TO: Final Report Distribution  
FROM: Mark Pinsley, County Controller  
DATE: March 28, 2023  
RE: Audit of The Office of Aging and Adult Services’ Representative Payee Accounts

We have completed a financial audit of The Office of Aging and Adult Services’ Representative Payee Accounts for the year ended December 31, 2021. Our audit report number 23-07 is attached.

The results of our audit are:

- The Office of Aging and Adult Services is properly maintaining their Representative Payee accounts.
- As of December 21, 2021, The Office of Aging and Adult Services only had six Representative Payee clients. This number continues to decrease as the department is winding down their function in this area and no longer accepts new Representative clients.
- However, the Office of Aging and Adult Services is named as trustee for six burial accounts (funds set aside for burial expenses in the form of savings accounts and certificates of deposit) for which they do not know the current balance or status.

Attachment

AUDITS/AGING-ADULT SVCS
COUNTY OF LEHIGH, PENNSYLVANIA

OFFICE OF AGING AND ADULT SERVICES

REPRESENTATIVE PAYEE ACCOUNTS

Financial Audit for the Year Ended
December 31, 2021

REPORT NO. 23-07
COUNTY OF LEHIGH, PENNSYLVANIA
OFFICE OF AGING AND ADULT SERVICES
REPRESENTATIVE PAYEE ACCOUNTS

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COUNTY OF LEHIGH, PENNSYLVANIA
OFFICE OF AGING AND ADULT SERVICES
REPRESENTATIVE PAYEE ACCOUNTS

Background

2022 Budget Narrative – Office of Aging and Adult Services

Aging/Adult Services is a consolidated budget. This consolidation enables the office to review all programmatic items and to coordinate availability of comprehensive services to the 18-year-old through 60+ population. Services include Assessment, Care Management, Case Planning, Home and Community Based Care, and Protective Services intake. Comprehensive assessment and case planning provide supportive assistance and care in a community setting for each individual. Developing a case plan involves accessing the full spectrum of available community resources, both directly and contractually, to enable the best use of Federal, State, and local funding in each care plan and case situation.

There has been increasing community demand for Aging/Adult Services due to the increasing local demographics of those 60 years and older. Aging and Adult Services Administration develops and presents a clear blueprint for providing high quality, individualized and cost-effective systems for Lehigh County residents who require supportive services to maintain their personal independence. The Agency is committed to providing supportive services, as well as educating the public concerning available community resources, programs, and entitlements through individualized contact, as well as the participation in area health fairs and through the sponsorship and coordination of conferences.

Representative Payee Function

The Lehigh County Office of Aging and Adult Services serves as a representative payee organization, which is appointed by the Social Security Administration for someone who cannot manage his or her money. The main responsibility, primarily directed and monitored by county caseworkers, is to assist in the financial matters of the clients. Management maintains a detailed, financial recordkeeping system and makes required, periodic reports to the Social Security Administration.

At December 21, 2021, The Office of Aging and Adult Services only had six Representative Payee clients. This number continues to decrease as the department is winding down their function in this area and no longer accepts new Representative clients.
Report on Financial Statements
We have audited the accompanying Statements of Receipts and Disbursements and Changes in Cash Balance of the Office of Aging and Adult Services for the year ended December 31, 2021 (hereinafter referred to as the Schedules) and the related notes to the Schedules.

Management's Responsibility for the Schedules
Management is responsible for the preparation and fair presentation of the 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 Representative Payee accounts of the Lehigh County Office of Aging and Adult Services for the year ended December 31, 2021, in conformity with the cash receipts and disbursements basis of accounting. 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 Representative Payee accounts of the Office of Aging and Adult Services’ 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 year ended 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 23, 2023 on our consideration of the Representative Payee accounts of the Lehigh County Office of Aging and Adult Service management’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 23, 2023
Allentown, Pennsylvania

Audited by: Brian O’Donnell

xc: Kay Achenbach, Director of Human Services
    Phillips Armstrong, County Executive
    Board of Commissioners
    Edward Hozza, Director of Administration
    Joel Pattison, Administrative Officer II
    Timothy Reeves, Chief Fiscal Officer
Statement of Receipts and Disbursements and Changes in Cash Balance for the Year Ended December 31, 2021
(NOTE 1)

