




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: May 20, 2009

RE: Audit of Compliance to Tax Delinquent/Unpaid Rent Provisions
of the County of Lehigh Administrative Code

We have completed an audit of compliance to tax delinquency and unpaid rent provisions of Section 801.2, paragraphs (B) to (E) of the County of Lehigh Administrative Code for the period ended December 31, 2008. Our report number 09-15 is attached.

The result of our audit is that the administration has complied with the requirements of Section 801.2, paragraphs (B) to (E) of the Lehigh County Administrative Code.

With the cooperation of the Director of Administration and the Director of Community and Economic Development, several procedural refinements were implemented directed at collecting unpaid, delinquent county real estate taxes.

Attachment

AUDITS/BADBOY

COUNTY OF LEHIGH, PENNSYLVANIA

*Compliance to Tax Delinquent/Unpaid Rent Provisions
of Section 801.2 (B), (C), (D), (E) of the County of Lehigh
Administrative Code*

For Period Ended December 31, 2008

REPORT NO. 09-15

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE TO SECTION 801.2 (B), (C), (D), (E)
ADMINISTRATIVE CODE

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May 20, 2009

Lehigh County Board of Commissioners
Lehigh County Government Center
17 South Seventh Street
Allentown, PA 18101-2400

We recently reviewed compliance to the tax delinquency provisions and the unpaid rent provisions of Section 801.2 of the administrative code [801.2 (B), (C), (D), (E)]. These provisions relate to:

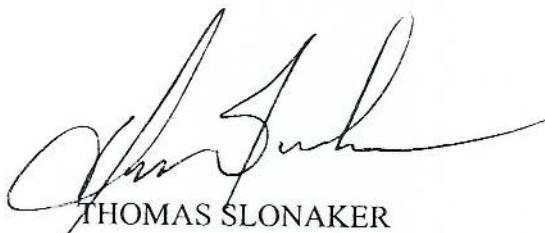
- (B) Prohibiting the county to enter into a contractual arrangement with a vendor who is delinquent in paying any taxes due the county;
- (C) Withholding payments to vendors until the taxes are paid in full;
- (D) Written notice to the Board of Commissioners by the Department of Administration;
and
- (E) Prohibiting the county to enter into a contractual arrangement with a lessee who owes the county rent.

Taxes are deemed delinquent after unpaid taxes are turned over to the county tax claim bureau (TCB) for collection (e.g., 2008 taxes were turned over to the TCB as of December 31, 2008).

The tax delinquent provisions were included in standard county contract language to supplement existing delinquent tax collection procedures. The primary effort to collect delinquent taxes is performed by the TCB. The office of fiscal affairs initiated this review after the annual batch of delinquent taxpayers were identified. After turnover (December 31, 2008) to TCB, the office of fiscal affairs matched 2008 county vendors' contracts with the TCB database of delinquent taxpayers. A report was issued to the office of the commissioners on February 3, 2009 (attached).

Based on our discussions and review of fiscal affairs records, we found that the administration has complied with the historical interpretations of the requirements of Section 801.2 (B), (C), (D) and (E) of the county administrative code. We have included several new management issues on the attached "*Schedule of Audit Findings and Recommendations*" directed toward enhancing delinquent taxpayer compliance.

We wish to express our appreciation for the cooperation received during the review.



THOMAS SLONAKER
County Controller

May 20, 2009
Attachments

xc: Donald T. Cunningham, Jr., County Executive
Cindy M. Feinberg, Director of Community and Economic Development
Brian L. Kahler, Fiscal Officer
Laurie A. Moyer, Grants and Housing Manager
Thomas S. Muller, Director of Administration



COUNTY OF LEHIGH
Office of Fiscal Affairs

Brian L. Kahler
Fiscal Officer

TO: Commissioner Percy H. Dougherty

FROM: Brian L. Kahler, *B.L.K.*
Fiscal Officer

DATE: February 3, 2009

RE: Ordinance 1992-#119

In accordance with Ordinance 1992-#119 we are submitting a listing per exhibit B, number 4.

<u>Contract #</u>	<u>Vendor</u>	<u>Amount</u>
N/A	Noel Lichtenwalner	\$ 629.71

The above listing does not include Foster Care Parents, Constables, Day Care Providers, Grants, Employees, Vendors who receive payments which are not subject to Ordinance 1992-119, and Vendors who may owe taxes as another entity but the County does not have a contractual relationship with that entity.

