



Office Of The Controller

Serving the Taxpayers of the County of Lehigh

2019 Annual Report

Prepared by Stephen Berndt, CFE

MARK PINSLEY
County Controller

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Office Of The Controller

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MARK PINSLEY
County Controller

The 2019 Annual Report provides an overview of the activities and audits undertaken by the Controller's Office in 2019. The report details among other things the level of audit satisfaction and effectiveness as reported by those audited, a comprehensive breakdown of county function's audited and a detailed list of each audit performed. The Controller's Office is tasked with being a fiscal watchdog, committed to protecting taxpayer dollars and looking for potential improvements in county departments and enforcing the county's campaign finance reform legislation. The Annual Report provides you with a high degree of accountability as taxpayers, allowing you to verify our efforts as auditors. The 2019 Audit portion of this report details each of the audits conducted and the purpose behind each audit. Our annual report also includes valuable financial resources for Lehigh County residents including how to pay your real estate taxes and how to find out if the PA Treasury owes you money.

Mission Statement



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



Examine the property of internal control



Assess compliance with statutory requirements



Evaluate operating procedures



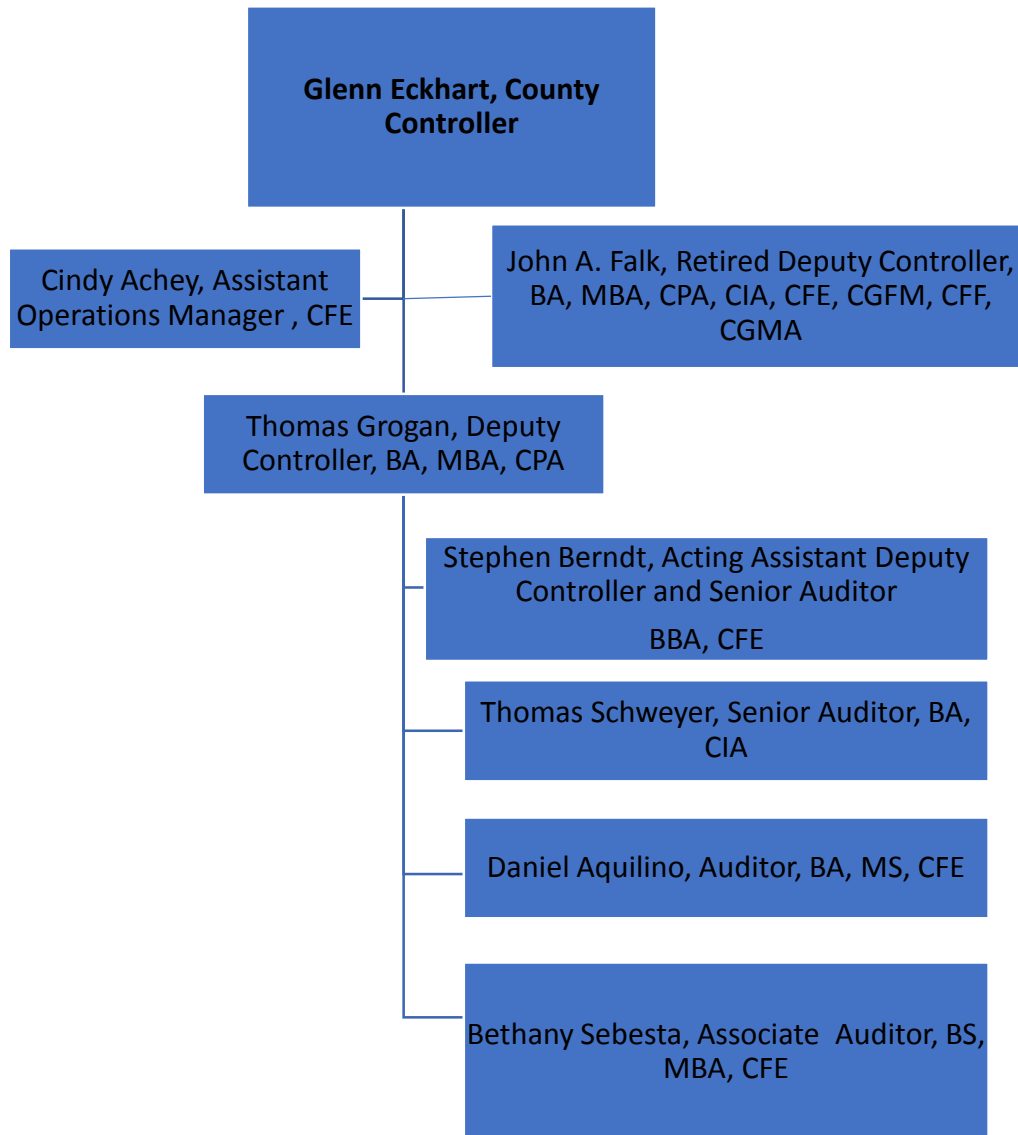
Audit the accuracy & completeness of records and files pertaining to the receipt and disbursement of County funds by all officers, agents, and employees of the County

