



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 D. ECKHART
COUNTY CONTROLLER

JOHN A. FALK
DEPUTY CONTROLLER

TO: Final Report Distribution
FROM: Glenn Eckhart, County Controller *G.E.*
DATE: March 28, 2017
RE: Compliance Audit – 2016 Imprest Funds

We have completed an audit of imprest funds advanced by the Office of Fiscal Affairs to various Lehigh County departments and offices for the calendar year ending December 31, 2016. The Office of Fiscal Affairs is responsible for the preparation of imprest funds as described in the County of Lehigh Home Rule Charter and Administrative Code (as amended). The Office of the Controller is responsible for auditing county disbursements and reviewing warrants for the expenditure of county monies as described in Section 503 of the County of Lehigh Home Rule Charter and Section 502 of the Administrative Code. Our report number 17-4 is attached.

The results of our audit are:

- The Office of Fiscal Affairs is in compliance, in all material respects, with compliance requirements over imprest cash funds for calendar year 2016.
- The Fiscal Officer should implement an ongoing process to ensure employees handling County cash and/or financial transactions are signing the “Employee Policy & Procedures Representation Letter”.

Attachment

COUNTY OF LEHIGH, PENNSYLVANIA

INDEPENDENT AUDITOR'S REPORT

*Compliance Audit of Imprest Funds
For the Calendar Year 2016*

REPORT NO. 17-4

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE AUDIT OF IMPREST FUNDS

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COUNTY OF LEHIGH, PENNSYLVANIA
IMPREST FUNDS ADVANCED BY THE OFFICE OF FISCAL AFFAIRS
AS OF DECEMBER 31, 2016

Background

Numerous County of Lehigh offices require change and petty cash funds in order to conduct operations. These funds are known as “imprest funds” and are tracked as an asset on the County of Lehigh books and accounts. The Office of Fiscal Affairs’ management has overall responsibility for county-wide cash imprest funds.

To ensure funds are intact and adequately secured the Controller’s Office conducts unannounced cash counts at offices holding imprest funds. Count results are communicated with the individual offices.

During calendar year 2016 separate unannounced cash counts were conducted at:

- Assessment Office
- Bureau of Collections
- Cedarbrook Nursing Home – Allentown
- Cedarbrook Nursing Home – Fountain Hill
- Central Booking
- Clerk of Judicial Records – Civil Division
- Clerk of Judicial Records – Criminal Division
- Clerk of Judicial Records - Recorder of Deeds
- Clerk of Judicial Records – Register of Wills
- Courthouse Copy Room
- District Attorney (6 separate counts)
- Domestic Relations Section
- Fiscal Office
- Jail
- Law Library
- Magisterial District Courts (14 separate counts)
- Office of Children and Youth
- Orphans’ Court
- Sheriff
- Voters Registration
- Work Release



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GLENN D. ECKHART
COUNTY CONTROLLER

JOHN A. FALK
DEPUTY CONTROLLER

Timothy Reeves, Fiscal Officer
Office of Fiscal Affairs
Lehigh County Government Center
17 South Seventh Street
Allentown, PA 18101-2400

Compliance

We have audited the Office of Fiscal Affairs management's compliance with the County of Lehigh Home Rule Charter and Administrative Code (as amended) requirements for imprest funds advanced during calendar year 2016. Compliance with the requirements referred to above is the responsibility of the Office of Fiscal Affairs management. Our responsibility is to express an opinion on the Office of Fiscal Affairs management's compliance based on our audit.

We conducted our audit of compliance 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on imprest fund activity. An audit includes examining, on a test basis, evidence about the Office of Fiscal Affairs management's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Office of Fiscal Affairs management's compliance with those requirements.

In our opinion, the Office of Fiscal Affairs management complied, in all material respects, with the compliance requirements referred to above that are applicable to imprest fund activity for the calendar year 2016 except for the management issue described in the accompanying "*Schedule of Audit Findings and Recommendations*".


Internal Control Over Compliance

Management of the Office of Fiscal Affairs is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Office of Fiscal Affairs management's internal control over compliance to determine the auditing procedures for the purposes of expressing an opinion on compliance, but not for the purposes of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Office of Fiscal Affairs management's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies in internal control over compliance, such that there is reasonable possibility that a material noncompliance with a compliance requirement will not be prevented or detected and corrected on a timely basis.

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

This report is intended solely for the information and use of management, Thomas Muller, County Executive; Board of Commissioners, others within the entity, 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

Audited by: Thomas Schweyer

March 23, 2017
Allentown, Pennsylvania

xc: Kay Achenbach, Director, Human Services
Timothy Benyo, Director, Voters Registration
Board of Commissioners
Joseph Hanna, Sheriff
M. Judith Johnston, Director, Human Resources
James Martin, District Attorney
Thomas Muller, County Executive
Andrea Naugle, Clerk of Courts
The Honorable Edward Reibman, President Judge
H. Gordon Roberts, Magisterial District Judge Administrator
Mary Sabol, Director, Department of Corrections
Joseph Shadid, Cedarbrook Administrator
John Sikora, Deputy Court Administrator
Kerry Turtzo, Court Administrator

COUNTY OF LEHIGH, PENNSYLVANIA
IMPREST FUNDS ADVANCED BY THE OFFICE OF FISCAL AFFAIRS
AS OF DECEMBER 31, 2016

Schedule of Audit Findings and Recommendations

1. “Employee Policy & Procedures Representation Letter” not signed by all employees handling county cash and/or financial transactions

Condition: During our individual office cash counts we found that 12 employees involved in cash handling activities had not signed the EMPLOYEE POLICY & PROCEDURES REPRESENTATION letter (copy attached). Most of the employees were either newly hired or transferred from a difference position.