For the above vendors, payments will be withheld until the County taxes are paid in full.

If you should have any questions, please do not hesitate to contact me.

BLK/kk

xc: To All Commissioners
xc: Thomas Muller
xc: Thomas Slonaker

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

Accounts Receivable
Phone: 610-782-3112

Fiscal Administration
Phone: 610-782-3115

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE TO THE TAX DELINQUENCY / UNPAID RENT
PROVISIONS OF ADMINISTRATIVE CODE SECTION 801.2

Schedule of Audit Findings and Recommendations

Department of Community and Economic Development

1. Delinquent Taxpayer Used as Contractor

Condition: During 2008, Lehigh County issued a check for sewer lateral installation (\$6,880.00) under the Community Development Block Grant (CDBG) Program. The program is designed to establish a contract between the homeowner and the contractor. Ordinance 2006-107 provides for the direct payment by the county to the contractor for services rendered to the homeowner. The homeowner is required to meet certain eligibility requirements and to agree to certain conditions to qualify for the program. To date, these payments have been excluded from Section 801.2 of the county Administrative Code which prohibits the county from entering into a contractual relationship with any vendor who is delinquent in any county taxes. A contractor who performed the sewer lateral work owes \$1,982.82 (three properties) in delinquent 2007 and 2008 (county) taxes to the tax claim bureau.

Clearly, the county is not party to any contract between a homeowner and contractor, however, the county issued a check directly to a delinquent taxpayer.

Recommendation: We recommend the Department of Development consider amending their policies and procedures to disqualify a contractor from bidding on sewer lateral, housing rehabilitation, and other similar community development programs if the contractor is found to be delinquent on county real estate taxes.

Real-time access to current Lehigh County tax claim bureau unpaid/delinquent tax records is available on the county website with Director of Administration approval.

Department of Administration

1. Constables Owe Delinquent Taxes

Condition: We noted county vendor payments to a constable who owes delinquent 2008 real estate taxes. Since August 2008, the county paid the constable \$3,903.28. The constable also owes \$6,479.47 in delinquent property taxes for 2007 and 2008 of which \$1,041.82 was owed for county taxes.

Recommendation: We recommend the Fiscal Officer advise the President Judge/magisterial district judges as to which constables owe delinquent real estate taxes. We believe this notice may encourage the payment of delinquent taxes.



COUNTY OF LEHIGH
Office of Community & Economic Development

Cindy McDonnell Feinberg
Director

April 24, 2009

Mr. Thomas Slonaker
County Controller
County of Lehigh
Government Center
Controller's Office, 4th Floor
17 South 7th Street
Allentown, PA 18101

Dear Tom:

The Lehigh County Department of Community & Economic Development (LCDCED) received the memo, dated March 25, 2009, regarding the audit of compliance to tax delinquent / unpaid rent provisions of the County of Lehigh Administrative Code.

Please accept this letter as confirmation that the department agrees to accommodate the recommendation set forth within the schedule of audit findings and recommendations relating to LCDCED.

Effective May 15, 2009, the policies for all direct homeowner assistance programs, for which contractors are paid directly by the County on behalf of low-to-moderate income homeowners, will be amended. The amendment to the policy will require the pre-award search of the Lehigh County Tax Delinquency database by authorized personnel or consulting agents to assure that bidders are current on Lehigh County real estate taxes. LCDCED will not allow a grant recipient to execute a contract with a contractor that is delinquent in county real estate taxes.

Should there be any questions related to the proposed policy amendment, please contact me prior to May 15, 2009.

Sincerely,


Cindy McDonnell Feinberg
Director

CC: Laurie Moyer, Grants & Housing Manager, LCDCED
John Falk, Deputy Controller



COUNTY OF LEHIGH
Office of Fiscal Affairs

Brian L. Kahler
Fiscal Officer

To: Thomas Slonaker, County Controller

From: Brian L. Kahler, Fiscal Officer

Date: May 19, 2009

Re: Audit of Compliance to Tax Delinquent/Unpaid Rent Provisions
of the County of Lehigh Administrative Code

The following is in response to the Audit Finding:

1. Constables Owe Delinquent Taxes

The Fiscal Office upon completion of the Tax Delinquency Ordinance Compliance process will notify the Court of any known Constables that owe Delinquent Taxes.

Thank you for the review and suggestion.

BLK/kk

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17 South Seventh Street
Allentown, Pennsylvania 18101-2401*

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