



Lehigh County
-Pennsylvania-

OFFICE OF THE CONTROLLER

Mark Pinsley, MBA Thomas Grogan, CPA
COUNTY CONTROLLER DEPUTY CONTROLLER

TO: Final Report Distribution
FROM: Mark Pinsley, County Controller *MP*
DATE: November 18, 2021
RE: Domestic Relations Section 2019-2020 Final Audit Report

We have completed our financial audit of the Domestic Relations Section (DRS) for the calendar years ending December 31, 2019 and 2020. Our audit report number 21-27 is attached.

The results of our current audit are:

The Domestic Relations Service's 2019-2020 Federal IV-D general ledger Reimbursement, Incentive, and Banking Services Accounts were not reconciled to supporting disbursement and receipt records. Without an effective reconciliation control, accounting errors may not be detected.

Attachment

AUDITS/DOMESTIC RELATIONS



COUNTY OF LEHIGH, PENNSYLVANIA

DOMESTIC RELATIONS SECTION

Financial Audit for the Calendar Years ending December 31, 2019 and 2020

REPORT NO. 21-27

COUNTY OF LEHIGH, PENNSYLVANIA
DOMESTIC RELATIONS SECTION

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COUNTY OF LEHIGH, PENNSYLVANIA
DOMESTIC RELATIONS SECTION

*Background**

MISSION STATEMENT

The mission of the Lehigh County Domestic Relations Section is to provide services to dependent children and spouses through establishment of paternity, establishment of support orders, and enforcement of support orders. This mission is accomplished with respect for the needs of all parties involved in the support case.

The Domestic Relations Section provides all services in compliance with Federal, State, and local laws, and local Rules of Court.

Introduction

The Domestic Relations Section (DRS) is part of the Family Court of the Lehigh County Court of Common Pleas which provides support services to custodial parents seeking financial support from an absent or non-custodial parent. Additionally, the DRS establishes support orders for dependent spouses.

The DRS consists of judges, managers, hearing officers, conference officers, and various technical and clerical support staff. The DRS staff is assisted by the PACSES (Pennsylvania Child Support Enforcement System) statewide computer system and is trained to make recommendations to the Court for support amounts when the parties involved in the support case are unable to come to an agreement.

*Source: Domestic Relations Website – <https://www.lccpa.org/drs/>



Julia Parker Greenwood, Director
Domestic Relations Section (DRS)
Fourteen North Sixth Street
Allentown, PA 18101

Report on Financial Statements

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balance of the Domestic Relations Section for the calendar years ending December 31, 2019 and 2020 (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 Domestic Relations Section for the calendar years ending December 31, 2019 and 2020, 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 Domestic Relations Section’s 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 years ending December 31, 2019 and 2020 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 November 18, 2021 on our consideration of Domestic Relations Section’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

October 28, 2021
Allentown, Pennsylvania

Audited by: Allan Vavra

xc: Phillips Armstrong, County Executive
Board of Commissioners
Timothy Reeves, Fiscal Officer
The Honorable J. Brian Johnson, President Judge
Kerry Turtzo, Court Administrator

COUNTY OF LEHIGH, PENNSYLVANIA
DOMESTIC RELATIONS SECTION

*Statement of Receipts, Disbursements
and Changes in Cash Balance
for the Calendar Year ending December 31, 2019*

(NOTE 1)