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.

2019 Staff Credentials and Certifications



Office Of The Controller



MBA - Masters in Business Administration

CGMA – Charter Global Management Accountant

CFF – Certified in Financial Forensics

CGFM - Certified Governmental Financial Manager

BBA – Bachelor of Business Administration

MS – Masters of Science (Accounting)

CPA – Certified Public Accountant

CIA - Certified Internal Auditor

CFE - Certified Fraud Examiner

BS - Bachelor of Science

BA - Bachelor of Arts

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.

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 and several other authoritative accounting & auditing organizations.

Compliance to the **Government Auditing 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, the Association of Certified Fraud Examiners, and the Association of Government Accountants each have similar requirements to maintain their respective certifications.



Introduction

What is an Audit?

An internal audit involves reviewing county operations and procedures, office transactions or financial activities which is typically done by looking at cash receipts, disbursements (money allocated and spent by a department) or changes in fund balances (the individual financial accounts run by the county, i.e. general fund).

Audits are governed by professional associations of industry professions who set guidelines for how to properly conduct an audit. These organizations include the Government Auditing Standards Board (GASB), American Institute of Certified Public Accountants (AICPA) and the Association of Certified Fraud Examiners (ACFE).

There are four types of audits, financial, performance and compliance, these audits are conducted to ensure that county offices have accurate finances, that their programs are having the intended result and are operating as effectively as possible. These audits often result in finding and recommendations on how to improve a specific function or save money.

The final type of audit is an Agreed Upon Procedure Audit which can be requested by departments, officials or members of the public. These audits don't result in findings, but look to answer a specific question made by the requesting party.

Audits are scheduled based a county-wide assessment of risk performed by office staff. The staff will look at time since the last audit, the legal requirements mandating audits and staff turnover to determine when an audit is needed most.

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, **Mark Pinsley**, is an elected official, independent of the administrative, legislative and judicial branches of Lehigh County Government. Audit reports are issued to the audited management, the County Executive and the Board of Commissioners and any other parties in charge of governance. All audit reports are a matter of public record and are available on the County of Lehigh website under the Office of the Controller. Reports issued by the Office of the Controller are available on the internet at:

www.lehighcounty.org/Departments/Controller/Reports-views/catid/72

Audit Plans are Based on Risk Assessment.

All county activities are subject to audit. Generally, we select audits based upon a number of risk 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.



Classification of Audits:

We classify our audit population into three categories:



- Many class one audits are audits we have to do because of a statutory requirement (county or state.) Class one audits also include what we classify as “[Continuous Audits](#)” – the verification of monthly reported revenue for row offices and magisterial district court offices, weekly vendor payment reviews, bi-weekly payroll reviews, monthly pension payment reviews and other periodic disbursements made by the county. Other mandated audits include, among others, the magisterial district justice operations, nursing home resident trustee accounts, jail inmate accounts, and the district attorney’s annual drug forfeiture report .



- Class two audits are discretionary and are scheduled based on individual priority and staff time availability. The population of class two audits is a dynamic and evolving list to be expanded as we identify changing risk factors and additional audit areas. We refer to these audits as “[Periodic Risk-based Audits](#)” – involving financial / attestation / performance audits requiring analytical review, substantive detail testing, tests of internal control, and management effectiveness & efficiency.



