



External Quality Control Review

of the Lehigh County
Controller's Office

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors** for the period January 1, 2005 to
December 31, 2007



Association of Local Government Auditors

August 21, 2008

Mr. Thomas Slonaker
County Controller
County of Lehigh
Lehigh County Government Center
Room 465
17 South Seventh Street
Allentown, PA 18101

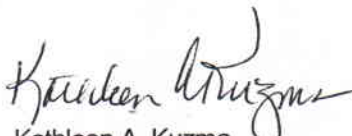
Dear Mr. Slonaker

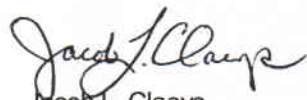
We have completed a peer review of the Office of the Controller of Lehigh County, Pennsylvania, for the period January 1, 2005 through December 31, 2007. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide* (2008 Revision) published by the Association of Local Government Auditors (ALGA).


We reviewed the internal quality control system of your audit organization and conducted tests in order to determine if your internal quality control system operated to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States. Due to variances in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that the Lehigh County Office of the Controller's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audits and attestation engagements during the January 1, 2005 through December 31, 2007.

We have prepared a separate letter offering suggestions to further strengthen your internal quality control system.


Kathleen A. Kuzma
County of Northampton, PA


Jacob L. Claeys
City and County of Denver, CO


John Sanderlin
City of Norfolk, VA



Association of Local Government Auditors

August 21, 2008

Mr. Thomas Slonaker
County Controller
County of Lehigh
Lehigh County Government Center
Room 465
17 South Seventh Street
Allentown, PA 18101

Dear Mr. Slonaker

We have completed a peer review of the Lehigh County Controller's Office for the period January 1, 2005 through December 31, 2007 and issued our report thereon dated August 21, 2008. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

We would like to mention some of the areas in which we believe your office excels:

- We found that it was easy to navigate through the audit files. The workpapers were organized logically and planning was well documented as evidenced by the audit control checklist. Forms used were well thought out and helpful in establishing documentation and accountability.
- Management involvement was well documented by the use of the supervisory logs.
- The tic marks and legends used were straightforward and made the review process easy to accomplish.

We offer the following observations and suggestions to enhance your organization's demonstrated adherence to *Government Auditing Standards*:

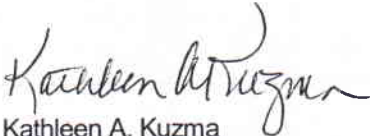
- In accordance with *Government Auditing Standards*, Guidance on GAGAS Requirements for Continuing Professional Education (GAO-05-568G), "How Should Compliance with CPE Requirements be Measured?", an audit organization may establish a standard two-year period for all its auditors, which can be either a fixed-year or rolling-year basis. We noted some employees were on a fixed-year basis while others were on the rolling-year basis. The Controller's Office should establish a consistent reporting period collectively for all employees as it would provide for more efficient management of the continuing education requirements per *Government Auditing Standards* (2007 Revision) Section 3.48.
- Non-audit services are not currently addressed in the County of Lehigh, Controller's Office Audit Manual. According to *Government Auditing Standards* (2003 Revision) Section 2.15, "audit

organizations are encouraged to establish policies for maintaining the quality of this type of work, and may wish to disclose such policies in any product resulting from this work, any other professional standards followed, and the quality control steps taken". The Audit Manual should be updated to include the non-audit services to ensure these services do not affect the Controller's Office independence to conduct audits as stated in the *Government Auditing Standards* (2007 Revision) Section 3.21.


- The County of Lehigh, Controller's Office Audit Manual currently does not cover the record retention requirements as stated in *Government Auditing Standards* (2003 Revision) Section 7.69. The audit manual should be updated to reflect a reference to the current record retention policy (State record retention guidelines) as stated in the *Government Auditing Standards* (2007 Revision) Sections 4.22 and 6.24.

We extend our thanks to you, your staff and the other County officials we met for the hospitality and cooperation extended to us during our review.

Sincerely,


Kathleen A. Kuzma
County of Northampton, PA


Jacob L. Claeys
City and County of Denver, CO


John Sanderlin
City of Norfolk, VA