	Fee Account <u>(NOTE 2)</u>	Support Account <u>(NOTE 2)</u>	Title IV-D Account <u>(NOTE 2)</u> <u>(NOTE 5)</u>	<u>Total</u>
Receipts (NOTE 3)				
Fees	146			146
Bank Fee Reimbursement	557			557
Support Payments		1,189,323		1,189,323
Escrow Payments		98,331		98,331
Reimbursements			3,346,448	3,346,448
Incentive Payments			702,905	702,905
Other			1,215	1,215
Interest			16	16
	<u>703</u>	<u>1,287,654</u>	<u>4,050,584</u>	<u>5,338,941</u>
Disbursements (NOTE 4)				
Transfer to County	117		4,048,325	4,048,443
Bank Fees	586	1,062	3,263.69	4,911
Transfer to SCDU		1,190,072		1,190,072
Escrow Transfer to SCDU		49,104		49,104
Escrow Transfer to County		39,092		39,092
Miscellaneous		13,190		13,190
	<u>703</u>	<u>1,292,520</u>	<u>4,051,589</u>	<u>5,344,812</u>
Receipts over Disbursements	0	(4,866)	(1,005)	(5,871)
Cash Balance, January 1	<u>0</u>	<u>12,806</u>	<u>1,005</u>	<u>13,811</u>
Cash Balance, December 31	<u>0</u>	<u>7,940</u>	<u>0</u>	<u>7,940</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF LEHIGH, PENNSYLVANIA
DOMESTIC RELATIONS SECTION

*Statement of Receipts, Disbursements
and Changes in Cash Balance
for the Calendar Year ending December 31, 2020*

(NOTE 1)

	Fee Account (NOTE 2)	Support Account (NOTE 2)	Title IV-D Account (NOTE 2) (NOTE 5)	<u>Total</u>
Receipts (NOTE 3)				
Fees	0			0
Bank Fee Reimbursement	0			0
Support Payments		680,346		680,346
Escrow Payments		45,528		45,528
Reimbursements			3,339,272	3,339,272
Incentive Payments			667,269	667,269
Other				
Interest				
	_____	_____	_____	_____
Total Receipts	<u>0</u>	<u>725,874</u>	<u>4,006,541</u>	<u>4,732,415</u>
Disbursements (NOTE 4)				
Transfer to County	0		4,004,162	4,004,162
Bank Fees	0		2,379	2,379
Transfer to SCDU		679,936		679,936
Escrow Transfer to SCDU		33,033		33,033
Escrow Transfer to County		13,450		13,450
Miscellaneous		(199)		(199)
	_____	_____	_____	_____
Total Disbursements	<u>0</u>	<u>726,220</u>	<u>4,006,541</u>	<u>4,732,761</u>
Receipts over Disbursements	0	(346)	0	(346)
Cash Balance, January 1	0	7,940	0	7,940
	_____	_____	_____	_____
Cash Balance, December 31	<u>0</u>	<u>7,594</u>	<u>0</u>	<u>7,594</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF LEHIGH, PENNSYLVANIA
DOMESTIC RELATIONS SECTION

Notes to Financial Statement
For the Calendar Years ending December 31, 2019 and 2020

1. Summary of Significant Accounting Policy

A. Reporting Entity

A portion of the Domestic Relations Section's (DRS) financial activity is part of the County of Lehigh's reporting entity, the Federal IV-D fund, and is subject to annual financial audit by external and state auditors.

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 (GAAP) which requires the accrual basis of accounting.

2. Bank accounts

The DRS maintained three separate bank accounts for fees, support payments, and Title IV-D reimbursements.

- A. The fee account is for petition modification fees and copy charges. Deposits are swept daily into a county bank account.
- B. The support account is for "time sensitive" support and escrow payments. Funds are swept daily into the PA Support Collections and Disbursement Unit (SCDU) account maintained by the state.
- C. The Title IV-D account is used for electronic payments from the state for monthly operating cost reimbursements and quarterly incentive bonuses. Funds are swept into a county bank account when received.