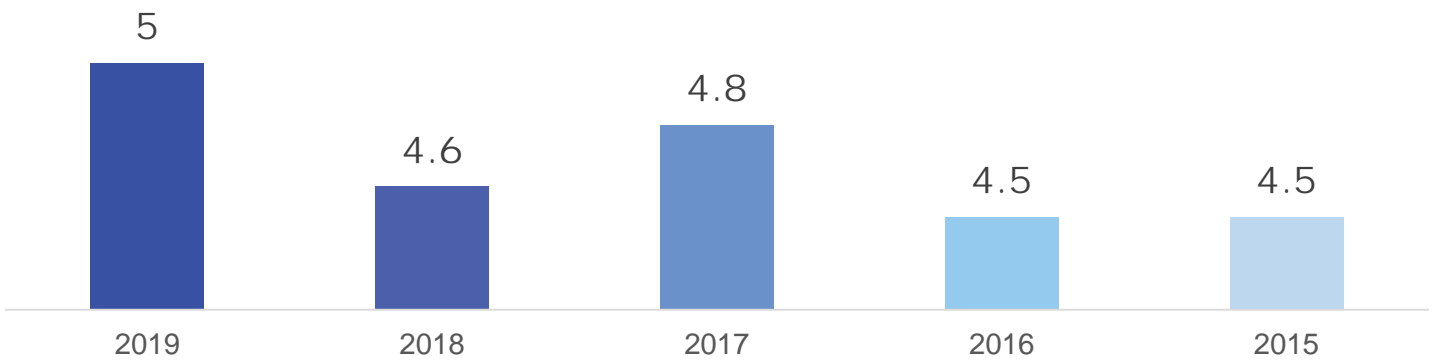
- Class three audits are “[High Priority](#)” (fraud, ethics hotline, or special request) audits. This work is generally not known ahead of time. Class three audits require immediate focus and attention and are given priority over class one and two audit work.



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 5.0 in 2019. The following are the ratings for the last five years:



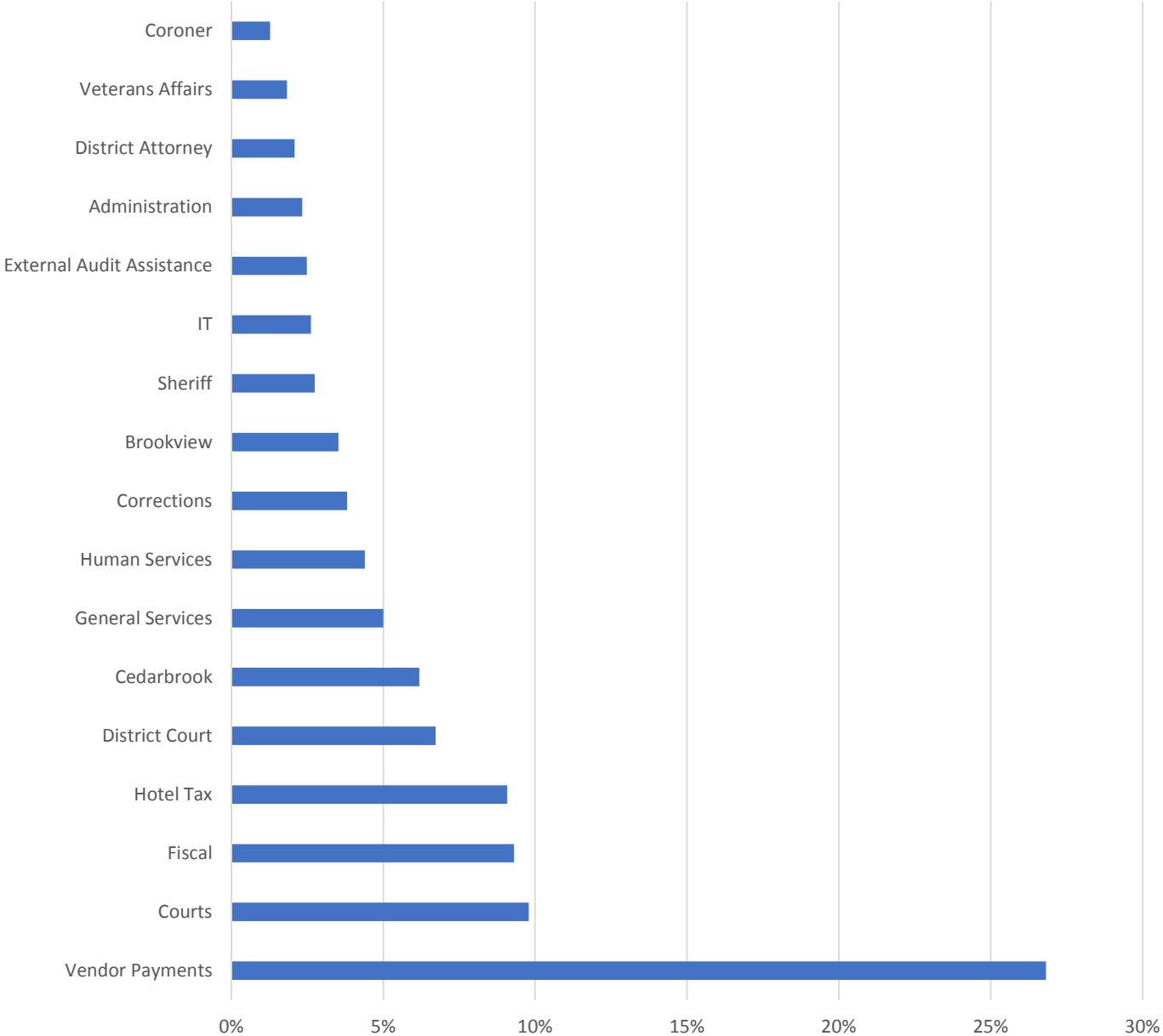
The questionnaire describes a 4 rating as “very good” and a 5 as “excellent.”



