




Lehigh County
Pennsylvania

OFFICE OF THE CONTROLLER

Mark Pinsley, MBA
COUNTY CONTROLLER

Nanton John, CFE
DEPUTY CONTROLLER

TO: Final Report Distribution
FROM: Mark Pinsley, County Controller 
DATE: April 3, 2023
RE: 2021 Cedarbrook Nursing Home Fund Audit

We have completed our financial audit of the Cedarbrook Nursing Home Fund for calendar year 2021. Our report number 23-08 is attached. We recognize the progress that has been achieved regarding the billing, collecting and management of receivable balances; however, several areas of opportunity remain.

The results of our audit are:

- Controls surrounding the documentation, approval and communication of collection efforts and bad debt write-offs can be strengthened.
- Accounts receivable reconciliation between the PointClickCare system and the County's financial system should be performed on a regular basis.
- Prior year revenue refund adjustments should be charged as an expense.
- Trustee Account bank reconciliations should be performed timely, be well documented, and agreed to the County's financial system. Stale-dated checks should be reviewed on a timely basis, reissued or escheated in compliance with state escheat rules/regulations.
- Cash handling controls can be strengthened.

See "*Schedule of Audit Findings and Recommendations*" for further discussion, details, and management's action plans to address the deficiencies.

Please feel free to contact me if you have any questions.

Attachment



COUNTY OF LEHIGH, PENNSYLVANIA
CEDARBROOK NURSING HOME FUND

Financial Audit
For the Calendar Year Ended December 31, 2021

AUDIT REPORT NO. 23-08

COUNTY OF LEHIGH, PENNSYLVANIA
CEDARBROOK NURSING HOME FUND

	Page(s)
<i>Table of Contents</i>	
Background.....	1
Opinion of Mark Pinsley Lehigh County Controller.....	2-3
Statement of Changes in Fund Balances for the year ending December 31, 2021.....	4
Notes to Financial Statement.....	5
Fund #1233 Private Pay/Patient Liability Accounts Receivable and Bad Debt Write-Off at December 31, 2021.....	6
Comments on Compliance and Internal Controls.....	7-8
Schedule of Audit Findings and Recommendations.....	9-11
Schedule of Prior Audit Findings and Recommendations..... (Report #20-01 issued February 18, 2020)	12-13
Cedarbrook Administrator Response.....	14-15

COUNTY OF LEHIGH, PENNSYLVANIA
CEDARBROOK NURSING HOME FUND

Background

The Allentown campus of Cedarbrook, Lehigh County's senior care and rehabilitation center, is located in South Whitehall Township near I-78 and US-222. The facility has been providing highest quality short- and long-term care for residents and their families since the 1840s. Today, Lehigh County operates two nursing facilities for Lehigh County residents; the second facility is located in Fountain Hill near St. Luke's Hospital.

All services offered by our facilities are available to all eligible individuals without regard to race, national origin, sexual orientation, religious creed, political affiliation, age, gender, gender identity, or physical or mental handicap. A resident's length of stay at either facility is based upon the level of care required to meet a resident's individual needs.

A broad spectrum of comprehensive services is available and ranges from independent care apartments to short-term rehabilitation to memory support, traditional long-term care, and hospice. (*Source: Cedarbrook Senior Care & Rehab website.*)

The Nursing Home Fund (#3204) is separate from the Cedarbrook Fund* (#1233) and is comprised of the following financial components:

1. Resident trustee accounts – funds belonging to the residents held in a separate bank account.
2. Investment advisory account – funded by donations and interest income and used to fund resident activities and quality of life expenses.
3. Gift shop and craft sale profits – accumulated profits from gift shop and craft sales occurring at both nursing home locations.
4. Interest income – interest earned on deposited investment advisory and gift shop and craft sale profits.

*As noted in the opinion letter on the following page, we expanded the scope of the audit to include testing private pay and patient liability accounts receivable activity and bad debt write-offs in the Cedarbrook Fund for the year ended December 31, 2021.



