




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: January 8, 2025
RE: Audit of Community Corrections Center

We have completed a financial audit of the Community Corrections Center (CCC), County of Lehigh, Pennsylvania for the calendar years January 1, 2021 to December 31, 2023. Our audit report number 25-02 is attached. We wish to thank the Department of Corrections for their cooperation during the audit.

The result of our audit is the “*Statement of Receipts and Disbursements*” for the period January 1, 2021 to December 31, 2023 presents fairly, in all material respects, the financial activity arising from cash transactions of the Department of Corrections Community Corrections Center.

However, the following exception from the prior audit has not been addressed or corrected:

- As of December 2020, there was a \$114k difference in outstanding checks per management’s bank reconciliation versus the bank statement. That amount has increased to \$120k in December 2023.

Additionally, we made an observation in the “*Management Observation and Future Considerations*” section in relation to the Community Corrections Center facility, and suggest the following:

The County Administration and the Court Administration should consider forming an ad-hoc committee to discuss the feasibility of:

- Moving the CCC check-in to a location at the Jail or near the Courthouse; and
- Closing or re-purposing the CCC facility.

Attachment



COUNTY OF LEHIGH, PENNSYLVANIA
COMMUNITY CORRECTIONS CENTER

Financial Audit
For the Period January 1, 2021 to December 31, 2023

REPORT NO. 25-02

COUNTY OF LEHIGH, PENNSYLVANIA
COMMUNITY CORRECTIONS CENTER

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COUNTY OF LEHIGH, PENNSYLVANIA COMMUNITY CORRECTIONS CENTER

Background

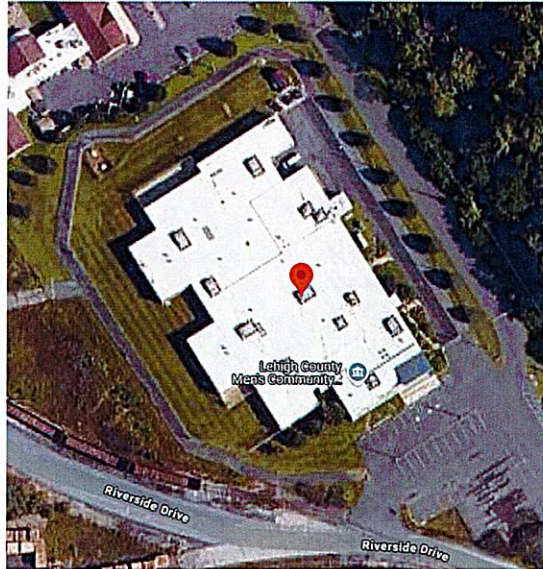


Photo source: Google Maps

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 2023 budget is predicated on an average daily population of residents including some state offenders, for which the county receives per diem compensation. As a form of intermediate punishment, the work release program 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: 2023 adopted Lehigh County Budget)

The CCC, located at 1600 Riverside Drive in Bethlehem, Pennsylvania, is a 400-bed, 45,000+ square foot building that once housed an average of 140 inmates per day. However, as a result of the COVID-19 pandemic, the work release program was suspended from April 2020 through April 2022, however, the building was closed in December 2020, as there were still inmates residing in the facility. Once the program restarted, the inmates in the work release program were given ankle monitors so that they could still participate in the program, but were not required to live at the CCC. The cost of these ankle monitors is built into the amount that the inmates pay back to the County each week as a part of their work release agreement. The building remains largely unused, except for the few employees that work out of this facility and the drug and alcohol treatment facility that uses a portion of the building.

The Community Corrections Center fund consists of money received from inmates which include fees owed by the inmates (ankle monitor supervision, drug testing, Domestic Relations fees, and costs and fines related to their sentence) which are paid through money orders to Work Release on a bi-weekly basis. Note: The focus for this audit is based on these funds, rather than the funds allocated to the CCC operating budget. Additional considerations for use of the building have been noted in the “*Management Observation and Future Considerations*” section of this report.



OFFICE OF THE CONTROLLER

Mark Pinsley, MBA
COUNTY CONTROLLER

Nanton John, CFE
DEPUTY CONTROLLER

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statement

Opinion

We have audited the accompanying Statement of Receipts and Disbursements and Changes in Cash Balance of Community Corrections Center for the period January 1, 2021 to December 31, 2023 and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial activity arising from cash transactions of the Community Corrections Center for the period January 1, 2021 to December 31, 2023, in accordance with the cash receipts and disbursements basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Community Corrections Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Also, as discussed in Note 1, the financial statements present only the Community Corrections Center'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 period January 1, 2021 to December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash receipts and disbursements basis of accounting described in Note 1; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of certain internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

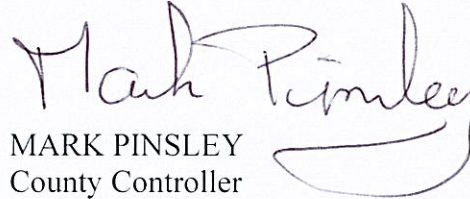
In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 the Community Corrections Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Community Corrections Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2024, on our consideration of the Community Corrections Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements 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