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.

2019 Audit Hours



Desk “Audits” Our “Early Warning” System

What is a Desk Audit?

A desk audit is not really an audit at all. It is a spot check clerical 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, the auditors look into the matter immediately. These monthly clerical reviews serve to highlight any unusual situation in a timely manner that requires our attention. Ultimately, full financial or performance audits are performed based on our risk assessment on a cyclical basis.

2019 Desk Audits:

Row Offices – Monthly desk audits of row office reports for the period January 2019 through December 2019 (continuous monitoring).

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

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



Magisterial District Judges - Monthly desk audits of 14 Magisterial District Court offices' reports for the period January 2019 through December 2019 (*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 court offices: to verify the county share of costs & fines collected and remitted; to verify escrow balance control; and to verify monthly bank account reconciliations.

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.

Administration Audits



Confidential



Independent



**Integrity in
Government**

ETHICS HOTLINE ACTIVITY

See Summary Report #19-2 (2018 Activity)

See Summary Report #19-32 (2019 Activity)

**ETHICS HOTLINE
(610) 782-3999**



Purpose of Audit

A confidential telephone message system available to employees and the general public to report suspected fraud, waste and abuse. These reports summarize the calendar years 2018 and 2019 activity, respectively.

The ethics hotline continues to be a valuable tool for employees and the public to report suspected improprieties. This report also includes all reports received per Administrative Notice 2001-4, **“Supervisor’s Report of Lost or Stolen Property”**.

Administration Audits



- Veterans Affairs Gift Card Program – Report # 19-5
Agreed Upon Procedures – For the Calendar Year 2018

Purpose of Audit

To determine records accuracy and gift card tracking.



- Real Estate Tax Collections – Office of Fiscal Affairs – Report #19-6
Financial Audit – For the Tax Year Ended December 31, 2018

Purpose of Audit

To audit the 2018 county real estate taxes collected or turned over to Northeast Revenue (delinquent).



- Imprest Funds (advance to county offices) – Report #19-7
Compliance Audit – For the Calendar Year 2018

Purpose of Audit

To ensure funds are intact and adequately secured.

Administration Audits



2018 Year-End Pension Payment Audit – Report #19-8 *Compliance Audit – For the Calendar Year Ended December 31, 2018.*

The Office of Fiscal Affairs processed approximately 21,700 pension payments totaling over \$33.7 million during calendar year 2018.