OFFICE OF THE CONTROLLER

Mark Pinsley, MBA Nanton John, CFE
COUNTY CONTROLLER DEPUTY CONTROLLER

Jason Cumello, Administrator, Cedarbrook
Cedarbrook Senior Care and Rehabilitation
350 South Cedarbrook Road
Allentown, PA 18104

Report on Financial Statements

We have audited the accompanying Statement of Changes in Fund Balance of the Nursing Home Fund for the calendar year ending December 31, 2021 (hereinafter referred to as the Schedules) and the related notes to the Schedules. We expanded the scope of our testing to include private pay and patient liability accounts receivable activity and bad debt write-offs in the Cedarbrook Fund for the year ended December 31, 2021.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these Schedules in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Schedules based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Schedules, whether due to human error or fraud. In making those risk assessments, the auditor considers internal control relevant to management's preparation and fair presentation of the Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of management's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall presentation of the Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Schedules

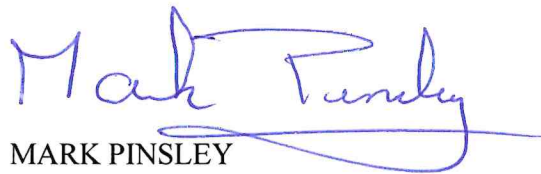
In our opinion, the Schedules referred to above present fairly, in all material respects, the financial activity arising from cash transactions of the Nursing Home Fund for the calendar year ending December 31, 2021, in accordance with the U.S. generally accepted accounting principles. **However, we noted control deficiencies or other management issues that are described in the accompanying “Schedule of Audit Findings and Recommendations”.**

As discussed in Note 1, the Schedules 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 Schedules present only the Nursing Home Fund 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 calendar year ending December 31, 2021 in conformity with the cash receipts and disbursements basis of accounting.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023 on our consideration of the Nursing Home Fund’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* in considering management’s internal control over financial reporting and compliance.



MARK PINSLEY
County Controller

March 28, 2023
Allentown, Pennsylvania

Audited by: Joseph Buick

xc: Phillips Armstrong, County Executive
Board of Commissioners
Edward Hozza, Director of Administration
Timothy Reeves, Chief Fiscal Officer
David Crook, Supervisory Accountant
Adam Boandl, Accountant II

COUNTY OF LEHIGH, PENNSYLVANIA
NURSING HOME FUND

*Statement of Changes in Fund Balance
for the Year Ended December 31, 2021
(NOTE 1)*

	<u>Trustee</u> <u>Accounts</u> (NOTE 2)	<u>Investment</u> <u>Advisory</u> (NOTE 3)	<u>Gift Shop/</u> <u>Craft Sales</u> (NOTE 4)	<u>Unallocated</u> <u>Interest</u> (NOTE 5)	<u>Total</u>
Balances – January 1	\$1,032,039	\$129,185	\$255,084	\$1,840	\$1,418,148
ADDITIONS					
Net increases in trustee account balances	30,941	0	0	0	30,941
Gift shop and craft sales	0	0	16,566	0	16,566
Interest income	0	758	1,650	0	2,408
Donations	0	5,905	0	0	5,905
Other (NOTE 6)	<u>0</u>	<u>1,491</u>	<u>0</u>	<u>0</u>	<u>1,491</u>
TOTAL ADDITIONS	<u>30,941</u>	<u>8,154</u>	<u>18,216</u>	<u>0</u>	<u>57,311</u>
REDUCTIONS					
Nursing home fees from prior period	15,715	0	0	0	15,715
Resident entertainment and activities	0	26,572	0	0	26,572
Gift shop purchases	0	0	12,937	0	12,937
Interest income allocations from prior period	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,840</u>	<u>1,840</u>
TOTAL REDUCTIONS	<u>15,715</u>	<u>26,572</u>	<u>12,937</u>	<u>1,840</u>	<u>57,064</u>
Balances – December 31	<u>\$1,047,265</u>	<u>\$110,767</u>	<u>\$260,363</u>	<u>\$0</u>	<u>\$1,418,395</u>

The accompanying notes are an integral part of this statement.

COUNTY OF LEHIGH, PENNSYLVANIA
NURSING HOME FUND

*Notes to Financial Statement
For the Year Ended December 31, 2021*

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Nursing Home Fund financial activity is a part of the County of Lehigh's reporting entity, included in the general fund, 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 Change in Fund Balance for the year ended December 31, 2021 are maintained on the cash receipts and disbursements basis of accounting. Under this basis of accounting, revenue is recognized when cash is received and disbursements are recognized when paid. This differs from Generally Accepted Accounting Principles (GAAP) which requires the accrual basis of accounting.

