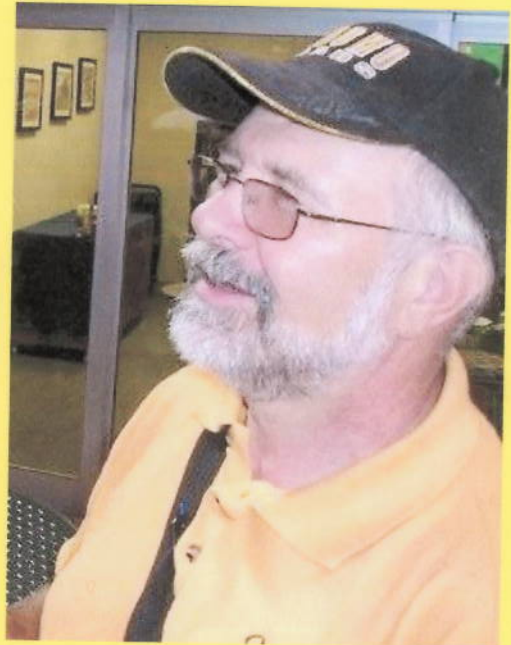


Office of the Controller 2009 Annual Report

**Thomas Slonaker,
County Controller**



**County Of Lehigh
Office Of The Controller
Thomas Slonaker, County Controller**

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County Of Lehigh Office Of The Controller Mission Statement



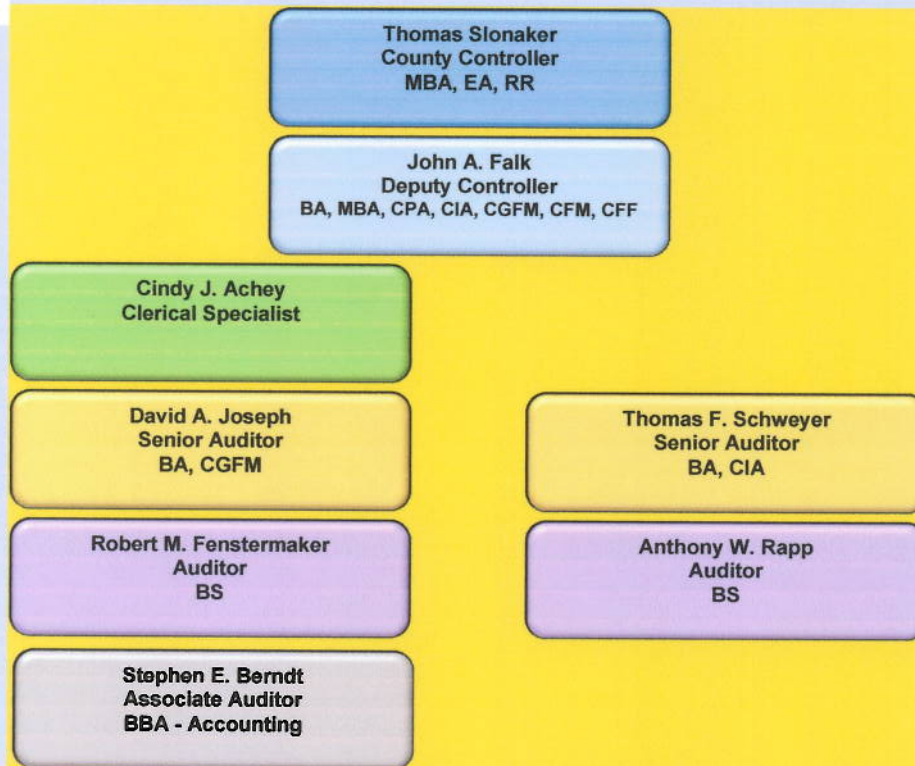
The mission of the office of the controller,
Lehigh County, Pennsylvania is to:

- examine the propriety of internal control,
- assess compliance with statutory requirements,
- evaluate operating procedures,
- audit the accuracy and completeness of records and files pertaining to the receipt and disbursement of County funds by all officers, agents, and employees of the County.



The controller's office conducts assessments of management performance and program results of any county department or agency to evaluate the efficiency and economy of the agency's or department's use of taxpayer funds.