The fiscal officer requires all employees involved in cash handling and/or financial transaction processing to sign the letter.

Recommendation: The fiscal officer should issue annual email reminders to County supervisors to review and update their respective list of their employees required to sign the letter.



COUNTY OF LEHIGH
Office of Fiscal Affairs

Timothy A. Reeves
Fiscal Officer

Mr. Timothy Reeves, Fiscal Officer Lehigh
County Government Center
17 South Seventh Street
Allentown, PA 18101-2401

RE: Employee Policy & Procedures Representations

Dear Mr. Reeves:

As an employee of the _____,
I confirm my understanding of the following County of Lehigh, Office of Fiscal Affairs, standard operating procedures and policies but not limited to:

1. All monies from all sources (cash, checks, money orders, etc.) are to be processed as received and immediately included in the proper office cash drawer(s).
2. I am personally responsible for cash change fund amounts assigned to me and I am only authorized to access cash change fund amounts assigned to others with the approval of the office supervisor in charge of governance.
3. State-issued and/or county-authorized, pre-numbered receipts are required to be given to the payer for all counter cash receipt transactions. In cases of computer receipts not being available then State issued and/or county-authorized, pre-numbered, manual receipts will be issued following the AOPC and/or county-authorized, standardized procedures.
4. All checks are to be restrictively endorsed "For Deposit, County of Lehigh" immediately on receipt.
5. Documented supervisor's approval is required for any voided transaction. Supervisors initiating a void must have documented approval of the office supervisor in charge of governance.
6. Documentation for all transactions is to be retained (including void transactions).
7. Any adjustment to the manual or computer-based records is strictly prohibited without the express documented approval of my supervisor or the office supervisor in charge of governance.
8. No adjustment of any kind can be performed by the individual who processed the original transaction.
9. There are no funds kept in desk drawers unless stored in approved county-authorized lockable cash drawers.

*Government Center 17 South Seventh Street
Allentown, Pennsylvania 18101-2401*

*Accounts Receivable Phone: 610-782-3112
Fax: 610-820-3121*

*Fiscal Administration Phone: 610-782-3115
Fax: 610-820-3690*

10. I am unaware of any irregularities or fraud involving management or employees.
11. I will immediately report any suspicious activity to my supervisor in charge of governance or to the Office of the Controller.
12. Cashing of checks out of cash receipts is prohibited.
13. All safe combinations if entrusted to me are confidential information not to be shared with anyone without expressed permission of the office supervisor in charge of governance.
14. Office keys if entrusted are kept in a secure place at all times and are not to be duplicated or given to anyone else without the expressed permission of the office supervisor in charge of governance.
15. All computer passwords are confidential and are not to be shared or posted for others to see or use in any way.
16. I am responsible to log off my county system to prevent unauthorized access to data.
17. I am responsible for the daily reconciliation of the actual cash receipts to the actual cash receipt records I processed.
18. Daily cash reconciliations require dual counting of cash & documented confirmation by the office supervisor in charge of governance.
19. Cash overages and shortages are reported on daily cash settlements in writing to the Magisterial District Court Administrator, if applicable and to the County Fiscal Officer.
20. All daily cash receipts (cash, checks, money orders) are included in the daily cash deposit and are fully recorded on the daily bank deposit ticket.
21. The use of white-out to make corrections on county documents is forbidden.
22. All blank check stock or check paper is to be secured until actual use.
23. All use of check-signing equipment is to be recorded and each user must be specifically approved by the office supervisor in charge of governance.
24. Access to signed county checks is to restricted individuals authorized by the office supervisor in charge of governance.
25. All county disbursements must be properly recorded.
26. All county disbursements must be supported with adequate documentation.
27. I understand and agree to comply with this employee policy & procedure document.
28. I have been given a copy of this employee policy & procedure document.

Sincerely yours,

 (Print Name and Title)

(Print Supervisor Name and Title)

 (Signature)

(Supervisor Signature)

 (Date)

(Date)

TO: Glenn Eckhart, County Controller
FROM: Timothy A. Reeves, Fiscal Officer
DATE: March 23, 2017
RE: Response to Audit Findings and Recommendations – 2016 Imprest Funds

1. Employee Policy & Procedures Representation Letter not signed by all employees handling county cash and/or financial transactions

Response: The Fiscal Office will issue an annual reminder (during the beginning of the Budget process) to all supervisors reminding them to review and update their respective list of employees required to sign the letter.

A handwritten signature in cursive script, reading "Timothy A. Reeves", is written over a solid horizontal line.

Timothy A. Reeves, Fiscal Officer County of Lehigh