2. Trustee Accounts

Residents' funds kept in separate accounts at TD Bank.

3. Investment Advisory

Donations mostly come from family members of residents. Entertainment and activity costs include live entertainment, day trips to events and restaurants, electronics, and furniture.

4. Gift Shop/Craft Sales

Includes sale of candy, crafts made by residents, and other sundries at both locations. Purchases are goods purchased for resale.

5. Unallocated Interest

Interest earned during 2020 not allocated until 2021

6. Other Additions

Represents the balance transfer of an auxiliary checking account.

COUNTY OF LEHIGH, PENNSYLVANIA
NURSING HOME FUND

Cedarbrook Fund (#1233)
For the Year Ended December 31, 2021

Scope was expanded to include the review of patient liability* and private pay* account receivable balance and bad debt write-offs at 12/31/2021. Below are the respective balances as reported by PointClickCare system utilized by Cedarbrook for billing and receipt processing.

12/31/2021 Accounts Receivable Balance

Patient Liability	\$297,111.15
Private Pay	<u>\$948,990.85</u>
Total	<u>\$1,246,102.00</u>

12/31/2021 Bad Debt Write-Offs

Patient Liability	\$737,357.72
Private Pay	<u>\$671,590.91</u>
Total	<u>\$1,408,948.63</u>

* Patient liability and private pay billings are nurse care charges billed directly to the resident.



OFFICE OF THE CONTROLLER

Mark Pinsley, MBA Nanton John, CFE
COUNTY CONTROLLER DEPUTY CONTROLLER

Jason Cumello, Administrator, Cedarbrook
Cedarbrook Senior Care and Rehabilitation
350 South Cedarbrook Road
Allentown, PA 18104

We have audited, in accordance with the auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller of the United States; the accompanying Statements of Changes in Fund Balance of the Nursing Home Fund for the calendar year ending December 31, 2021 (hereafter referred to as the Schedules) and have issued our report thereon dated March 28, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the Schedules, we considered the Nursing Home management's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedules, but not for the purpose of expressing an opinion on the effectiveness of management's internal control. Accordingly, we do not express an opinion on the effectiveness of the Nursing Home management'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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

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. Significant deficiencies or material weaknesses may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

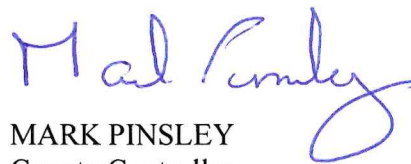
As part of obtaining reasonable assurance about whether the Nursing Home Fund Schedules are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*. Our audit also included sufficient and appropriate tests for fraud, waste and abuse and we included in our report any material (either quantitatively or qualitatively) instances we noted however, our audit procedures would not necessarily identify all instances of fraud, waste and abuse that may be reportable.

Management's Response to the Audit

We noted certain matters that we reported to management of the Nursing Home in a separate section titled "*Schedule of Audit Findings and Recommendations*". The Nursing Home management response to our audit is included in this report. We did not audit the Nursing Home management response and, accordingly, we do not express an opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended solely for the information and use of management, and Phillips Armstrong, County Executive; Edward Hozza, Director of Administration; Board of Commissioners; and Timothy Reeves, Chief Fiscal Officer 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.


MARK PINSLEY
County Controller

March 28, 2023
Allentown, PA

COUNTY OF LEHIGH, PENNSYLVANIA
NURSING HOME FUND

Schedule of Audit Findings and Recommendations

1. Bad Debt Write-offs

Condition #1: Collection Policy

Although a Collection Policy was created in 2021, Private Pay/Patient Liability procedures pertaining collection calls, letters, Legal Service Requisition, and CFO approval were not consistently followed.

Condition #2: Communication of Write-Offs

Approximately \$2.8M of outstanding receivable balances, encompassing Medicare, Medicaid, private insurance, private pay and patient liability, were written off in 2021 as uncollectible (\$1.4M pertained to private pay and patient liability balances). Informed that that balances were primarily from aged accounts, and the Chief Fiscal Officer was not informed of the write-offs.

