



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: September 16, 2013
RE: Audit of Community Corrections Center

We have completed a financial audit of the Community Corrections Center, County of Lehigh, Pennsylvania for the period January 1, 2011 to December 31, 2012. Our audit report number 13-50 is attached.

The results of our audit are:

- Internal accounting control issues concerning old outstanding checks and NSF (insufficient funds) payroll checks issued by inmate employers were reviewed and properly addressed by Department of Corrections management.

- ***Several management issues raised in the report relating to:***

- *the organizational reporting of the inmate work program;*
- *the under-utilization of Community Corrections Center inmates; and*
- *the development / implementation of an emergency access plan*

were not responded to by county management. Details of these management issues are included in the report.

Attachment

COUNTY OF LEHIGH, PENNSYLVANIA
COMMUNITY CORRECTIONS CENTER

Financial Audit
For the Period January 1, 2011 to December 31, 2012

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 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 2013 budget is predicated on an average daily population of 260 residents including 20 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: 2013 adopted Lehigh County Budget)



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Timothy A. Carver, 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 January 1, 2011 to December 31, 2012 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 January 1, 2011 to December 31, 2012 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 January 1, 2011 to December 31, 2012, 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 September 3, 2013 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.

A handwritten signature in dark ink, appearing to read 'Glenn Eckhart', with a long horizontal flourish extending to the right.

GLENN ECKHART,
County Controller

September 3, 2013
Allentown, Pennsylvania

Final Distribution:

Board of Commissioners
Matthew Croslis, County Executive
Brian Kahler, Fiscal Officer
Chris Miller, Accountant
Thomas Muller, Director of Administration
Edward Sweeney, Director of Corrections

COUNTY OF LEHIGH, PENNSYLVANIA
COMMUNITY CORRECTIONS CENTER

Statement of Receipts and Disbursements
For the Period January 1, 2011 to December 31, 2012
(NOTE 1)

	<u>2011</u>	<u>2012</u>
Receipts:		
Gross Deposits	\$ 542,560	\$ 549,836
Disbursements:		
Room and Board	238,335	240,270
Costs and Fines	57,874	65,610
Laundry Fee	9,628	9,350
Domestic Relations	6,961	3,005
Miscellaneous Fees	6,058	1,285
TV/Cable	4,172	2,346
Furlough	<u>2,354</u>	<u>3,260</u>
Total Disbursements	<u>325,382</u>	<u>325,126</u>
Receipts Over (Under) Disbursements	217,178	224,710
Less: Funds Returned to Inmate	<u>217,178</u>	<u>224,710</u>
Funds Not Disbursed	<u>\$ 0</u>	<u>\$ 0</u>

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 January 1, 2011 to December 31, 2012

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.



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JOHN A. FALK
DEPUTY CONTROLLER

Timothy A. Carver, Warden
Community Corrections Center
1600 Riverside Drive
Bethlehem, PA 18016

We have audited the financial statements of Community Corrections Center for the period January 1, 2011 to December 31, 2012 and have issued our report thereon dated September 3, 2013. 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*".

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.

A handwritten signature in dark ink, appearing to read 'Glenn Eckhart', written in a cursive style.

Glenn Eckhart
County Controller

September 3, 2013
Allentown, Pennsylvania

COUNTY OF LEHIGH, PENNSYLVANIA
COMMUNITY CORRECTIONS CENTER

Schedule of Audit Findings and Recommendations

CONTROL DEFICIENCIES

1. Checks Listed as Outstanding for More than Six Months at December 31, 2012

Condition: There were 22 checks (totaling \$1,194.42) outstanding for more than six months at December 31, 2012. Current County of Lehigh practice, established by the Office of Fiscal Affairs, is to declare checks stale after six months from the date of issuance.

Recommendation: All checks issued for the Community Corrections Center that remain outstanding (not cashed) after six months should be turned over to the Office of Fiscal Affairs for escheatment at the end of each calendar year.

2. Employers Deposits - NSF (Insufficient Funds)

Condition: During the years 2011 and 2012 there were 11 employers' payroll checks to inmates that were insufficient funds. These insufficient items were from September 2007 to December 2012 which comprised of 11 items at \$3,134.91. Six of the items have been reimbursed, 5 of which were from 2011 and before leaving a current balance owed of \$1,335.56. Also, the NSF fee of \$35 is rarely collected but is requested.

Recommendation: Any uncollectable NSF employer checks should be cleared on at least an annual basis from the bank account. The NSF employer checks should continue to be tracked and procedures followed for the collection and eventual reimbursement to the county for these outstanding items. Review the procedure of the timing for the deposit of the employer check and weekly disbursements to the county and the inmate. Establish a procedure to verify each employer check clears the bank before initiating any disbursements.

OTHER MANAGEMENT ISSUES

1. Emergency Access Plan

Condition: There is no emergency access plan for when trains block Riverside Drive – the primary access road to the Community Corrections Center (CCC) and the Detox Center. Based on conversations with corrections management and available documentation, Riverside Drive is blocked several times during the year. An alternate entrance/exit strategy is required in case of unforeseen injury, illness, or facility fire / other emergency.

Recommendation: Prepare and implement an emergency access plan.