County Of Lehigh Office Of The Controller Staff & Credentials as of December 31, 2009



BA - Bachelor of Arts
 CFE - Certified Fraud Examiner
 CGFM - Certified Governmental Financial Manager
 MBA - Masters in Business Administration
 CFF – Certified in Financial Forensics

BS - Bachelor of Science
 CIA - Certified Internal Auditor
 EA – Enrolled Agent
 RR – Register Representative
 BBA – Bachelor of Business Administration



County Of Lehigh Office of the Controller Auditing Standards



The office of the controller performs an internal auditing function. Internal auditing is an independent appraisal function established within an organization to examine and evaluate the activities of the organization. A general statement of purpose, authority and responsibility for the office of the controller is included in the county home rule charter and administrative code.

All audits begin with objectives, and those objectives determine the type of audit to be conducted and the auditing standards to be followed. The Government Auditing Standards, issued by the Comptroller General of the United States, provides auditing guidelines for financial and performance audits. Professional standards are also promulgated by the American Institute of Certified Public Accountants. The International Standards for the Professional Practice of Internal Auditing are codified by the Institute of Internal Auditors. These standards, applied as appropriate to the audit objectives, are the criteria by which the office of the controller performs audits.

Compliance to the various standards include minimum continuing professional education requirements for the staff and management of the office of the controller. The Government Auditing Standards require 80 hours every two years with 24 hours in government - related courses. Certified public accountants are subject to the AICPA required 120 hours every three years (minimum 20 hours per year) and the PICPA requirement of 80 hours every two years. The Institute of Internal Auditors and the Association of Government Accountants both have similar requirements to maintain their respective certifications.



**Association of Local
Government Auditors**
www.governmentauditors.org



County Of Lehigh Office Of The Controller Introduction



You're going to be audited...

Why Me?

Relax! You are not being singled out for something you did or didn't do. All county activities are subject to audit. Generally, we select audits based upon a number of factors. We look at things such as the time since your last audit, the size of your operation, system changes and turnover of key staff. Various factors are weighed to determine our audit plan.

What is an Audit?

An audit is an independent review of county operations and financial activities. During an audit we evaluate your internal control system and suggest ways to improve the operational effectiveness and profitability of your area. We realize you are busy and having us around can be disruptive. We try to minimize interruptions of your regular work, and keep open communication with you about the audit.

Who are the Auditors?

We are a team comprised of experienced individuals. We have varied business experiences. Many of us have professional certifications such as Certified Government Financial Manager, Certified Public Accountant, Certified Internal Auditor and Certified Fraud Examiner.

Who is the Controller?

The County Controller, Tom Slonaker, is an elected official, independent of the administrative, legislative and judicial branches of Lehigh County Government. Audit reports are issued to the County Executive and Board of Commissioners and any other directly affected parties. All audit reports are a matter of public record.

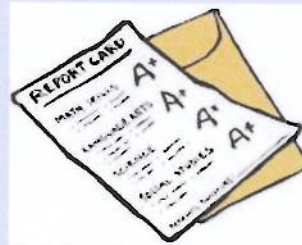
County Of Lehigh Office Of The Controller Audit Effectiveness Questionnaire

Beginning in late 1998, the office of the controller sent an audit effectiveness questionnaire to the audited management after each audit was completed. Our questionnaire topics included audit planning, fieldwork and reporting. Ratings from 1 (inadequate) to 5 (excellent) were requested for each of 13 questions related to our audit performance. Other written comments were also requested from the audited management.

