County Controller

May 16, 2016  
Allentown, Pennsylvania

Final Distribution:

Timothy Bollinger, General Services  
Board of Commissioners  
Frank Kane, Director of Community & Economic Development  
Daniel McCarthy, Director of Administration  
Chris Miller, Accountant  
Richard Molchany, Director, General Services  
Thomas Muller, County Executive  
Timothy Reeves, Fiscal Officer  
Edward Sweeney, Director of Corrections

COUNTY OF LEHIGH, PENNSYLVANIA  
COMMUNITY CORRECTIONS CENTER

*Statement of Receipts and Disbursements*  
*For the Period October 1, 2014 to September 30, 2015*  
(NOTE 1)

Receipts:

Gross Deposits	\$ 517,555.72
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Disbursements:

Room and Board	203,215.00
Cost and Fines	55,709.95
Laundry Fees	8,193.04
Furlough	6,498.00
Miscellaneous Fees	2,959.85
Domestic Relations	2,546.82
TV/Cable	<u>2,050.00</u>

Total Disbursements	<u>281,172.66</u>
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Receipts Over (Under) Disbursements	236,383.06
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Less: Funds Returned to Inmates	<u>236,383.06</u>
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Funds Not Disbursed	<u>\$ 0.00</u>
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The accompanying notes to financial statement are an integral part of this statement.

COUNTY OF LEHIGH, PENNSYLVANIA  
COMMUNITY CORRECTIONS CENTER

*Notes to Financial Statement*  
*For the Period October 1, 2014 to September 30, 2015*

**1. Summary of Significant Accounting Policy**

**A. Reporting Entity**

The Community Corrections Center's financial activity is a part of the County of Lehigh's reporting entity, included in the governmental funds and is subject to annual financial audit by external auditors. This report is only for internal audit purposes.

**B. Basis of Accounting**

The accounting records of the County of Lehigh and the Statement of Inmate Receipts and Disbursements are maintained on the cash receipts and disbursements basis of accounting. Under this basis of accounting, revenue is recognized when cash is received and expenditures are recognized when paid. This differs from Generally Accepted Accounting Principles (GAAP) which requires the accrual basis of accounting.

**C. Continuous Audits**

The Controller's Office performs continuous audits of county receipts and disbursements including inmate payroll activity at the Community Corrections Center. Continuous audit work since the last audit are included in this audit report by reference.





# COUNTY OF LEHIGH

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GLENN ECKHART  
COUNTY CONTROLLER

JOHN A. FALK  
DEPUTY CONTROLLER

Laura Kuykendall, Warden  
Community Corrections Center  
1600 Riverside Drive  
Bethlehem, PA 18016

We have audited the financial statements of Community Corrections Center for the period October 1, 2014 to September 30, 2015 and have issued our report thereon dated May 16, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the generally accepted government auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In planning and performing our audit, we considered Community Corrections Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Statement of Receipts and Disbursements but not for the purpose of expressing an opinion on the effectiveness of the Community Corrections Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Community Corrections Center's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such as there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

As part of obtaining reasonable assurance about whether the Community Corrections Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Community Corrections Center in a separate section titled "*Schedule of Audit Findings and Recommendations*".

The Department of Law and Department of General Services responses to our audit are included in this report. We did not audit these responses and, accordingly, we do not express an opinion on them.

This report is intended solely for the information and use of management and other affected county offices and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Glenn Eckhart  
County Controller

May 16, 2016  
Allentown, Pennsylvania



COUNTY OF LEHIGH, PENNSYLVANIA  
COMMUNITY CORRECTIONS CENTER (CCC)

*Schedule of Audit Findings and Recommendations*

**1. CCC Access**

Condition: Current ownership and use rights in, as well as maintenance obligations for, Riverside Drive are not clearly defined. There is an agreement dated April 10, 1987 between Consolidated Rail Corporation (“Conrail”) Steel Structures Corporation (“Steel”) and Reeb Millwork Corporation (“Reeb”) that specifically refers to “a private roadway, known as Riverside Drive” and further states that the “land underlying said roadway is owned partly by (Steel), partly by Conrail and partly by Goodman.” Riverside Drive starts in the city of Bethlehem, Northampton County, and continues into Lehigh County, through Fountain Hill and Salisbury Township. Due to the nebulous nature of road ownership and maintenance responsibility the county has undertaken steps to help keep the apparent private road in a drivable condition, without assistance from other companies whose employees also utilize the road.