Purpose of Audit

To ensure pension payments made during 2018 are in compliance with the Administrative Code.



Compliance to Tax Delinquent/Unpaid Rent Provisions of Section 801.2: (B),(C),(D),(E) of the County of Lehigh Administrative Code - Report # 19-10

Compliance Audit – For the Year Ended December 31, 2018

Purpose of Audit

To ensure vendors who received payments in 2018 are not delinquent in county real estate taxes or unpaid rents.

Administration Audits



- **2018 Year-End Vendor Payment Audit – Report #19-11**
Compliance Audit – For the Calendar Year Ended December 31, 2018

Approximately 33,000 vendor payments amounting to over \$225 million were issued by the Office of Fiscal Affairs during calendar year 2018.

Purpose of Audit

To ensure vendor payments made during 2018 are in compliance with the Administrative Code.



- **2018 Year-End Payroll Audit - Report # 19-12**
Performance Audit - For the Year Ended December 31, 2018

There were 1,964 (full time & regular part-time) budgeted positions in 2018. Total gross wages paid during calendar year 2018 was over \$115.6 million.

Purpose of Audit

To audit year-end external payroll reports and procedures and compile statistics on overtime, part-time employees, excessive compensatory time, excessive vacation time, inactive employees, and other payroll & human resources performance issues.

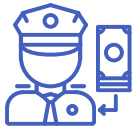
Administration Audits



- **Brookview Independent Living – Report # 19-13**
Financial Audit for the Year Ended 2017

Purpose Of Audit

To determine the adequacy of internal controls and whether 2017 Brookview application, admission, rent determinations, and collection procedures are being adhered to.



- **Bureau of Collections – Report # 19-14**
Financial Audit for the Year Ended 2018

Purpose Of Audit

To determine the adequacy of controls over cash receipts, expenditures, billings, and collections.



- **Veterans Affairs Office Space – Report # 19-15**
Agreed Upon Procedures – For the Period Ended June 30, 2019

Purpose Of Audit

To determine if the office provides adequate space for private client discussions.

Administration Audits



- **Brookview Independent Living – Report # 19-16**
Financial Audit for the Year Ended December 31, 2018

Purpose Of Audit

To determine the adequacy of internal controls and whether 2018 Brookview application, admission, rent determinations, and collection procedures are being adhered to.



- **Information Technology – Computer Equipment – Report # 19-25**
Compliance Audit of Administrative Notice 2006-1, Examination of Computer Inventory as of December 12, 2018.

Purpose Of Audit

To determine the accuracy of the Lehigh County Information Technology Department Inventory list and whether adequate internal control procedures exist over inventory.



- **Cedarview Apartments – Report # 19-28**
Financial Audit for the Year Ended December 31, 2018

Purpose Of Audit

To determine the adequacy of internal controls and whether the 2018 financials are accurately stated.

Administration Audits



- Office of General Services – Vehicle Policy – Report #19-30
Compliance Audit for the Years Ended 2017 and 2018.

Purpose Of Audit

To audit compliance to the requirements set forth in Ordinance 2017-114.



- Office of Children and Youth – Car Seat Inventory – Report #19-31
Compliance Audit for the Period September 1, 2018 to September 30, 2019.

Purpose Of Audit

To determine the adequacy of internal controls over car seat inventory.



- Office of General Services – Cell Phone Policy Audit – Report #19-38
Performance Audit for the Period January 1, 2019 to September 30, 2019.

Purpose Of Audit

To determine if a county-wide cell phone policy should be enacted.



- External Auditor Assistance – Reinsel Kuntz Lesher LLP
Audit of Cash - Office of Fiscal Affairs – For the Calendar Year 2018

Purpose Of Audit

Assist external auditors by performing select audit procedures related to year-end cash balances. This audit work reduces county costs by providing external audit assistance.