Recommendations: As noted in the 2018 audit, see page 11, the following is recommended:

- The established Collection Policy procedures pertaining to documentation requirements, and approvals should be consistently followed and periodically validated by management for compliance.
- A procedure be established to provide periodic updates to the Chief Fiscal Officer of approved write-off balances for awareness and planning purposes.

2. Accounts Receivable

Condition #1: Refunds

A 'clean-up' effort was undertaken in 2021 to refund \$426k from the PointClickCare (PCC) system to respective resident accounts maintained in the Resident Fund Management Service (RFMS) system. The refunds pertained to prior year(s) activity; however, the refunds were recorded in the financial system (KEA) off-setting the current year revenue account.

Condition #2: Cash Receipt Reconciliation

Private Pay and Patient Liability revenues are entered into both PCC & KEA. Informed that no reconciliation is performed validating the accuracy of entries. Revenue posted in KEA appears to be overstated by approximately \$44k.

Recommendation: It is recommended that:

- Refunds due to residents from prior year transactions be recorded as an expense, not as an offset to revenue. In addition, entries to revenue accounts be reviewed by management to ensure appropriateness.
- As noted in the 2018 audit, **see page 11**, monthly reconciliations should be established and performed on a timely basis to ensure the accuracy of recorded receipt transactions between PCC and KEA. The performance of the reconciliations should be periodically validated by management.

3. Trustee Accounts

Condition #1: Stale-dated Checks

25 outstanding (uncashed) checks totaling approx. \$12k issued between July 2017 and October 2021 from the residents' petty cash trustee accounts have not been cashed as of November 1, 2022. Several checks have remained outstanding as identified in the 2018 audit.

Condition #2: Bank Account Reconciliation

1. Other than January's reconciliation, all other 2021 monthly reconciliations weren't performed until early 2022.
2. Several unsupported reconciliation balances were noted on the 12/31/2021 petty cash and trustee account reconciliations.
3. Multiple attempts were made to Cedarbrook's Supervisory Accountant regarding several reconciliation items/questions. No response was received.

Although none of the amounts in question, or unsupported, are material by themselves or aggregated, the following impacts can occur: unaware of timely cash/account differences; fraud; unsupported reconciliation in which the control cannot be relied upon; lack of financial oversight/management. Additionally, unwillingness to provide auditor with responses/follow-up gives the appearance of possible fraud or improprieties.

Recommendations:

- The uncashed checks from July 2017, as noted in the 2018 audit (see page 12), continue to remain outstanding without any follow-up by management. We recommend the following immediate corrective actions for all outstanding checks:
 - Issue stop-payment requests on checks not cashed after three months;
 - Replacement checks should only be issued after verifying the recipient's address;
 - If replacement checks are not cashed the corresponding funds should be escheated to the state;
 - Checks outstanding three or more years need to be properly escheated in compliance with PA escheatment rules.
 - A policy/procedure for the handling of outstanding checks should be established. Compliance to that policy/procedure should be periodically validated by management.
- Bank reconciliations should be performed on a timely basis, be well documented, and monthly completion communicated to Administrator for review/validation.
- In addition, timely follow-up to auditor questions/requests to should be a taken seriously and given priority.

4. Lack of Adequate Control Over Care Cost Account Reconciliations (included in the 2021 Vendor Payment Audit report (#22-09), issued August 19, 2022)

Condition (original):

When reconciling the Cedarbrook Allentown and Fountain Hill Care Cost Accounts to the General Ledger, we identified numerous journal entry mis-postings. The Office of Fiscal Affairs personnel responsible for the entries transitioned into the department in 2021, and understands the entry mistakes. However, the mis-postings were not identified through the monthly account reconciliation process performed by the Cedarbrook Financial Services department.

Recommendation (original):

Monthly Cedarbrook Allentown and Fountain Hill Care Cost Account reconciliations should be performed timely and include the validation of applicable general ledger accounts ensuring the accuracy of the postings.

Cedarbrook's Supervisory Accountant response, received June 2, 2022 indicated that the reconciliation would be performed going forward. An inquiry was made to the Supervisory Accountant inquiring when the reconciliation was implemented during 2022. No response was received.