Recommendation: The Department of Law should take the necessary steps to identify all private and public, if any, ownership rights in Riverside Drive (and any portions thereof). In addition, use rights and maintenance responsibilities of the multiple entities using Riverside Drive should be clearly established and, ideally, reduced to writing.

**2. Work Program (Blue Crew) Participation/Cost Effectiveness**

Condition: Some inmates who not able to find external employment are assigned by CCC management to an internal work crew call the “Blue Crew”. The Blue Crew is managed by the General Services Department. The General Services work program management consists of three full-time employees and one part-time employee.

The number of inmates housed at the CCC varies, as does the number of inmates eligible for external employment, and the number eligible but unable to find a job. Please refer to Exhibit 1 for a summary of the CCC resident population and an analysis of the number of residents working and not working for the past several years. Consideration is being given to increasing the number of Blue Crew participants, however, the cost effectiveness of the current Blue Crew arrangement has not been determined.

Recommendations: The current Blue Crew utilization should be re-evaluated by the General Services Management in light of the goals and objectives of the Department of Corrections. The following are potential considerations:

- Document the cost/benefit of the current work program Blue Crew arrangement.
- Evaluate varying the number of participating CCC inmates to “right-size” to changing daily workload.

- Determine the cost/benefit of the blue crew management “home” base – stay at the county garage or relocate management to the CCC.
- Evaluate the cost/benefit of expanding the Blue Crew “customers” to include:
  - The Congress of Governments – Many local municipalities need day laborers for various purposes. Perhaps other local governments would be willing to provide transportation and minimal supervision to have the opportunity to utilize relatively inexpensive labor (currently \$5.00 per day).
  - Lehigh County Non-Profit Organizations – Also extend the invitation to local social services organizations.
  - Other Commercial Partners – explore the possibility of expanding employment training and job placement through establishment of temporary assignments.

If deemed to have merit, develop a plan to market and communicate the expanded Blue Crew to potential users.

**Community Corrections Center  
Employment for CCC Inmates  
January 2012 to October 2015**

	<b>Jan 2012</b>	<b>Feb 2012</b>	<b>Mar 2012</b>	<b>Apr 2012</b>	<b>June 2012</b>	<b>July 2012</b>	<b>Aug 2012</b>	<b>Oct 2012</b>	<b>Dec 2012</b>
<b>Total CCC Residents</b>	190	216	234	237	255	261	261	291	286
<b>Work Eligible Residents</b>	77	96	112	128	131	146	144	145	151
<b>Number Actually Employed</b>	(59)	(68)	(81)	(84)	(93)	(99)	(99)	(106)	(114)
<b>Number Not Working</b>	18	28	31	44	38	47	45	39	37

	<b>Mar 2013</b>	<b>Apr 2013</b>	<b>Aug 2013</b>	<b>Sep 2013</b>	<b>Oct 2013</b>	<b>Nov 2013</b>
<b>Total CCC Residents</b>	270	259	265	245	236	241
<b>Work Eligible Residents</b>	150	141	146	141	130	149
<b>Number Actually Employed</b>	(97)	(112)	(105)	(108)	(101)	(103)
<b>Number Not Working</b>	53	29	41	33	29	46

	<b>Mar 2014</b>	<b>Apr 2014</b>	<b>May 2014</b>	<b>July 2014</b>	<b>Sep 2014</b>	<b>Oct 2014</b>
<b>Total CCC Residents</b>	227	244	244	238	226	224
<b>Work Eligible Residents</b>	115	127	128	138	135	128
<b>Number Actually Employed</b>	(79)	(83)	(95)	(94)	(105)	(93)
<b>Number Not Working</b>	36	44	33	44	30	35

	<b>July 2015</b>	<b>Aug 2015</b>	<b>Sep 2015</b>	<b>Oct 2015</b>
<b>Total CCC Residents</b>	198	187	193	190
<b>Work Eligible Residents</b>	104	96	101	117
<b>Number Actually Employed</b>	(74)	(72)	(62)	(74)
<b>Number Not Working</b>	30	24	39	43





COUNTY OF LEHIGH  
Department of General Services

Richard D. Molchany  
Director of General Services

TO: Glenn Eckhart, County Controller  
FROM: Richard D. Molchany, Director of General Services  
DATE: April 19, 2016  
RE: Response to compliance audit of County Work Program policy

**1. CCC Access**

- Current ownership and use rights, and maintenance obligations for Riverside Drive are not clearly defined.
- **Recommendation/Findings by General Services:**
  - Department of Law is pursuing a legal opinion for Riverside Drive
  - Charles Smith, Assistant County Solicitor has been assigned to this project