Hotel Tax Audits



Hotel Room Rental Tax Audits – Office of Fiscal Affairs *Agreed-Upon-Procedures Audit - For the Calendar Year 2018*

Report #19-19	Hawthorn Suites by Wyndham Hotels Allentown/Fogelsville
Report #19-20	Fairfield Inn and Suites by Marriott - Allentown West
Report #19-22	Historic Benner Mansion
Report #19-23	Springhill Suites by Marriott
Report #19-24	Motel 6 - Allentown
Report #19-26	Rodeway Inn
Report #19-27	Holiday Inn Conference Center
Report #19-29	Ramada Inn
Report #19-33	Holiday Inn Express – Allentown West
Report #19-34	Flint Hill Farm
Report #19-35	Royal Motel
Report #19-36	Iron Run Motel
Report #19-37	Howard Johnson Inn and Suites

Purpose of Audit

To determine compliance to County of Lehigh Ordinance #2005-180, the Lehigh County Hotel Room Rental Tax Rules and Regulations.

Court Audits



- Domestic Relations Section (DRS) – Report # 19-1
Financial Audit for the Period October 1, 2017 to September 30, 2018.

Purpose of Audit

To determine the adequacy of internal controls and whether the DRS section financials present fairly the financial activity arising from the cash transactions of the office.



- Coroner – Report #19-3
Financial Audit – For the Period January 1, 2018 to September 30, 2018

Purpose of Audit

To determine the adequacy of controls over cash receipts and expenditures, billings, collections, and decedent inventory.



- Office of the Sheriff – Report #19-4
Financial Audit for the Year Ended December 31, 2017.

Purpose of Audit

To determine the adequacy of controls over cash receipts, expenditures, billings, and collections.

Court Audits



- **Offender Supervision Fee Program – Adult Probation – Report #19-9**
Compliance Audit – For the Calendar Year 2018

Purpose of Audit

To evaluate compliance to Act 35 of 1991, Pennsylvania Administrative Code.



- **Civil Division– Clerk of Judicial Records – Report #19-17**
Financial Audit – For the Years Ended December 31, 2016, 2017 and 2018

Purpose of Audit

To determine the adequacy of internal controls and whether the division financials present fairly the financial activity arising from the cash transactions of the office.



- **Department of Corrections – MCCC– Report # 19-18.**
Financial Audit for the Year Ended December 31, 2018.

Purpose of Audit

To determine the adequacy of work release inmate receipts and disbursements and whether internal controls over cash receipts and disbursements are adequate.

Court Audits



- Office of the District Attorney – Forfeitures Reports - Report #19-21

Agreed Upon Procedures Audit of the Annual Reports for the Period of July 2018 to June 2019 for Controlled Substances Forfeitures and Other Statutory Forfeitures

Purpose of Audit

To comply with the Pennsylvania Attorney General requirements for the reporting of controlled substance or other statutory forfeitures.



- Criminal Division– Clerk of Judicial Records – Report #19-39
Financial Audit – For the Years Ended December 31, 2017 and 2018

Purpose of Audit

To determine the adequacy of internal controls and whether the division financials present fairly the financial activity arising from the cash transactions of the office.

Other Duties and Responsibilities

Lost, Missing, Stolen Property Reporting Liaison

County Officials' Bonds Depository

Review of Bureau of Collections Check Disbursements

Review of Work Release Check Disbursements

Review of Cedarbrook RFMS checks

Monitor Check Sequences for Health Choices Checks, Worker's Compensation

Audit Planning – County-Wide Risk Assessment

County Pension Policy Issues

Observation of County Sheriff Sales, Tax Claim Bureau Upset & Judicial Sales

Computer Assisted Audit Techniques Training – ACL software

County Campaign Finance Reform

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 procurement. Open bids and monitor bid tabulation

Lehigh County Pension Board

The Controller, Mark Pinsley, serves as Secretary of the Lehigh County Pension Board.

ETHICS HOTLINE
(610) 782-3999



Confidential



Independent



**Integrity in
Government**

Mark Pinsley
Controller

Contact Info



Office Of The Controller

As of January 31, 2020
General Office - 610-782-3082

Name	Title	Phone	E-mail
Mark Pinsley	Controller	610-782-3178	markpinsley@lehighcounty.org
Joshua Siegel	Assistant Operations Manager	610-782-3082	joshsiegel@lehighcounty.org
John Falk	Retired Deputy Controller	610-782-3083	johnfalk@lehighcounty.org
Thomas Grogan	Deputy Controller	610-782-3084	thomasgrogan@lehighcounty.org
Stephen Berndt	Senior Auditor	610-782-3915	stephenberndt@lehighcounty.org
Thomas Schweyer	Senior Auditor	610-782-3912	thomasschweyer@lehighcounty.org
Daniel Aquilino	Auditor	610-782-3914	danielaquilino@lehighcounty.org
Nanton P. John	Associate Auditor	610-782-3438	nantonjohn@lehighcounty.org

