




COUNTY OF LEHIGH
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER
17 SOUTH SEVENTH STREET
ALLENTOWN, PA 18101-2400
(610) 782-3082 FAX: (610) 820-3335

THOMAS SLONAKER
COUNTY CONTROLLER

JOHN A. FALK
DEPUTY CONTROLLER

TO: Final Report Distribution
FROM: Thomas Slonaker, County Controller 
DATE: July 12, 2011
RE: Internal Audit of the Agricultural Conservation Easement Program

We have completed an internal audit of the Agricultural Conservation Easement Program, Lehigh County, Pennsylvania for the calendar years 2009 and 2010. Our report 11-38 is attached.

The results of our audit are:

1. Overall, program controls are adequate.
2. Procedures for tracking reimbursements could be strengthened.

Attachment

COUNTY OF LEHIGH, PENNSYLVANIA
AGRICULTURAL CONSERVATION EASEMENT PROGRAM

*Internal Audit
for the calendar years 2009 and 2010*

REPORT NO. 11-38

COUNTY OF LEHIGH, PENNSYLVANIA
AGRICULTURAL CONSERVATION EASEMENT PROGRAM

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COUNTY OF LEHIGH, PENNSYLVANIA
AGRICULTURAL CONSERVATION EASEMENT PROGRAM

Background

The Lehigh County Agricultural Conservation Easement Program was established in 1989 to purchase agricultural conservation easements from landowners in the county. The program is funded by state and county contributions and interest collected from Act 319 (Clean and Green Preferential Tax Assessment Program) roll back taxes.

Landowners interested in selling an agricultural conservation easement submit applications to the conservation board staff. Applications are ranked using the Land Evaluation and Site Assessment System (LESA). The number of applications selected for purchase is based on available funding.

As of March 31, 2011, 241 Lehigh County farms covering a total of 20,121 acres have been protected with perpetual agricultural conservation easements (according to the Agricultural Land Preservation web site).



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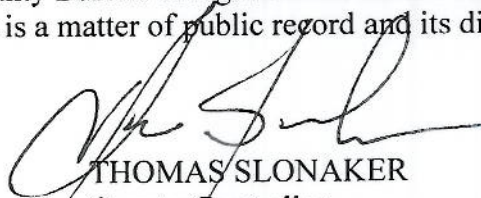
Mr. Jeffrey W. Zehr
Director of Farmland Preservation
Lehigh County Agricultural Center -- Suite 107
4184 Dorney Park Road
Allentown, PA 18104

We have recently completed an internal audit of the Lehigh County Agricultural Conservation Easement Program at the Lehigh County Bureau of Agricultural Land Preservation. The scope of our detail audit testing was calendar years 2009 and 2010. Our objective was to determine the adequacy of control over farmland preservation easement awards.

We conducted our audit in conformance with the "*International Standards for the Professional Practice of Internal Auditing*", promulgated by the Institute of Internal Auditors. Our audit included examination of the accounting records, documentation, discussions with the Agricultural Land Preservation personnel and other county personnel, and such other auditing procedures we considered necessary in the circumstances.

We concluded that controls over the easement program are adequate. However, procedures for tracking cost reimbursements could be improved. A complete description of our recommendations is detailed in the accompanying "*Schedule of Audit Findings and Recommendations*".

We wish to thank the director and his staff for their cooperation during the audit. This report is intended for the information and use of the Lehigh County Bureau of Agricultural Land Preservation and other affected county offices. However, this report is a matter of public record and its distribution is not limited.



THOMAS SLONAKER
County Controller

July 5, 2011
Allentown, Pennsylvania

Final Distribution:
Board of Commissioners
Donald T. Cunningham, Jr., County Executive
Brian L. Kahler, Fiscal Officer
Glenn Solt, General Services Manager

COUNTY OF LEHIGH, PENNSYLVANIA
AGRICULTURAL CONSERVATION EASEMENT PROGRAM

Schedule of Audit Findings and Recommendations

1. Controls over cost reimbursements could be improved

Condition: A centralized tracking system is not utilized to track reimbursements from the state for incidental easement acquisition costs (appraisals, surveys, etc.). Current practice involves review of individual files to determine if reimbursement has been applied for and received. Although our testing did not reveal any instances of missing reimbursements this process does not provide adequate assurance that missing reimbursements would be detected.

An effective tracking system should alert management to missing or delayed reimbursements during the normal course of business activities.

Recommendation: The most effective process would entail posting all costs to an asset or exchange account until reimbursement is received. This approach would transfer some oversight to the fiscal office.

However, due to limited fiscal resources and the dollar amounts involved (approx. \$12,000 per acquisition) a more pragmatic approach would involve keeping unpaid reimbursement requests in a separate file, monitored by farmland preservation staff, until reimbursement is received.



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July 5, 2011

Mr. Thomas Slonaker
Lehigh County Controller
Lehigh County Government Center
17 South Seventh Street
Allentown, PA 18101-2400

Dear Mr. Slonaker:

I have the following response to your office's recent internal audit of the Lehigh County Agricultural Conservation Easement Program:

I thank the Office of the Controller, and in particular Mr. Thomas Schweyer, for your thorough, professional, and fair examination of the Lehigh County Farmland Preservation Program. We take great pride in the operation of our program and we are always open to suggestions for improvement. Please do not hesitate to offer other recommendations in the future.

Thank you for your important work.

Sincerely,


Jeffrey W. Zehr
Director of Farmland Preservation