<table>
<thead>
<tr>
<th>Cash Receipts:</th>
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<tbody>
<tr>
<td>IRS Stimulus Payments</td>
<td>$13,200.00</td>
</tr>
<tr>
<td>Pension Income</td>
<td>1,724.40</td>
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<tr>
<td>Social Security Income</td>
<td>61,732.25</td>
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<tr>
<td>Trustee Deposits</td>
<td>1,096.52</td>
</tr>
<tr>
<td><strong>Total Cash Receipts</strong></td>
<td><strong>77,753.17</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Disbursements:</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Bank Service Charges, Net</td>
<td>2,105.01</td>
</tr>
<tr>
<td>Donation</td>
<td>5,402.91</td>
</tr>
<tr>
<td>Funeral</td>
<td>6,735.00</td>
</tr>
<tr>
<td>Insurance</td>
<td>103.00</td>
</tr>
<tr>
<td>Medical</td>
<td>8,599.50</td>
</tr>
<tr>
<td>Personal Spending</td>
<td>18,670.68</td>
</tr>
<tr>
<td>Phone/Cable</td>
<td>11,324.66</td>
</tr>
<tr>
<td>Rent (Room &amp; Board)</td>
<td>23,492.77</td>
</tr>
<tr>
<td>Retirement Refunds</td>
<td>4,569.75</td>
</tr>
<tr>
<td>Taxes</td>
<td>600.00</td>
</tr>
<tr>
<td>Transportation/Travel</td>
<td>50.00</td>
</tr>
<tr>
<td>Trustee Fees</td>
<td>650.00</td>
</tr>
<tr>
<td>Utilities</td>
<td>4,084.97</td>
</tr>
<tr>
<td><strong>Total Fund Disbursements</strong></td>
<td><strong>86,428.25</strong></td>
</tr>
</tbody>
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**Receipts Over (Under) Disbursements**

(8,675.08)

<table>
<thead>
<tr>
<th>Cash Balance, January 1</th>
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<tbody>
<tr>
<td><strong>57,365.97</strong></td>
<td></td>
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<table>
<thead>
<tr>
<th>Cash Balance, December, 31</th>
<th></th>
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<tbody>
<tr>
<td><strong>$48,690.89</strong></td>
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</table>

The accompanying notes are an integral part of this statement.
1. **Summary of Significant Accounting Policies**

   **A. Reporting Entity**
   The Office of Aging and Adult Services’ management is responsible for the financial activity of the trustee accounts. The funds of the Representative Payee clients are maintained in one bank account with financial activity being tracked in subsidiary ledgers at the client level. This report is only for internal audit purposes.

   **B. Basis of Accounting**
   The accounting records of the County of Lehigh and the Statement of Receipts and Disbursements and Changes in Cash Balance 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 which requires the accrual basis of accounting.

   **C. Administrative Guidelines**
   Representative Payee programs are organized and established by the Social Security Administration. The Office of Aging and Adult Services’ management must adhere to the *Guide for Organizational Representative Payees.*
Clayton B. Reed, Jr., Director of The Office of Aging and Adult Services
Lehigh County Office of Aging and Adult Services
17 South Seventh Street
Allentown, PA 18101

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 Receipts and Disbursements of the Office of Aging and Adult Services for the year ended December 31, 2021 (hereafter referred to as the Schedules) and have issued our report thereon dated March 23, 2023.

Internal Control over Financial Reporting
In planning and performing our audit of the Schedules, we considered the Office of Aging and Adult Services’ 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 Office of Aging and Adult Services’ 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 Office of Aging and Adult Services’ 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
Management’s response to our audit is included in this report. We did not audit the Office of Aging and Adult Services’ 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, others within the entity, and Phillips Armstrong, County Executive; Board of Commissioners; Edward Hozza, Director of Administration; Timothy Reeves, Chief Fiscal Officer; and Kay Achenbach, Director of Human Services 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 23, 2023
Allentown, PA
1. **Unknown Statuses and Balances of Burial Accounts**

   **Condition:** The Office of Aging and Adult Services is named as trustee for six burial accounts which are funds set aside for burial expenses in the form of savings accounts and certificates of deposit. The balances of five of these accounts have not been confirmed for at least six years, and four of the accounts are for Representative Payee clients who have passed away. The Office may not be complying with the Pennsylvania Unclaimed Property Act if there are any funds remaining in these accounts, which may be subject to escheatment to the state.

   **Recommendation:** It is recommended that the Office of Aging and Adult Services work with the County’s Law Department to determine the proper disposition of any funds remaining in the accounts that belonged to deceased clients. The Law Department can help with determining whether the funds are subject to Pennsylvania’s Unclaimed Property Act, and also with gaining access to the funds from the bank for the purpose of escheating.

   All funds subject to Pennsylvania’s Unclaimed Property Act should be provided to the Office of Fiscal Affairs to be properly escheated to the state or otherwise disposed of.
3/23/23

Lehigh County Controller:

In response to the audit conducted on Representative Payee Accounts for the period of January 1, 2021 through December 31, 2021, we agree with the findings.

With regards to the unknown status of account balances for burial accounts. We are reaching out to Wells Fargo Bank for information on the current balances of the six burial accounts. When we obtain this information, we will get direction from Lehigh County Legal Office to assist in the proper closure of the accounts and any disbursements that need to occur.

Thank you,

[Signature]

JR Reed
Executive Director