Date: December 31, 2024
Allentown, Pennsylvania
Audited by: Daniel Aquilino

Final Distribution:

xc: Phillips Armstrong, County Executive
Board of Commissioners
Janine Donate, Director of Corrections
Edward Hozza, Director of Administration
Honorable J. Brian Johnson, President Judge
Chris Miller, Lead Accountant, Lehigh County Jail
Richard Molchany, Director of General Services
Billie Jo Pochatko, Clerical Tech I, Community Corrections Center
Timothy Reeves, Chief Fiscal Officer
John Sikora, Deputy Court Administrator
Kerry Turtzo, Court Administrator

COUNTY OF LEHIGH, PENNSYLVANIA
COMMUNITY CORRECTIONS CENTER

Statement of Receipts and Disbursements
For the Calendar Years January 1, 2021 to December 31, 2023
(NOTE 1)

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Receipts:			
Gross Deposits	\$ 0	\$ 40,102	\$90,350
Disbursements:			
Miscellaneous Fees (NOTE 2)	0	29,265	59,306
Costs and Fines	0	7,837	22,964
Domestic Relations	0	2,080	6,408
Furlough	0	780	1,672
Laundry Fees	0	0	0
Shuttle Fees	0	0	0
TV/Cable	<u>0</u>	<u>0</u>	<u>0</u>
Total Disbursements	<u>0</u>	<u>39,962</u>	<u>90,350</u>
Receipts Over (Under) Disbursements	0	140	0
Less: Funds Returned to Inmates	<u>0</u>	<u>(140)</u>	<u>0</u>
Funds Not Disbursed	<u>\$ 0</u>	<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, 2021 to December 31, 2023

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.

D. Facility Operations

The Community Corrections Center's Work Release Program was suspended from April 2020 to April 2022 due to the Covid-19 pandemic, however, the building was closed from December 2020 through April 2022. As such, there was no financial activity related to inmates in the work release program during calendar year 2021.

2. Miscellaneous Fees

Miscellaneous Fees comprise of supervision fees which work release inmates pay for use of ankle monitors while under the CCC's supervision. The cost for this service is \$7/day or \$98/week per inmate.



OFFICE OF THE CONTROLLER

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

Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with Government Auditing Standards

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 and Changes in Cash Balance of Community Corrections Center for the period January 1, 2021 to December 31, 2023 (hereinafter referred to as the Schedules) and have issued our report thereon dated December 31, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Community Corrections Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, 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.

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 was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies may exist that have not been identified.



Compliance and Other Matters

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*.

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. We noted certain matters that we reported to management of the Community Corrections Center in a separate section titled “*Management Observation and Future Considerations*”.

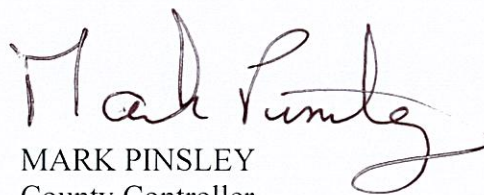
Management’s Response to the Audit

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 on 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 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

Date: December 31, 2024
Allentown, PA

MANAGEMENT OBSERVATION AND FUTURE CONSIDERATIONS

The objective of this audit was to review the financial activity of the CCC. We did not audit the operating expenses of the CCC, however, due to the increased use of supervision with ankle monitors, we noted the decreased use of the building. The Department of Corrections maintains one corrections officer and 4 office personnel at the CCC, as inmates are still required to check in on a weekly basis.

The chart below notes the Average Daily Population (ADP)* at the CCC as reported through May 2024 on the Corrections Department – *Average Daily Population by Sites* report.

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
11.94	22.48	12.21	0.00	43.24	141.70

During our audit of CCC financial activity, we noted a potential opportunity for Corrections / County management to save County taxpayer dollars. Corrections expenditures are primarily funded by real estate tax dollars, making any reduction of CCC expenditures a direct taxpayer benefit.

We compiled the costs of keeping the building open despite no inmates living at the facility. Costs for utilities (trash, electric, fuel, water/sewer), maintenance and supplies related to upkeep of the building totaled \$90,924 for the period of January through September 2024. The average costs associated with the building over the last four years was \$140,691. An additional \$147,858 was budgeted for repairs and paving for Riverside Drive (which the County is responsible for maintaining), however no expenses have been charged against this project. The below table depicts the actual expenses related to the building from 2020 through September 2024. Although no inmates are required to stay overnight at the Community Corrections Center (CCC), the County continues to keep the building operational, resulting in the continuation of potentially avoidable operating expenses.