Want to know more about the County of Lehigh

www.lehighcounty.org

Have a Lehigh County Human service related question

<https://www.lehighcounty.org/Departments/Human-Services/Information-Referral>

Want to know if the Pennsylvania Treasury owes you money

<https://www.patreasury.gov/unclaimed-property>

Want to check out what the Lehigh Valley has to offer

<https://www.patreasury.gov/unclaimed-property>

Want to know which charity to donate to

<https://www.charitynavigator.org/index.cfm/bay/search.advanced.htm>

What to do if identity theft occurred

<https://www.consumer.ftc.gov/features/feature-0014-identity-theft>

Want to obtain a concealed carry license

<https://www.lehighcounty.org/Departments/Concealed-Carry-Permit>

Have to pay real estate taxes

Lehigh County Government Center, Room 119

Want to report fraud, waste, and abuse at Lehigh County

Call the Ethics Hotline at **610-782-3999**

Want to vote by mail

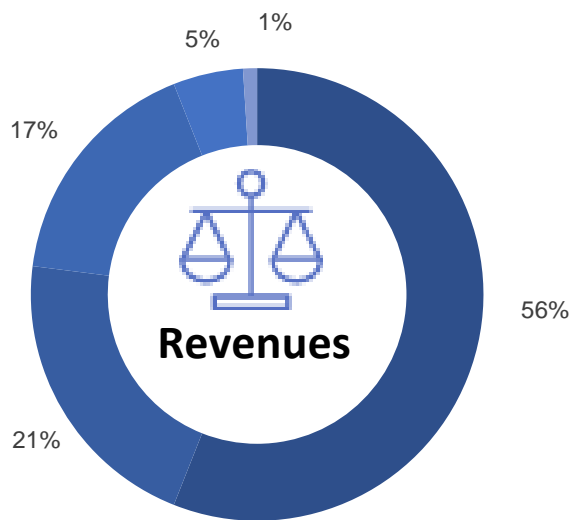
<https://www.pavoterservices.pa.gov/OnlineAbsenteeApplication/#/OnlineAbsenteeBegin>

2019 Lehigh County Revenues and Expenditures

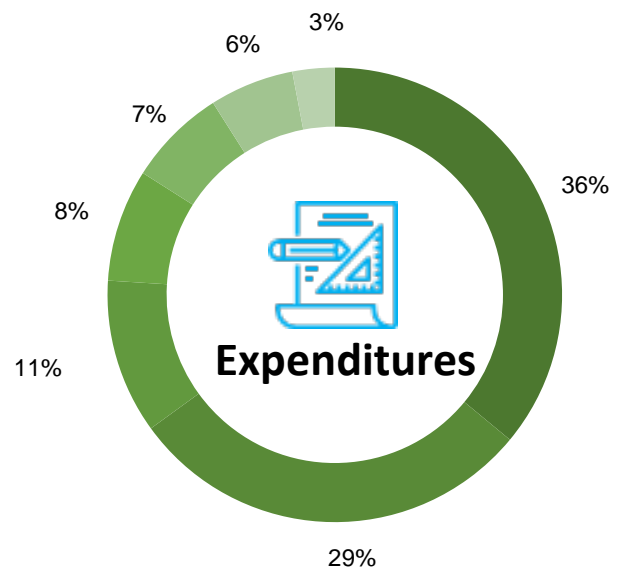
Source: 2019 Lehigh County Adopted Budget Details

2019 Lehigh County
Adopted Revenues
\$507,131,725

2019 Lehigh County
Adopted Expenses
\$507,131,725



- Grants and Reimbursements (56%)
- Taxes (21%)
- Other Revenues and Reserves (17%)
- Departmental Earnings (5%)
- Judicial Costs and Fines (1%)



