



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: January 16, 2018
RE: Compliance Audit – 2017 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, 2017. The Office of Fiscal Affairs' management 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 18-3 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 2017.
- Petty cash controls at the Jail would be strengthened by utilizing a receipting system. Management has opted to not implement this recommended control.

Attachment

AUDITS/PENSION PAYMENTS

COUNTY OF LEHIGH, PENNSYLVANIA

INDEPENDENT AUDITOR'S REPORT

*Compliance Audit of Imprest funds
For the Calendar Year 2017*

REPORT NO. 18-3

COUNTY OF LEHIGH, PENNSYLVANIA
IMPREST FUNDS ADVANCED BY THE OFFICE OF FISCAL AFFAIRS
AS OF DECEMBER 31, 2017

Table of Contents

	<i><u>Page</u></i>
Background	1
OPINION OF GLENN ECKHART, LEHIGH COUNTY CONTROLLER	2-3
Schedule of Audit Findings and Recommendations	4
Schedule of Prior Audit Findings and Recommendations (Report #17-4 issued March 28, 2017)	5
Department of Administration - Fiscal Officer's Response	No Response

COUNTY OF LEHIGH, PENNSYLVANIA
IMPREST FUNDS ADVANCED BY THE OFFICE OF FISCAL AFFAIRS
AS OF DECEMBER 31, 2017

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 2017 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
- Jail
- Law Library
- Magisterial District Courts (14 separate counts)
- Office of Children and Youth
- Office of Fiscal Affairs
- Orphans’ Court
- Sheriff
- Voters Registration
- Work Release



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

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 the Administrative Code (as amended) requirements for imprest funds advanced during calendar year 2017. 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 2017 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; Phillips Armstrong, County Executive; Thomas Muller, County Administrator; Board of Commissioners; and others within the county 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

January 10, 2018
Allentown, Pennsylvania

xc: Kay Achenbach, Director, Human Services
Phillips Armstrong, County Executive
Timothy Benyo, Director, Voters Registration
Board of Commissioners
Joseph Hanna, Sheriff
M. Judith Johnston, Director, Human Resources
James Martin, District Attorney
Thomas Muller, County Administrator
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, 2017

Schedule of Audit Findings and Recommendations

Condition: The Jail does not require signed receipts for petty cash transactions. Transfers of cash should be receipted and signed and dated by each employee to document chain of custody. Without signed receipts it would be difficult to determine the responsible party for any shortages. The maximum amount held in petty cash is \$100.

Recommendation: We suggested to management in a memo dated August 10, 2017, they implement a petty cash receipt process by using 3-ply, pre-numbered receipts showing amount, date paid, and signatures of payer and recipient.

In response to the memo, management opted to not implement the recommendation and accept the risk of loss.

COUNTY OF LEHIGH, PENNSYLVANIA
IMPREST FUNDS ADVANCED BY THE OFFICE OF FISCAL AFFAIRS
AS OF DECEMBER 31, 2017

Schedule of Prior 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. Most of the employees were either newly hired or transferred from a different 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.

Management 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.

Current Status: The Fiscal Officer has adequately addressed this issue.