The average of the responses received rated our performance as 4.3 in 2009. The following are the ratings for the last five years:



4.3 in 2009
4.4 in 2008
4.6 in 2007
4.4 in 2006
4.5 in 2005

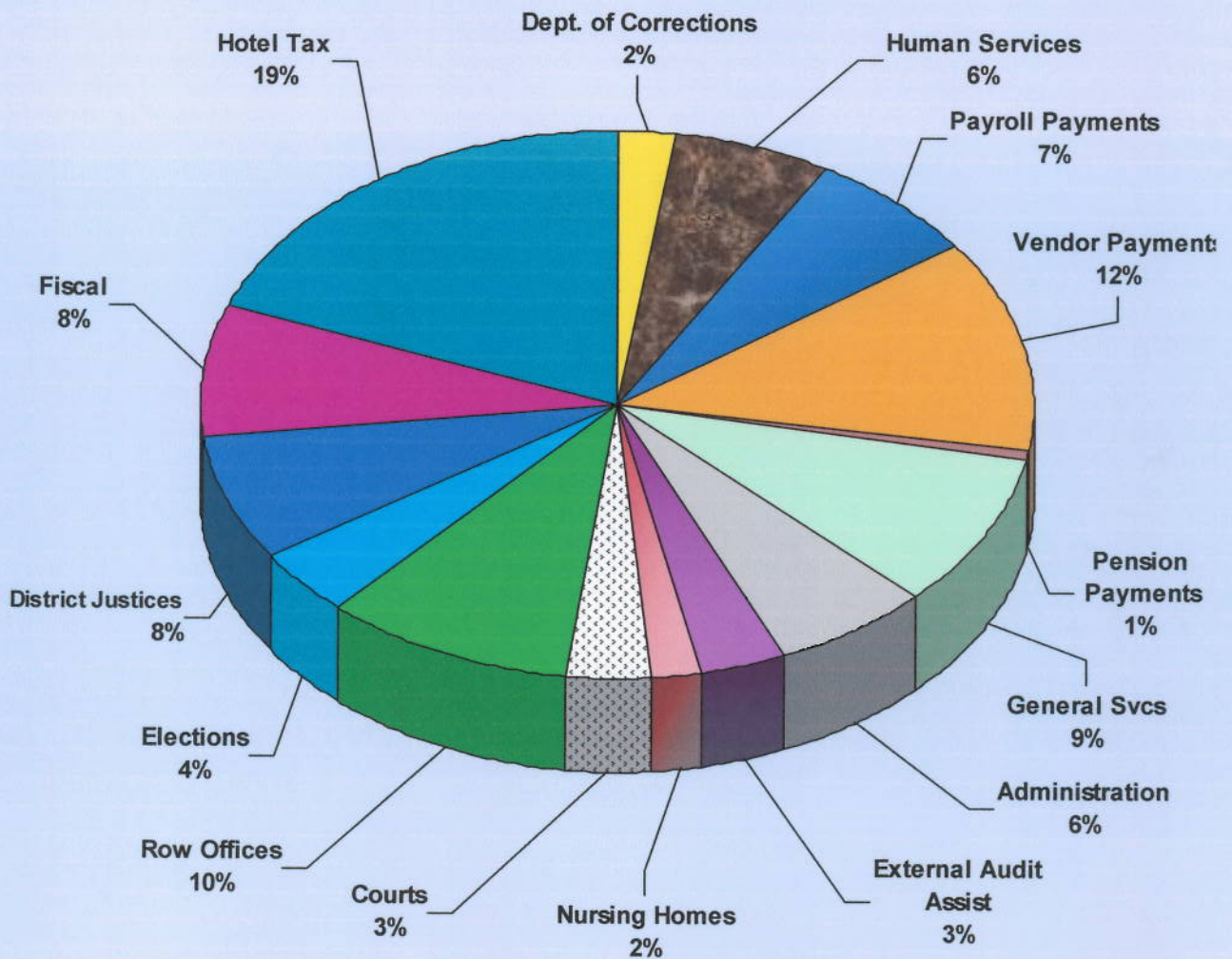


The questionnaire describes a 4 rating as “very good” and a 5 as “excellent.”

The questionnaire is helpful to gauge the effectiveness of our audits and the degree of customer satisfaction. The input received helps us in the planning and performance of future audits. We thank all who took the time to respond to the questionnaire.

**County of Lehigh
Office of The Controller**

**2009 Audit Hours
(percentages rounded)**



County Of Lehigh Office Of The Controller Desk Audits



What is a Desk Audit?

A desk audit is not really an audit at all. It is a spot check review of monthly reports which acts as an early warning system intended to provide ongoing oversight for cash handling offices. If anything unusual is noted during a desk audit, we look into the matter immediately.