**2. Work Program (Blue Crew) Participation/Cost Effectiveness**

- Some inmates who do not have external employment are assigned by CCC management to an internal work crew called the "Blue Crew".
- The number of inmates housed at the CCC varies, as does the number of inmates eligible for external employment, including the "Blue Crew".
- **Recommendation/Findings by General Services:**
  - i. General Services has begun the process of documenting the cost/benefits of the "Blue Crew" and will determine the value created by maintaining this program.
    - Results of our internal cost/benefit analysis demonstrates that the County is receiving value from the "Blue Crew" program
    - Further analysis, including annual reports will ensure the County value

Government Center  
17 South Seventh Street  
Allentown, Pennsylvania 18101-2401  
Phone: 610-782-3001  
Fax: 610-871-2755  
rickmolchany@lehighcounty.org

- Evaluations will look similar to this:

Mowing	workers	days/yr	rate/day	cost	# of shifts
Blue Crew	10	50	\$ 5.00	\$ 2,500.00	500
Work Program (full time)	2	45	\$ 335.28	\$ 30,175.20	90
Work Program (part time)	1	5	\$ 86.54	\$ 432.70	5
Total Cost				\$ 33,107.90	
Contractor	7	50	\$ 280.00	\$ 98,000.00	
Savings				\$ (64,892.10)	

- ii. General Services will work with the CCC management to develop a "Right Size Blue Crew Plan".
  - Many of the "Blue Crew" work assignments are ad hoc in nature
  - General Services will work with several County departments to establish consistent work assignments; such as:
    - a. Bridge Department: grass cutting
    - b. Cedarbrook Campus: grass cutting
    - c. Archives: labor assistant
    - d. Parks/Recreation: clean up
    - e. General Services: document shredding
    - f. Maintenance: clean up, snow removal, recycling, furniture movement, assist construction projects
    - g. Other: tbd
- iii. General Services is evaluating the relocation of the "home base".
  - Met with the CCC management and determined that there are inmate benefits that are realized when "Blue Crew" participants have the responsibility to travel for assignments
    - a. Build work behaviors
      - i. Need to be on time, on location of the assignment
      - b. Creates a reward for the inmates that improves morale
  - Cost to relocate might not have a positive return on investment
    - a. General Services will continue to evaluate this project

- iv. General Services will determine the value in expanding “Blue Crew” customers to local municipalities, Non-profit organizations and other Commercial Partners.
  - Note: This is a program designed to teach, and develop the basic skills required to maintain employment; not to take advantage of low labor rates
  - General Services met with Penn State Extension and discussed the possibility of creating a “day labor pool” for local agriculture businesses. Those programs will have to be established using Department of Labor standards.
    - a. Several local farmers are interested in understanding the program benefits
  - In the past, General Services has used the “Blue Crew” to support local municipalities during emergency conditions
    - a. Recent high winds created significant damage in Whitehall Township, and Catasauqua Borough
      - i. “Blue Crew” assisted in municipal clean up
    - b. Key to this labor support is the municipality declaring a “state of emergency”
      - i. This provides relief from municipal bargaining unit labor contracts
  - General Services does use the “Blue Crew” to support non-profits that operate on County owned property
    - a. Several non-profits who receive some benefits from the County program are:
      - i. Lehigh Valley Zoological Society
      - ii. Lehigh Valley Velodrome
  - Non-profit organizations have made labor requests to the CCC management, and those requests are reviewed on a case by case basis
    - a. These programs are not managed via the General Services Work Program





**COUNTY OF LEHIGH**  
**Department of Law**

**Matthew R. Sorrentino**  
County Solicitor

Charles F. Smith, Jr., Assistant County Solicitor  
direct dial: 484-765-2294 | email: charlessmith@lehighcounty.org

May 9, 2016

John A. Falk, Deputy Controller  
Office of the Lehigh County Controller  
Government Center – Room 465  
17 South Seventh Street  
Allentown, PA 18101

RE: Audit - Community Corrections Center

Dear Deputy Falk:

With regard to the recommendation of the Controller's Office concerning the above-captioned, the Law Department will work with the Director of General Services and the Director of the Department of Corrections to attempt to secure commitments from the companies located along Riverside Drive to contribute to the maintenance of the road and to memorialize same in a maintenance agreement, containing a schedule of contribution, signed by all parties.

Very truly yours,

CHARLES F. SMITH, JR.  
Assistant County Solicitor

CFS, Jr./deb

*Lehigh County Government Center  
17 S. Seventh Street  
Allentown, Pennsylvania 18101-2400  
Phone: 610-782-3180  
Fax: 610-871-2796*