Additional Recommendation:

Management should validate the performance of the monthly Care Cost account reconciliations to the General Ledger.

5. Cash Handling

Condition: Continuing Control Issues:

Two issues identified in both the 2021 and 2022 unannounced cash counts appear to be continuing: Gift Shop over and shorts, and the completion of Cash Handling Representation letter for new employees. The enforcement of controls and policies, especially those related to cash, is a strong preventative control.

Recommendation:

Management should proactively monitor gift shop over & shorts and identify alternatives to reduce risk, and ensure in a timely manner that new employees with cash handling responsibilities sign the Cash Handling Representation Letter.

COUNTY OF LEHIGH, PENNSYLVANIA
NURSING HOME FUND

*Schedule of **Prior Audit Findings and Recommendations***
(Report #20-1 issued February 18, 2020, for year
ended December 31, 2018)

1. Inadequate controls over nursing care billings and receipts

Condition: As reported on pages 1 and 2 we expanded the scope of the audit to include accounts receivable activity in the Cedarbrook Fund for the year ended December 31, 2018. Our testing of those transactions revealed two areas in which internal controls are inadequate: oversight of resident care financial transactions and collection of unpaid private pay billings*.

- Resident care financial transactions are not are not reconciled to the county general ledger. Transactions are processed on a standalone automated nursing care billing and payment tracking system, called Point, Click, Care (PCC). The only transactions recorded on the county general ledger are deposits made by the nursing home into the county bank account. The deposits are **not** reconciled to the payments recorded in PCC.

As a result, unauthorized transactions or errors could occur and not be detected, exposing the county to potential financial loss.

- Unpaid private pay billings from prior years, amounting to over \$450,000 (as of December 31, 2018), will most likely have to be written off as uncollectable. The balance is comprised of unpaid services to seven residents, one of which amassed an unpaid balance of \$164,000 during her stay from December 2012 to June 2017. Bad debt write-offs during 2018 included \$42,000 for one resident. Lack of a formal procedures assigning specific responsibilities and procedures contributed to the current situation.

*Private pay billings are nursing care charges billed directly to the resident.

Recommendation: To address the internal control issues we recommend the following:

- Nursing home management should compile monthly summaries of PCC transactions including beginning of month unpaid balance, current billings, billing adjustments or write offs, funds collected, and end of month unpaid balance. The report should be approved by fiscal officer. Any write offs should be approved separately by the fiscal officer and funds collected should be reconciled to the county general ledger. A separate aging of unpaid accounts should be provided as well. This procedure will ensure adequate management oversight of the nursing care transactions.
- With regards to collection efforts, nursing home management has committed to developing written procedures ensuring adequate monitoring of unpaid accounts. Management has also suggested that obtaining outside council, specializing in nursing home care, would be advantageous in collection efforts. We support management's suggestion on obtaining outside council and recommend we use their services to attempt to collect the above referenced unpaid accounts.

Current Status: Based on testing, deposits (revenues) continue not to be reconciled between PPC and general ledger (see finding #2, page 9). Progress has been noted regarding the billing, collecting and management of receivable balances, but collection and bad debt procedures are not being consistently followed, and the communication of write-off balances to the Chief Fiscal Officer needs to be strengthened (see finding #1, page 9).

2. Lack of adequate oversight over residents' bank accounts

Condition: Outstanding (uncashed) checks amounting to \$5,130.67 issued between July 2017 and May of 2018 from the residents' bank accounts have not been cashed as of December 16, 2019. Checks not cashed in a reasonable amount of time (three months) should be addressed by management. There is also an unlocated difference of \$436.64 included on the monthly bank reconciliation since November 2015.

Recommendation: We recommend the following corrective actions:

- issue stop payment requests on checks not cashed after three months;
- replacement checks should only be issued after verifying the recipient's address;
- if replacement checks are not cashed the corresponding funds should be escheated to the state;
- the unlocated difference of \$436.64 should be escheated to the state.

Current Status: Based on testing, outstanding (uncashed) checks noted above, and additional, have not been escheated to the state (see finding #3, page 10).