2009 Desk Audits:

Row Offices – Monthly desk audits of row office reports for the period January 2009 through December 2009 (continuous monitoring).

Register of Wills Office*
Recorder of Deeds Office*
Clerk of Courts Criminal Division Office*
Clerk of Courts Civil Division Office*
Orphans Court Office
Coroner's Office
Sheriff's Office



* These offices are part of the Clerk of Judicial Records Office.

District Justices - Monthly desk audits of 14 Magisterial District Justice Offices' reports for the period January 2009 through December 2009 (continuous monitoring).

Purpose of Audits – **For the row offices:** to verify sequential receipt usage; to verify reported revenue matches bank deposits and actual receipt of funds by the Office of Fiscal Affairs; and to verify bank reconciliations are performed on a timely basis.

For the magisterial district justice offices: to verify the county share of costs & fines collected and remitted; to verify escrow balance control; and to verify monthly bank account reconciliations.

County Of Lehigh Office Of The Controller 2009 Audits



Payroll & Human Resources

Year End Payroll Audit - Report # 09-17

Internal Audit - For the Year Ended December 31, 2008

Purpose of Audit

To review year-end payroll related reports and procedures and compile summary management reports on overtime, part time employees, excessive compensatory time, excessive vacation time, inactive employees, and other payroll-related issues.



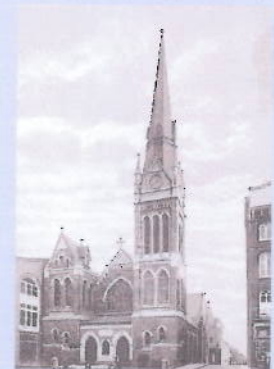
Conflicts of Interest Policy

Compliance to County of Lehigh Resolution #78-6 – Report #09-01

Compliance Audit – For the Year Ended December 31, 2007

Purpose of Audit

To measure compliance with the reporting and disclosure requirements of the county conflict of interest policy.



Hotel Room Rental Tax Reporting– Fiscal Office Operations

Compliance to Lehigh County Ordinance #2005-145 – Report #09-08

Internal Audit – For the Year Ended September 30, 2008

Purpose of Audit

To determine the adequacy of office of fiscal affairs management controls over hotel room rental tax reporting activity.



County Of Lehigh

Office Of The Controller

2009 Hotel Room Rental Tax Audits



Audit Type – Agreed Upon Procedures

Purpose of Audit – To verify the accuracy of the amounts remitted by Lehigh County hotel operators for hotel room rental tax and to determine compliance to the “Hotel Room Rental Tax Rules and Regulations” for the calendar year ending December 31, 2008.

Allenwood Motel	09-31	Homewood Suites	09-46
Best Western Inn & Suites	09-60	Hotel Traylor	09-45
Comfort Inn - Allentown	09-14	Howard Johnson Inn	09-27
Comfort Suites of Allentown	09-61	Iron Run Motel	09-63
Courtyard by Marriott	09-43	Lehigh Motor Inn	09-64
Days Inn – Lehigh Street	09-33	Microtel Inn and Suites	09-32
Days Inn and Conf. Center	09-48	Quality Inn	09-26
Dockside Bed and Breakfast	09-30	Ramada Inn	09-38
Econo Lodge Allentown	09-55	Red Roof Inn	09-41
Egyptian Sands Motel	09-29	Residence Inn by Marriot	09-66
Executive Inn	09-51	Royal Motel	09-49
Fairfield Inn Bethlehem	09-42	Saucon Valley Country Club	09-21
Fine Lodging	09-53	Scottish Inn - Catasauqua Road	09-34
Four Points Sheraton	09-56	Scottish Inn – Center Valley	09-20
Glasbern	09-22	Scottish Inn - Hausman Road	09-35
Hamilton Tower	09-44	Sleep Inn	09-23
Hampton Inn	09-62	Staybridge Suites – Allentown	09-57
Hawthorn Suites	09-16	Staybridge Suites – Star Road	09-24
Hilton Garden Inn – Airport	09-54	Stone House Inn & Spa	09-25
Hilton Garden Inn – Allentown	09-40	Super 8 Motel - Airport Road	09-28
Holiday Inn - Center City	09-58	Super 8 Motel - Golden Key	09-36
Holiday Inn Conference Center	09-37	Wingate by Wyndham	09-19
Holiday Inn Express Hotel	09-13		

