



TO: Final Report Distribution
FROM: Mark Pinsley, County Controller 17
DATE: December 10, 2021
RE: Audit of Community Corrections Center

We have completed a financial audit of the Community Corrections Center, County of Lehigh, Pennsylvania for the calendar years January 1, 2019 to December 31, 2020. Our audit report number 21-30 is attached.

The result of our audit is the "*Statement of Receipts and Disbursements*" for the period January 1, 2019 to December 31, 2020 presents fairly, in all material respects, the financial activity arising from cash transactions of the Department of Corrections Community Corrections Center.

Attachment

AUDITS/COMMUNITY CORRECTIONS CENTER

TO: Laura Kuykendall, Warden, Community Corrections Center



COUNTY OF LEHIGH, PENNSYLVANIA
COMMUNITY CORRECTIONS CENTER

Financial Audit
For the Calendar Years January 1, 2019 to December 31, 2020

REPORT NO. 21-30

COUNTY OF LEHIGH, PENNSYLVANIA
COMMUNITY CORRECTIONS CENTER

Table of Contents

	Page(s)
Background	1
OPINION OF MARK PINSLEY LEHIGH COUNTY CONTROLLER	2-3
Statement of Receipts and Disbursements for the Period January 1, 2019 to December 31, 2020	4
Notes to Financial Statement	5
Comments on Compliance/Internal Control	6-7
Schedule of Audit Findings and Recommendations	8-9
Response	10

COUNTY OF LEHIGH, PENNSYLVANIA
COMMUNITY CORRECTIONS CENTER

Background

The Lehigh County Community Corrections Center (CCC) houses select sentenced male and female residents in a minimum-security setting. Fully renovated in 2011, this center affords individuals the opportunity to participate in rehabilitative programs, secure/maintain employment, and pay their court costs, child support, room and board, etc. The 2021 budget is predicated on an average daily population of residents including some state offenders, for which the county receives per diem compensation. The Community Corrections Center Work Program suspended operations in April 2020. As of the date of this report, the Work Release Program has not resumed. As a form of intermediate punishment, community corrections is widely used for short-term, low custody level offenders, who pose minimal risk to society. Prescriptive programming is provided in an effort to reduce recidivism. The facility also provides highly structured programming and supervision for people who would otherwise be incarcerated for technical violations of parole supervision. (Source: 2021 adopted Lehigh County Budget)



OFFICE OF THE CONTROLLER

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

Laura Kuykendall, Warden
Community Corrections Center
1600 Riverside Drive
Bethlehem, PA 18016

Report on Financial Statements

We have audited the accompanying Statement of Receipts and Disbursements of the Community Corrections Center for the calendar years January 1, 2019 to December 31, 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 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 Community Corrections Center for the calendar years January 1, 2019 to December 31, 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 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 calendar years January 1, 2019 to December 31, 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 December 9, 2021 on our consideration of the 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* in considering management’s internal control over financial reporting and compliance.


MARK PINSLEY
County Controller

December 9, 2021
Allentown, Pennsylvania
Audited by: Nam Tran

- xc: Phillips Armstrong, County Executive
- Timothy Bollinger, Manager, General Services
- Board of Commissioners
- Janine Donate, Director of Corrections
- Edward Hozza, Director of Administration
- Chris Miller, Accountant, Lehigh County Jail
- Richard Molchany, Director of General Services
- Billie Jo Pochatko, Clerical Tech I, Community Corrections Center
- Timothy Reeves, Fiscal Officer
- Angela Zemyan, Operations Manager, General Services

COUNTY OF LEHIGH, PENNSYLVANIA
COMMUNITY CORRECTIONS CENTER

Statement of Receipts and Disbursements
For the Calendar Years January 1, 2019 to December 31, 2020
(NOTE 1)

	<u>2019</u>	<u>2020</u>
Receipts:		
Gross Deposits	\$ 511,419	\$ 87,697
Disbursements:		
Room and Board	209,975	36,684
Cost and Fines	59,233	10,128
Laundry Fees	9,159	1,529
Furlough	6,852	1,196
Miscellaneous Fees	536	5,445
Domestic Relations	5,176	1,264
Shuttle Fees	4,747	1,017
TV/Cable	<u>2,292</u>	<u>384</u>
Total Disbursements	<u>297,970</u>	<u>57,647</u>
Receipts Over (Under) Disbursements	213,449	30,050
Less: Funds Returned to Inmates	<u>(213,449)</u>	<u>(30,050)</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 Calendar Years January 1, 2019 to December 31, 2020

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 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 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.