3. Excessive over and shorts in daily "market to go" sales

Condition: Ninety three percent (93%) of funds collected at the "market to go" program do not match amounts entered on cash register tapes. This program is run by the food service vendor and allows employees and visitors to purchase meals at the Allentown location. Funds collected should match cash register tapes with differences occurring on rare occasions. Although the amounts of the differences are small in dollar the frequency of differences raises concern over the cash handling controls employed by the vendor.

We attempted to determine the actual cost of this program to the county but the vendor invoices did not separate the cost of the program.

Recommendation: Management should review the frequency of errors with vendor management to determine the cause of the errors. We also recommend that the vendor be asked to provide separate invoicing for the cost of the program. This will allow management to determine the true cost of the program.

Current Status: The market to go program was suspended in 2021 due to the COVID-19 pandemic.

**COUNTY OF LEHIGH
CEDARBROOK SENIOR CARE AND REHABILITATION**

CEDARBROOK - ALLENTOWN

350 S. CEDARBROOK ROAD
ALLENTOWN, PA 18104

(610) 395-3727
FAX (610) 395-0412



CEDARBROOK - FOUNTAIN HILL

724 DELAWARE AVENUE
BETHLEHEM, PA 18015

(610) 691-6700
FAX (610) 867-2332

March 28, 2023

TO: Mark Pinsley, County Controller
FROM: Adam Boardl, Accountant II/ David Crook CFO
DATE: March 28,2023
RE: Schedule of Audit Findings and Recommendations- 2021 Audit Report

-
1. Bad Debt Write-offs, Collection Policy, and Communication of Write-offs.
 - a. As of January 1, 2023 the Accountant and Financial Services Supervisor are holding monthly accounts receivable reviews with staff to ensure the collection policy is being followed and documentation is recorded in Point Click Care.
 - b. Write-offs will be completed as part of the month end close process to ensure accounts that are uncollectable do not continue to show on the AR aging.
 - c. Write-offs will all include a write off request form. This form was instituted in 2022 and is being used currently. The request form will explain why the balance has been deemed uncollectable, what system has been put in place to prevent a future write-off, and include the CFO signature as approval and notification.
 2. Accounts Receivable, Refunds, and Cash Receipt Reconciliation.
 - a. As of 03/01/2023 code 1233.070135.000.46571, Prior Year Resident Refunds, was created and funded in Kea. All prior year refunds will be processed to that expense line moving forward. Current year refunds will continue to be processed against the appropriate revenue line in KEA.
 - b. A monthly reconciliation of cash posted to KEA and PCC will be performed by the Accountant and filed as part of the month end close process for the prior month. Any discrepancies will be brought to the attention of the CFO.

" A Community with Hearth Offering Individualized Care and Excellent Service"

3. Trustee Accounts, Stale-dated checks, and Bank Account Reconciliation.
 - a. Following the recommendations of the report, the RFMS custodian is working all stale dated checks with a completion deadline of 05/31/2023. The RFMS custodian will continue to work new stale-dated checks on a monthly basis as part of the month end close process.
 - b. Bank reconciliation will be performed by the Accountant on a monthly basis as part of the month end close process. 2022 is complete and signed off on by the CFO. The CFO will be made aware of any findings during the monthly reconciliation performed by the Accountant.

4. Lack of Adequate Control Over Care Cost Account Reconciliations.
 - a. Cedarbrook office staff currently prepares a transmittal for every ACH sent to the building by the fiscal accountant. That transmittal is compared to the import batch the Accountant II pulls from RFMS to PCC with each deposit. Batches are not posted until the transmittal is prepared for fiscal, assuring a missed import would be spotted and a discrepancy in amount can be addressed.
 - b. Accountant II will also reconcile PCC to the bank statement at month end starting 4/30/2023.

5. Cash Handling
 - a. Financial Services supervisor will continue to monitor monthly gift shop audits and address staff of shortage/overage amounts.
 - b. Training was provided to all volunteers who run the gift shop. Every volunteer has been educated with the policy.
 - c. Accountant will address continued issues with the director of volunteers in the building.

Should you have any question, we are available to assist you in answering your concerns.

X  _____

Phone: 610 336 5652

FAX: 610 395 4737

EMAIL: adamboandl@lehighcounty.org

X  _____

Phone: 610 336 5621

FAX: 610 395 4737

EMAIL: davidcrook@lehighcounty.org