County Of Lehigh Office Of The Controller 2009 Audits



Elections

General Election – Report # 09-06 – Internal Audit – for November 4, 2008

Special Election – Report # 09-11 – Internal Audit – for March 3, 2009

Primary Election – Report # 09-39 – Internal Audit – for May 19, 2009

Special Election – Report # 09-52 – Internal Audit – for September 29, 2009

General Election – Report # 09-59 – Internal Audit – for November 3, 2009

Purpose of Audits

Audit of advances paid to and the subsequent “Order to Pay” documents prepared by Judges of Election for the county elections.



Orphan’s Court

Financial Audit - For the Period January 1, 2007 to December 31, 2008

Purpose of Audit

Test of reporting, internal control and compliance for Orphan’s Court financial activity



County Of Lehigh Office Of The Controller 2009 Audits



Lehigh County Court Of Common Pleas
SERVING THE CITIZENS OF LEHIGH COUNTY, PENNSYLVANIA

Row Office Audits:

Judicial Records – Clerk of Courts – Criminal Division – Report #09-03

Judicial Records – Clerk of Courts – Civil Division – Report #09-47

Financial Audits – For the Years Ended December 31, 2006 & 2007

Purpose of Audit

To verify the amounts reported as revenue and expenditures, and to determine the adequacy of internal control over cash handling.

Coroner's Office – Report #09-18

Internal Audit – For the Year Ended December 31, 2008

Purpose of Audit

To evaluate internal controls over coroner's office fee assessments and collections.



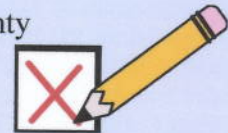
County Of Lehigh Office Of The Controller 2009 Audits



***Compliance to Tax Delinquent/Unpaid Rent Provisions of Section 801.2:
(B),(C),(D),(E) of the County of Lehigh Administrative Code - Report # 09-15
Compliance Audit - Period Ended December 31, 2008***

Purpose of Audit

Audit of compliance to the tax delinquent / unpaid rent provisions of the county Administrative Code.



Online Auction Activity

***Compliance to Administrative Code Section 807 - Report #09-07
Internal Audit – For the years ended December 31, 2007 & 2008***

Purpose of Audit

To determine the adequacy of controls over cash handling, surplus inventory safekeeping, and compliance with sales terms.



Ethics Hotline Activity

***Compliance to Lehigh County Ordinance #1993-130 – Report #09-04
Summary Compilation – For the Year Ended December 31, 2008***

Purpose of Audit

A listing of issues including: calls received on the ethics hotline; reports of lost/missing/stolen county and personal property; and other ethics/fraud-related activity.



County Of Lehigh Office Of The Controller 2009 Audits



Nursing Home Audit:

***Cedarbrook Nursing Homes Residents' Trustee Accounts - Report #09-09
Internal Audit - For the Period January 1, 2008 to September 30, 2008***

Purpose of Audit

To evaluate the administrative and accounting control over nursing homes business office trustee transactions and to evaluate system changes instituted since the last audit.



Commissioner Request:

***Sheriff's Use of a County Vehicle – Report #09-05 & #09-10
Internal Audit – For the Period July 1, 2007 to June 30, 2008***

Purpose of Audit

To evaluate the Sheriff's compliance to the county vehicle policy.



County Of Lehigh Office Of The Controller 2009 Audits



Delinquent Real Estate Tax Collections

Tax Claim Bureau - Report #09-02

Internal Audit - For the Period October 1, 2007 to September 30, 2008

Purpose of Audit

To assess the effectiveness of tax handling procedures and adequacy of cash handling controls.



Real Estate Tax Collections

Office of Fiscal Affairs – Report #09-12

Financial Audit – For the Year Ended December 31, 2008

Purpose of Audit

To audit the 2008 county real estate taxes reported by the county Fiscal Officer as collected (or turned over to the county tax claim bureau).