C. Continuous Audits

The Controller's Office performs continuous audits of county receipts and disbursements including inmate payroll activity at the Community Corrections Center. Continuous audit work since the last audit are included in this audit report by reference.



OFFICE OF THE CONTROLLER

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

Laura Kuykendall, Warden
Community Corrections Center
1600 Riverside Drive
Bethlehem, PA 18016

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 and Disbursements of the Community Corrections Center for the calendar years January 1, 2019 to December 31, 2020 (hereafter referred to the Schedules) and have issued our report thereon dated December 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the Schedules, we considered the Community Corrections Center'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 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 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 Community Corrections Center’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

We noted certain matters that we reported to management of Community Corrections Center in a separate section titled “*Schedule of Audit Findings and Recommendations*”. If provided, the Community Corrections Center’s response to our audit is included in this report. We did not audit the Community Corrections Center’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; Edward Hozza, Director of Administration; Board of Commissioners; Timothy Reeves, Fiscal Officer; Janine Donate, Director of Corrections 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

December 9, 2021
Allentown, Pennsylvania

COUNTY OF LEHIGH, PENNSYLVANIA
COMMUNITY CORRECTIONS CENTER (CCC)

Schedule of Audit Findings and Recommendations

1. **Outstanding Checks on Bank Reconciliation does not match Bank Statement**

Condition: There was a \$113,793.54 difference between the outstanding checks on the December 2020 bank reconciliation and the outstanding checks on the December 2020 bank statement. In addition, there were checks issued in 2004 still outstanding on the bank statement.

Recommendation: Management should work together with the fiscal office to correct the outstanding checks on the bank statement.

2. **Missing Receipts**

Condition: In the year 2019, there were 7 missing receipts discovered, of which 6 were determined to be voids on the cash receipts journal. Without the original receipt, we are unable to determine whether management reviewed and authorized these voids. We were unable to verify what the 7th missing receipt was related to because there was no backup documentation nor a related cash receipts journal.

Recommendation: Voided receipts should continue to be reviewed, signed, and logged on the voids log. In addition, management should review the cash receipts journal every check run and document the reason for any missing receipts. The documentation could be stored electronically by month or week on the county shared drive.

3. **Missing Work Release Agreement**

Condition: Every inmate that enters Work Release is required to sign a work release agreement. During our testing we were unable to locate a work release agreement for one inmate who was a CCC resident during 2020.

Recommendation: We recommend for management to scan these documents onto the county shared drive for the next audit.

4. Historical Inmate Spreadsheet

Condition: Inmate roster is kept track of on a spreadsheet at the CCC. This spreadsheet is also used to keep track of the amounts the inmate is supposed to get paid and when they are expected to turn in a paycheck. Upon discharge or transfer, the CCC will delete the inmate off the spreadsheet making it difficult to audit the inmate roster on a given date in the past as well as being unable to verify any unusual circumstances where the inmate is unable to turnover a paycheck.

Recommendation: We recommend for management to save the spreadsheet by week or month on the shared drive before updating it for the check run. In addition, detailed notes can be written in the comments column to explain unusual circumstances that may affect an inmate's ability to turn in a paycheck.

Response to Audit Findings and Recommendations:

1. The Department of Corrections will work with the Fiscal Office to correct the outstanding checks.
2. The Cash Receipts Journal will be forwarded to the Controller's Office with each weekly check run. All voided receipts will continue to be recorded on the Voided Receipt Log.
3. Work Release Agreements will be copied and stored in a binder at the Community Corrections Center (CCC). A binder will be assigned for each calendar year.
4. The Resident Information Log/Spreadsheet will be printed with each check run and stored in a binder at the CCC. A binder will be assigned for each calendar year.

Laura Kuykendall,
Warden

A handwritten signature in black ink, enclosed within a hand-drawn oval. The signature is stylized and appears to be the name 'Laura Kuykendall'.

December 9, 2021