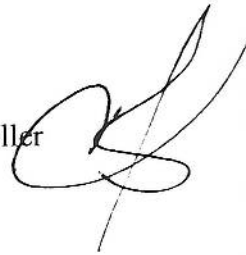




COUNTY OF LEHIGH  
OFFICE OF THE CONTROLLER

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

**TO:** Final Report Distribution  
**FROM:** Thomas Slonaker, County Controller  
**DATE:** December 23, 2008  
**RE:** Internal Audit of Delinquent Real Estate Tax Collections



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The controller's office has completed an internal audit of delinquent real estate tax collections for the period October 1, 2007 to September 30, 2008. Our audit report number 09-2 is attached.

The audit did not reveal any significant areas of non-compliance with laws and regulations. However, the audit findings indicate that:

- New automated accounting system has strengthened cash controls.
- Control over on-line access activity could be improved.

Attachment

AUDITS/DELINQUENT REAL ESTATE TAX COLLECTIONS (TCB)

**COUNTY OF LEHIGH, PENNSYLVANIA**  
**DELINQUENT REAL ESTATE TAX COLLECTIONS**

*Internal Audit for the Period*  
*October 1, 2007 to September 30, 2008*

REPORT NO. 09-2

COUNTY OF LEHIGH, PENNSYLVANIA  
DELINQUENT REAL ESTATE TAX COLLECTIONS

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Larry A. Kistler, Lead Accountant  
Office of Fiscal Affairs  
Lehigh County Government Center  
17 South Seventh Street  
Allentown, PA 18101-2400

We have completed an internal audit of delinquent real estate tax collections. The scope of our detail audit testing was October 1, 2007 to September 30, 2008. Our objective was to assess the effectiveness of cash handling procedures. We extended the scope of our audit to include assessment of controls over on-line certification and on-line access fee transactions.

We conducted our audit in accordance with the "*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 fiscal office personnel and such other auditing procedures we considered necessary in the circumstances.

We concluded that management has significantly improved cash handling controls with the implementation of an enhanced automated accounting system. A number of non-material issues were brought to management's attention and are detailed in the accompanying "*Schedule of Audit Findings and Recommendations*".

We wish to thank the fiscal office management and staff for their cooperation during the audit. This report is intended for the information and use of the fiscal office and other affected county offices. However, this report is a matter of public record and its distribution is not limited.

THOMAS SLONAKER  
County Controller

December 18, 2008  
Allentown, Pennsylvania

Final Distribution

Board of Commissioners  
Donald T. Cunningham, Jr., County Executive  
Brian L. Kahler, Fiscal Officer  
Richard B. Somach, Solicitor, Law Department

COUNTY OF LEHIGH, PENNSYLVANIA  
DELINQUENT REAL ESTATE TAX COLLECTIONS

**Background**

The fiscal office is responsible for the collection and distribution of delinquent real estate taxes for participating taxing districts located within the County of Lehigh. Collection procedures are authorized and described by the Pennsylvania Real Estate Tax Sale Law. This law was enacted to consolidate the collection of delinquent real estate taxes into one agency, as a convenience to local taxing districts, property owners, prospective purchasers, and title searchers.

Total receipts from delinquent real estate tax collections and tax sales amounted to \$7,347,061 for the period October 1, 2007 to September 30, 2008.



COUNTY OF LEHIGH, PENNSYLVANIA  
DELINQUENT REAL ESTATE TAX COLLECTIONS

*Schedule of Audit Findings and Recommendations*

1. Account Activation Supervision

**Condition:** There is no separate review of online account activations (cost of \$300 per year). One person is responsible for activating online access accounts on a system not interfaced to cash receipts activity. To ensure the accuracy of account activation, active user lists should be reviewed by management.

**Recommendation:** We recommend cash receipt date, amount, and number fields should be added to the account activation user record. A detailed listing of active accounts, containing cash receipt data, should be printed and reviewed by management monthly.

2. Senior Tax Deferral Program Follow-up

**Condition:** There is no procedure in place for determining continued eligibility for participation in the senior citizen real estate tax deferral program. Senior citizens qualify for real estate tax deferrals as long as they meet participation requirements. To ensure continued eligibility information should be updated on a recurring basis.

**Recommendation:** Participants should be required to submit annual renewal applications and a current Homeowner's Insurance Policy Declaration Page. To reduce the burden to the participants, we recommend limiting the renewal application to one page, mailing the application to the participant, and providing a pre-addressed, postage-paid envelope. Management should enlist the aid of the Lehigh County Office of Aging and Adult Services where necessary.



**COUNTY OF LEHIGH**  
Office of Fiscal Affairs

**Brian L. Kahler**  
Fiscal Officer

**Larry A. Kistler**  
Director of Tax Claim Bureau

December 18, 2008

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


Re: Internal audit of the financial records of Delinquent Real Estate Collections  
the Period October 1, 2007 to September 30, 2008

Dear Mr. Slonaker:

The Tax Claim Bureau appreciates the constructive comments and suggestions contained within your Audit findings. As your Audit reports, significant improvements have been made to the system.

Relative to the current findings, these suggestions are being reviewed and, if appropriate, incorporated into the system.

/s/   
Larry A. Kistler, Lead Accountant

/s/   
Brian L. Kahler, Fiscal Officer

*Government Center  
17 South Seventh Street,  
Allentown, Pennsylvania 18101-2400*

*Accounts Receivable  
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