Collection of Forfeited Bail Bonds

Department of Law – Report #09-65

Internal Audit – For the Period January 1, 2005 to December 31, 2008

Purpose of Audit

To review the case status of all outstanding forfeited bail bonds issued by bonding agents/insurance companies.



County Of Lehigh Office Of The Controller 2009 Audits



BIWEEKLY PAYROLL AUDITS / LONGEVITY PAYMENTS

Office of Fiscal Affairs

Internal Audit - *Audit Period - Calendar Year 2009 (continuous).*

Purpose Of Audit

To review authorization, processing and recording of biweekly payroll disbursements.



WEEKLY VENDOR CHECK REVIEW



Office of Fiscal Affairs

Internal Audit - *Audit Period - 01/2009 - 12/2009 (continuous).*

Purpose Of Audit

To review and approve weekly disbursement of checks issued to vendors doing business with the county.

RETIREMENT CHECK DISTRIBUTION - Monthly Review

Office of Fiscal Affairs - *Audit Period - 01/2009 - 12/2009 (continuous).*

Purpose Of Audit

To review and approve monthly retirement checks issued to retired employees.

EXTERNAL AUDITOR ASSISTANCE - Audit of Cash

Office of Fiscal Affairs - *Audit Period - 01/2008- 12/2008*

Purpose Of Audit

Audit of existence, recording and classification of all County cash amounts as of December 31, 2008. This audit work reduces County cost by providing external audit assistance.



County Of Lehigh Office Of The Controller 2009 – Other Projects, Activities



- Lost, Missing, Stolen Property Reporting Liaison
- County Officials' Bonds Depository
- Bail Forfeiture Monitoring
- Review of Bureau of Collections Check Disbursements
- Review of Work Release Check Disbursements
- Monitor Check Sequences for HealthChoices Checks, Worker's Compensation Checks, Health Care Reimbursement Checks, and Health Saving Account Check Disbursements
- District Attorney Drug Forfeiture Reporting
- “nCourt” Online payment system for Magisterial District Courts
- Expense Reimbursement – Magisterial District Justices
- Cedarbrook “Market-To-Go” Program
- Fiscal – Enhanced ACH Payments
- Human Services Risk Assessment
- Auto Insurance Reimbursement Payments
- Audit Planning – County-Wide Risk Assessment



County Of Lehigh

Office Of The Controller

Other Duties and Responsibilities



SURPRISE CASH COUNTS

The office of the controller also performs random, unannounced cash counts of offices that maintain a change fund or petty cash fund. Every office that handles cash is subject to surprise cash counts.

BID CONTROL

Receive and secure advertised bids and requests for proposals issued by the office of purchasing. Open bids and monitor bid tabulation.

LEHIGH COUNTY PENSION BOARD

The County Controller serves a member of the Lehigh County Pension Board.



ETHICS HOTLINE - (610) 782-3999

See Report #09-04 (2009 Activity)

Purpose

A confidential telephone message system available to employees and the general public to report suspected fraud, waste and abuse.



Thomas Slonaker, Controller
John A. Falk, Deputy Controller

County of Lehigh Office of the Controller

General Office 610-782-3082

Contact Information



Name	Title	Phone	E-mail
Thomas Slonaker	Controller	610-782-3178	thomasslonaker@lehighcounty.org
John Falk	Deputy Controller	610-782-3083	johnfalk@lehighcounty.org
Cindy Achey	Clerical Specialist	610-782-3082	cindyachey@lehighcounty.org
David Joseph	Senior Auditor	610-782-3914	davidjoseph@lehighcounty.org
Thomas Schweyer	Senior Auditor	610-782-3912	thomasschweyer@lehighcounty.org
Robert Fenstermaker	Auditor	610-782-3913	robertfenstermaker@lehighcounty.org
Anthony Rapp	Auditor	610-782-3438	anthonyrapp@lehighcounty.org
Stephen Berndt	Associate Auditor	610-782-3915	stephenberndt@lehighcounty.org

Copies of the completed audit reports are available on the Lehigh County website under the Office of the Controller or call our office at 610-782-3082.