2. Organizational Reporting – Inmate Work Program

Condition: **Untrained Inmate Supervisors**

Overall workforce management of the Inmate Work Program – specifically scheduling (identification of inmates available for the work program), and supervision of the assigned CCC inmate resources, is split between the Department of Corrections and the Department of General Services. Eligibility for work program assignment is monitored by the Department of Corrections. Prison inmates assigned to the work program crew are supervised by General Services' personnel. General Services' employees are not trained corrections officers. Department of Correction standards generally require Inmates be under the supervision of trained corrections officers while under county control.

Condition: **Inefficient Inmate Work Force Deployment**

Each morning, inmate work program participants commute from the Riverside Drive facility to the General Services work program supervisors located at the county garage (near Cedarbrook Nursing Home) using LANTA bus service. The county provides bus tickets for the work program inmates. Requiring inmates to travel to the county garage to report for work results in: unnecessary/non-productive travel time, unnecessary county expense for bus fare, and inefficient work force utilization.

Condition: **Static Work Program Participation**

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 (see management issue #3 below). Accordingly, some inmates are available for work program assignment but are not assigned because the work program crew size is limited to five to eight inmates even though additional work is available.

Current resource allocation practices preclude county management from varying the work program participation with the changing number of inmate resources. Generally, there are six inmates assigned to the Inmate Work Program (referred to as the "blue crew"). The General Services Work Program management consists of 3 full-time and 3 part-time employees. There are four or five vehicles assigned to Inmate Work Program – vans, pickup trucks, and stake body trucks.

Recommendations:

- Management of the inmate work program should be under the direction of the Department of Corrections (DOC) management. Manpower and equipment resources, currently under the Department of General Services budget, should be reassigned to the Department of Corrections. Trained individuals should supervise inmates.
- If DOC management maintains the county garage facility, inmates should be picked up at the CCC facility using the available county vehicles.
- Work program crew size should vary with the number of available (unemployed) CCC inmates.

3. Underutilized CCC Work Program Resources

Condition: Based on CCC inmate population statistics, on the average there are 15 to 30 inmates available for assignment to the work program. Current practice generally utilizes only six inmates on the “blue crew”. Refer to Exhibit I for selected months data for the period January 2012 to April 2013.

Recommendation:

Additional crews could supplement (county and/or contractor) resources for maintenance and housekeeping duties.



Department Of Corrections
38 North Fourth Street
Allentown, Pa 18102

Edward Sweeney, CJM
Director

MEMORANDUM

TO: Glenn Eckhart, County Controller
FROM: Edward Sweeney, CJM, Director of Corrections
DATE: August 30, 2013
RE: **DRAFT CCC AUDIT**

I have reviewed the draft financial audit report regarding the county operated Community Corrections Center for the period of January 1, 2011 to December 31, 2012. As usual, your office staff were very thorough and professional when performing the audit and the financial recommendations are helpful to improve our level of service.

The following is the departmental response to the two "CONTROL DEFICIENCIES" cited on page 8 of the report:

1. Currently we perform an annual review and turn over all resident checks which have been outstanding for more than a year to the fiscal office. Henceforth, when we perform our annual review, we will turn over to the fiscal office all checks which have been outstanding for more than six months.
2. As recommended in the May 2002 audit we initiated the practice of holding employer checks for one week after deposit before issuing county funded checks. As a result, the number of incidents involving insufficient funds has been significantly reduced. To extend that hold for two weeks would, in my opinion, create too many other operational repercussions. We will work through the fiscal office to try and establish a more expeditious notification to CCC personnel when the bank identifies a bounced employer payroll check. In addition we will, based on the recommendation from the Controller's Office, clear any outstanding balance owed at the end of each year, paying out of the County's Other Operating budget line, number 080600.46866. We will continue to chase these debts and involve the district attorney's office as necessary and as money is recovered it will be reflected in revenue line 080600.33199.

EGS/jmr

cc: Timothy Carver, Warden
Chris Miller, Accountant II
Brian Kahler, Fiscal Officer

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Exhibit 1

Community Corrections Center Employment for CCC Inmates January 2012 to April 2013

		Jan 2012	Feb 2012	Mar 2012	Apr 2012	June 2012	July 2012	Aug 2012	Oct 2012	Dec 2012	Mar 2013	Apr 2013
Total Residents		190	216	234	237	255	261	261	291	286	270	259
Work Eligible	(1)	77	96	112	128	131	146	144	145	151	150	141
Employed	(2)	(59)	(68)	(81)	(84)	(93)	(99)	(99)	(106)	(114)	(97)	(112)
Not Seeking Employment	(3)	#	(14)	(9)	(27)	(11)	(17)	(23)	(13)	(12)	(23)	(16)
Seeking Employment	(4)	18	14	22	17	27	30	22	26	25	30	13
Underutilized	(5)	18	28	31	44	38	47	45	39	37	53	29

NOTES:

This monthly data is not required to be completed each month but is attempted to be done when the workload permits it.

Figures not available

(1) - The difference between total residents and work eligible represent residents in the treatment track and the programs offered are: Drug & Alcohol intervention & prevention groups, G.E.D. classes, employment enhancement classes, computer literacy, parenting, anger management and decision making groups.

(2) - Currently working and receiving a pay check.

(3) - New residents who are in the employment track and will be seeking employment within a week of entering the CCC.

(4) - Actively seeking employment.

(5) - The total of all residents not seeking or seeking employment.