Building Expenses	2020	2021	2022	2023	2024
TRASH REMOVAL	\$ 11,028.00	\$ 1,598.02	\$ 1,695.00	\$ 1,315.00	\$ 1,240.00
OTHER OPERATING SUPPLIES	\$ 24,348.98	\$ 4,013.18	\$ 4,767.93	\$ 543.41	\$ 833.47
MAINT & REP-MAT & SUPPLIES	\$ 16,403.25	\$ 7,223.85	\$ 3,375.12	\$ 3,427.07	\$ 1,225.00
TELEPHONE	\$ 3,350.91	\$ 3,481.37	\$ 2,860.36	\$ 3,642.44	\$ 2,211.90
FUEL	\$ 24,081.22	\$ 17,429.41	\$ 19,806.21	\$ 15,465.60	\$ 13,695.39
ELECTRICITY	\$ 45,726.65	\$ 27,752.35	\$ 43,921.04	\$ 46,372.82	\$ 29,859.43
WATER/SEWER	\$ 18,379.34	\$ 6,806.42	\$ 5,498.47	\$ 4,919.53	\$ 3,698.38
MAINTENANCE & REPAIR SERVICES	\$ 41,856.72	\$ 60,252.91	\$ 44,254.35	\$ 47,166.58	\$ 38,159.93
	\$185,175.07	\$ 128,557.51	\$126,178.48	\$122,852.45	\$ 90,923.50

We are suggesting the County Administration & the Court Administration form an ad-hoc committee to discuss the feasibility of:

- **Moving the CCC check-in to a location at the Jail or within the Courthouse; and**
- **Closing or re-purposing the CCC facility.**

As always, the Office of the Controller is available to assist as deemed appropriate by County / Court Administration.

Management’s Response: See page 12 of this report.

COUNTY OF LEHIGH, PENNSYLVANIA
COMMUNITY CORRECTIONS CENTER (CCC)

Schedule of Prior Audit Findings and Recommendations
(Audit Report 21-30 Dated December 10, 2021)

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.

Current Status: There has been no change to this exception. The bank statement shows that there are still over \$120k in outstanding checks on the account that date back to 2004.

Management's Response: Noted on page 11 of this report.

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.

Current Status: Exception Resolved. Management sends up copies of the Cash Receipts Journals with each bi-weekly check run. There were no missing receipts discovered during the audit that were not found on the voided receipt logs.

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.

Current Status: Exception Resolved. Management updates and maintains a binder with the work release agreements.

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.

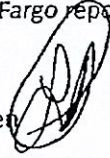
Recommendation: We recommend for management to save the spreadsheet by week or month on the shared drive before updating it for the check run. In addition, detailed notes can be written in the comments column to explain unusual circumstances that may affect an inmate's ability to turn in a paycheck.

Current Status: Exception Resolved. Management keeps a copy of the spreadsheet in with the bi-weekly reports, as well as separate tabs within the spreadsheet to ensure that historical data is not lost.

Response to Audit Findings and Recommendations:

There were no findings in the current audit.

However, a finding from the 2021 audit was noted to have no change. This finding, labeled as "Outstanding Checks on Bank Reconciliation does not match Bank Statement", addresses outstanding checks dating back to 2004. The Department of Corrections submits escheated, voided, and stopped checks to the Fiscal Office. The Fiscal Office would then communicate this information to the outside institution, Wells Fargo Bank. Many of the checks listed on the Wells Fargo Unpaid Checks Report printed on 01-01-24 have, in fact, been escheated, voided, or stopped by the Department of Corrections, but yet these checks remain listed as unpaid by Wells Fargo Bank. Unfortunately, 20 years of outstanding checks listed on a Wells Fargo report is not an error that the Department of Corrections can rectify.

Laura Kuykendall, Warden 

December 31, 2024

DOC's Response to the Controller's Management Observation and Future Considerations of the CCC

After review of this audit by the Controller's office, I have several comments I would submit as my response. The Community Corrections Center (CCC) was closed on December 4th, 2020 amid a worldwide pandemic. One of the unintended consequences of the pandemic, was a shift in the workforce that resulted in challenges to the recruitment and retention of staff. This is not unique to Lehigh County, but nationwide in the fields of corrections and law enforcement in general. As a response to both the need to manage our reduced staffing complement, and still maintain critical re-entry services to our population, the inception of a Community Corrections Supervision program was initiated in April of 2022. This provided inmates the opportunity to reside in their own residences, gain employment, provide for their families, and promote a successful reintegration back into the community. The participants continue to serve a sentence of confinement but do so under the supervision and monitoring of a few CCC staff members. Those staff are located within the building, operating the program with weekly participant check-ins, in addition to maintaining the county's valuable asset, the building itself. We have used the building for training purposes for county agencies, meetings, correctional officer testing, and open houses for recruitment efforts.

The intent has always been, and continues to be, to return the building to its primary function, however, the time table is dependent upon staffing. As for the years utilized in this analysis, 2019 and 2020 the building was still occupied by residents and should not be used in the ADP or in the building expenses, particularly if the object of the audit is the financial activity, or operational costs, during the time period that it has not housed residents (2021-present).

As for the maintenance of the road, this is not a requirement of the county, we choose to maintain the road as we explore long-term options for ownership. This matter is complex in nature as it is tied to Norfolk Southern Rail.

Finally, we have already commenced early discussions on creating a City Centric CCC operation, that would complement an Adult Probation program option as well. Those discussion also include creating alternative uses of the building, but only after the creation of the City Centric option.

Janine Donate
Director of Corrections