3. Receipts

Receipts come from the following sources:

- A. Fees – from DRS clients and/or attorneys for petition modification fees and copy charges
- B. Bank Fee Reimbursement – from the county for reimbursement of bank fees
- C. Support Payments – from DRS clients for support in arrears or initial support payments
- D. Escrow Payments – from DRS clients required to make support payments in advance
- E. Reimbursements – from the state for monthly operating cost
- F. Incentive Payments - from the state for quarterly incentive bonuses
- G. Other – transfers in to pay for bank fees
- H. Interest – interest earned on bank account balances

4. Disbursements

Disbursements are made to the following recipients:

- A. Transfer to County – fees and state reimbursements transferred to county bank accounts
- B. Bank Fees – fees charged by the bank
- C. Transfer to SCDU – support payments electronically transferred to SCDU
- D. Escrow Transfer to SCDU – escrow payments electronically transferred to SCDU
- E. Escrow Transfer to County – escrow payments transferred to the county via check
- F. Miscellaneous – new escrow accounts, and other receipts out

5. Reclassification of Title IV-D Account Receipts

Adjustments were made to the following 2019 and 2020 Title IV-D Account receipt categories as a result of general ledger transaction misclassification errors detected during the audit.

Title IV-D Reimbursement	2019	2020
Amount per General Ledger	\$ 3,156,874	\$ 3,170,425
Audit Reclassification	<u>\$ 189,574</u>	<u>\$ 168,847</u>
Amount per Statement of Receipts, Disbursements and Changes in Cash Balance	<u>\$ 3,346,448</u>	<u>\$ 3,339,272</u>
 Incentive Payments	 2019	 2020
Amount per General Ledger	\$ 892,479	\$ 836,116
Audit Reclassification	<u>\$ (189,574)</u>	<u>\$ (168,847)</u>
Amount per Statement of Receipts, Disbursements and Changes in Cash Balance	<u>\$ 702,905</u>	<u>\$ 667,269</u>



Lehigh County
—Pennsylvania—

OFFICE OF THE CONTROLLER

Mark Pinsley, MBA Thomas Grogan, CPA
COUNTY CONTROLLER DEPUTY CONTROLLER

Julia Parker Greenwood, Director
Domestic Relations Section (DRS)
Fourteen North Sixth 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 Statement of Receipts, Disbursements, and Changes in Cash Balance of the Domestic Relations Section for the calendar years ending December 31, 2019 and 2020 (hereinafter referred to as the Schedules) and have issued our report thereon dated November 18, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the Schedules, we considered the Domestic Relations Section'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 Domestic Relations Section'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 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.

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 Domestic Relations Section’s 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

If provided, the Domestic Relations Section’s response to our audit is included in this report. We did not audit the Domestic Relations Section’s 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; Timothy Reeves, Fiscal Officer; The Honorable J. Brian Johnson, President Judge; and Kerry Turtzo, Court Administrator; 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

October 28, 2021
Allentown, PA

COUNTY OF LEHIGH, PENNSYLVANIA
DOMESTIC RELATIONS SECTION

Schedule of Audit Findings and Recommendations

1. DRS' general ledger Reimbursement, Incentive, and Banking Services Accounts were not reconciled

Condition:

The Domestic Relations Service's 2019-2020 Federal IV-D general ledger Reimbursement, Incentive, and Banking Services Accounts were not reconciled to supporting disbursement and receipt records.

Without an effective reconciliation control, accounting errors may not be detected.

Recommendation:

We recommend that the DRS accountant perform monthly reconciliements of the year-to-date book balances to the DRS general ledger account balances.



**COURT OF COMMON PLEAS OF LEHIGH COUNTY
THIRTY FIRST JUDICIAL DISTRICT OF PENNSYLVANIA
DOMESTIC RELATIONS SECTION
455 WEST HAMILTON STREET, ROOM 320
ALLENTOWN, PENNSYLVANIA 18101-1614**

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Raymond T. Stabinsky, Deputy Director*

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M E M O R A N D U M

TO: Mark Pinsley, County Controller

FROM: Julia Parker Greenwood, Director

RE: Domestic Relations Section 2019-2020 Draft Audit Report

DATE: November 10, 2021

In response to the Schedule of Audit Findings and Recommendations regarding finding number 1, please note that the Domestic Relations Office does not have access to update the general ledger and that all information provided to the Fiscal Office regarding ledger entries was accurate. The DRS accountant will review the general ledger going forward to make sure information provided to the Fiscal Office is reflected accurately. Any discrepancies will be reported to the Fiscal Office for correction.