




**TO:** Final Report Distribution

**FROM:** Mark Pinsley, County Controller 

**DATE:** June 8, 2021

**RE:** Compliance Audit – Compliance to Tax Delinquency and Paid Rent Provisions of Section 801.2 of the County of Lehigh Administrative Code

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The controller's office has completed an audit of compliance with paragraphs (B) through (E) inclusive of Section 801.2 of the County of Lehigh Administrative Code for the calendar year ended December 31, 2020. These paragraphs set forth requirements for select vendors/contractors concerning staying current on county real estate tax payments and rents due as a prerequisite to doing business with the County of Lehigh. Our audit report number 21-09 is attached.

Based on the results of our audit, we concluded the county administration has complied with the requirements of Section 801.2, paragraphs (B) through (E), of the County of Lehigh Administrative Code.

Attachment

AUDITS/BADBOY



**COUNTY OF LEHIGH, PENNSYLVANIA**

**COMPLIANCE TO TAX DELINQUENCY AND PAID RENT PROVISIONS OF  
SECTION 801.2 OF THE COUNTY OF LEHIGH ADMINISTRATIVE CODE**

*Compliance Audit  
For the calendar year ended December 31, 2020*

AUDIT REPORT NO. 21-09

COUNTY OF LEHIGH, PENNSYLVANIA  
TAX DELINQUENCY AND PAID RENT PROVISION COMPLIANCE

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COUNTY OF LEHIGH, PENNSYLVANIA  
TAX DELINQUENCY AND PAID RENT PROVISION COMPLIANCE

*Background*

The Controller's Office performs an annual audit to ensure compliance with the requirements of Section 801.2 of the County of Lehigh Administrative Code. The County shall not contract with a vendor who is delinquent on any taxes due to the County; the County shall withhold payments to such vendor until the delinquent taxes are paid in full; the Department of Administration shall notify the Board of Commissioners within 60 days of the end of the fiscal year of the names of tax delinquent vendors; the County shall not contract with a vendor who also leases County property if any rent currently due is unpaid.

Section 801.2 - REQUIRED CONDITIONS FOR ALL CONTRACTS

(B) The County of Lehigh shall not make contractual arrangements with a vendor who is delinquent on any taxes due the County until the taxes are paid in full. Delinquent shall herein be defined as the point when the taxes owed become the responsibility of the Tax Claim Bureau to collect. (Effective January 1, 2015, delinquent county real estate tax collection is the responsibility of Elite Revenue Solutions, LLC.)

(C) Every contract shall state that if the vendor becomes delinquent on taxes owed the County during the term of the agreement, vendor shall be in breach of the agreement and the County shall withhold vendor payments in lieu of taxes until taxes are paid in full.

(D) The Department of Administration shall issue written notice to the Board of Commissioners within 60 days of the end of the fiscal year if a vendor or lessee is found to be delinquent on any taxes due the County. As directed pursuant to contract language authorized by this section, the County shall withhold payments until the taxes are paid in full.

(E) The County of Lehigh shall not make contractual arrangements with a vendor who is also, a lessee of the County until the rent due the County is paid in full as provided for in the terms of the lease agreement.

Section 801.4 - AUDITS

The County Controller shall audit this policy for compliance on an annual basis.

Source: Excerpt from the County of Lehigh Administrative Code



Timothy Reeves, Fiscal Officer  
Office of Fiscal Affairs  
Lehigh County Government Center  
17 South Seventh Street  
Allentown, PA 18101-2400

### **Compliance**

We have audited the Office of Fiscal Affairs' compliance with the County of Lehigh Administrative Code Section 801.2, paragraph (B) – (E) for the calendar year ended December 31, 2020. Compliance with the requirements referred to above is the responsibility of the Office of Fiscal Affairs' management (a copy of the Fiscal Officer's February 26, 2021 memo is attached). Our responsibility is to express an opinion on the Office of Fiscal Affairs' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on delinquent tax collection activity. An audit includes examining, on a test basis, evidence about the Office of Fiscal Affairs management's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Office of Fiscal Affairs' compliance with those requirements.

In our opinion, Office of Fiscal Affairs complied, in all material respects, with the compliance requirements referred to above that are applicable to the County of Lehigh Administrative Code Section 801.2, paragraph (B) – (E) for the calendar year ended December 31, 2020. **However, we noted compliance deficiencies or other issues that are described in the accompanying "Schedule of Audit Findings and Recommendations".**

### **Internal Control Over Compliance**

Management of the Office of Fiscal Affairs is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Office of Fiscal Affairs' internal control over compliance to determine the auditing procedures for the purposes of expressing an opinion on compliance, but not for the purposes of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Office of Fiscal Affairs' internal control over compliance.



A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies in internal control over compliance, such that there is reasonable possibility that a material noncompliance with a compliance requirement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management; Phillips Armstrong, County Executive; Edward Hozza, Jr., Director of Administration and the Board of Commissioners and it is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Mark Pinsley". The signature is fluid and cursive, with a large loop at the end of the last name.

Mark Pinsley  
County Controller

June 7, 2021  
Allentown, Pennsylvania

Audited by: Nam Tran

Attachment

xc: Phillips Armstrong, County Executive  
Board of Commissioners  
Edward Hozza, Jr., County Administrator

COUNTY OF LEHIGH, PENNSYLVANIA  
2020 YEAR-END BAD BOY AUDIT

*Schedule of Audit Findings and Recommendations*

1. Missed Matches on Yearly Review

**Condition:** While reviewing the yearly review of vendor, contract, and purchase orders for possible matches for delinquent taxpayers, we discovered two matches that were missed during fiscal's yearly review. The two matches are Donald M. Rice and Steven J. Ring Concrete Construction. Steven J. Ring Concrete Construction has already paid their delinquent taxes as of the date of testing. Donald M. Rice is still delinquent as of the date of testing.

**Recommendation:** We recommend to be more thorough in the next yearly review. Among the matches, the one that was still delinquent on their tax payments should be put on hold.



**COUNTY OF LEHIGH**  
**Office of Fiscal Affairs**

**Timothy A. Reeves**  
**Fiscal Officer**

TO: Commissioner Geoff Brace  
FROM: Timothy A. Reeves, Fiscal Officer *TAR 2/26/21*  
DATE: February 26, 2021  
RE: Ordinance 1992-#119

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

<u>Contract #/Services Provided</u>	<u>Vendor</u>	<u>Amount</u>
DJ-7-21 MDJ Courtroom Rental	Heather-Jo Inc	\$5,693.22
Compensated by Court Order	Jeremias Nivar	\$834.20
Received Covid Relief Funds	Sierra Construction & Design Inc.	\$2,734.89
CA-97-20 Interpretation Services	Sandra Sinclair	\$1,392.61

The listing does not include Foster Care Parents, 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 vendors listed, 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.

TAR/rmf

xc: To All Commissioners  
xc: Phillips Armstrong  
xc: Mark Pinsley

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Allentown, Pennsylvania 18101-2400*

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Phone: 610-782-3115*

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