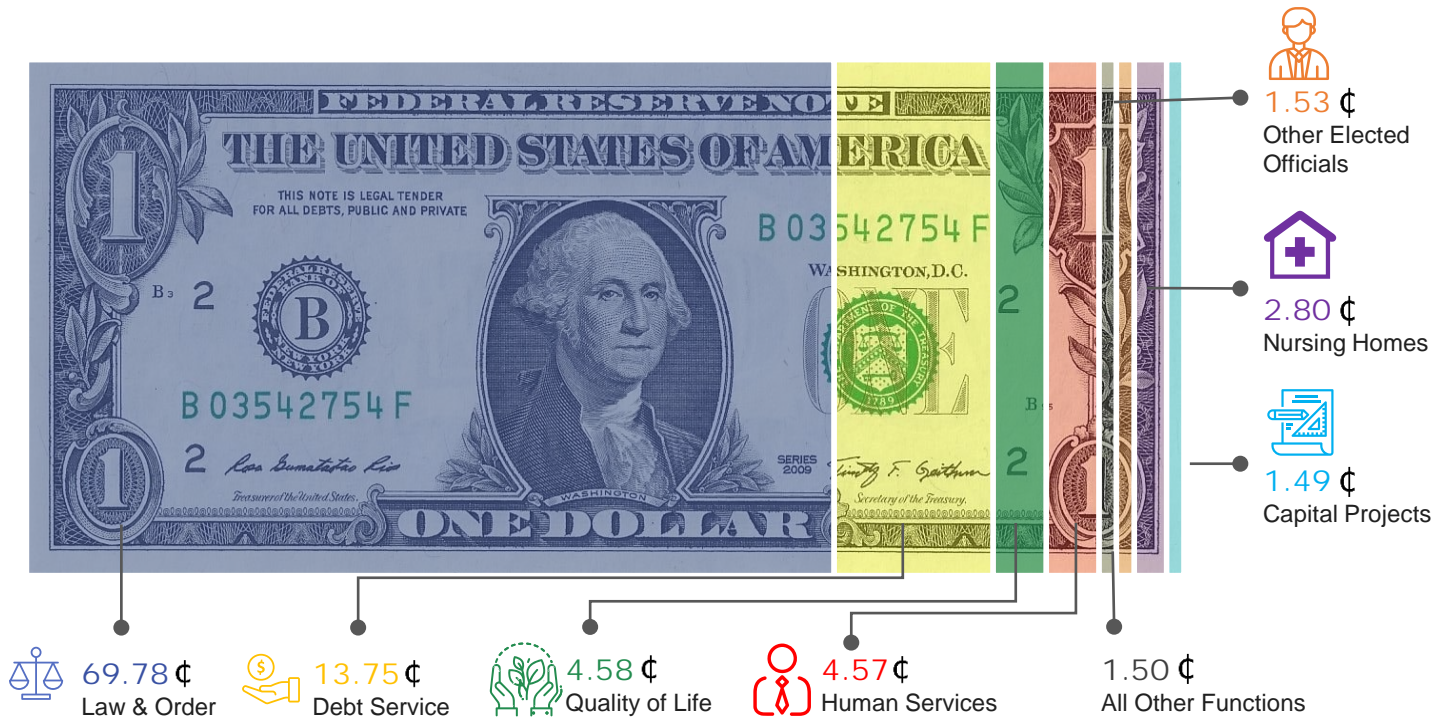
- Human Services (36%)
- Nursing Homes (29%)
- Administration and Gen. Svcs. (11%)
- General Government (8%)
- Corrections (7%)
- Courts (6%)
- Debt Service (3%)

2019 Lehigh County Budget

Revenues above include \$109 million in county real estate taxes. A detailed allocation of how each \$1 tax dollar is spent on the following page. The remaining sources of income are derived from grants and reimbursements, state pass-through funds, departmental revenues, and judicial costs and fines. The top three areas of expenditures in the 2019 Lehigh County Adopted Budget include Human Services, Nursing Homes, and Administration and General Services.

2019 Lehigh County Taxes in Context

NOTE: This graphic details how each \$1 of real estate tax dollars are spent.



Source: 2019 Lehigh County Adopted Budget

