

2024
ANNUAL REPORT

Lehigh County, Pennsylvania

Mark Pinsley
County Controller

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NOTE FROM THE CONTROLLER



MARK PINSLEY, CONTROLLER

“This year, we have identified more than \$1.7 million in findings and provided clear recommendations to the administration and board. Some of these recommendations have been acted upon, while others remain set aside due to competing priorities.

But government works best when it works for the people. That’s why we continue to advocate for the citizens of Lehigh County, ensuring that every dollar is spent wisely, every decision is made with accountability, and every voice is heard.” – Mark Pinsley

The Controller’s Office serves as Lehigh County’s fiscal watchdog, dedicated to safeguarding taxpayer dollars, identifying opportunities for efficiency in county departments, and enforcing campaign finance reform.

Efficiency, in government, means ensuring resources are allocated effectively without unnecessary waste—something our office reports on regularly.

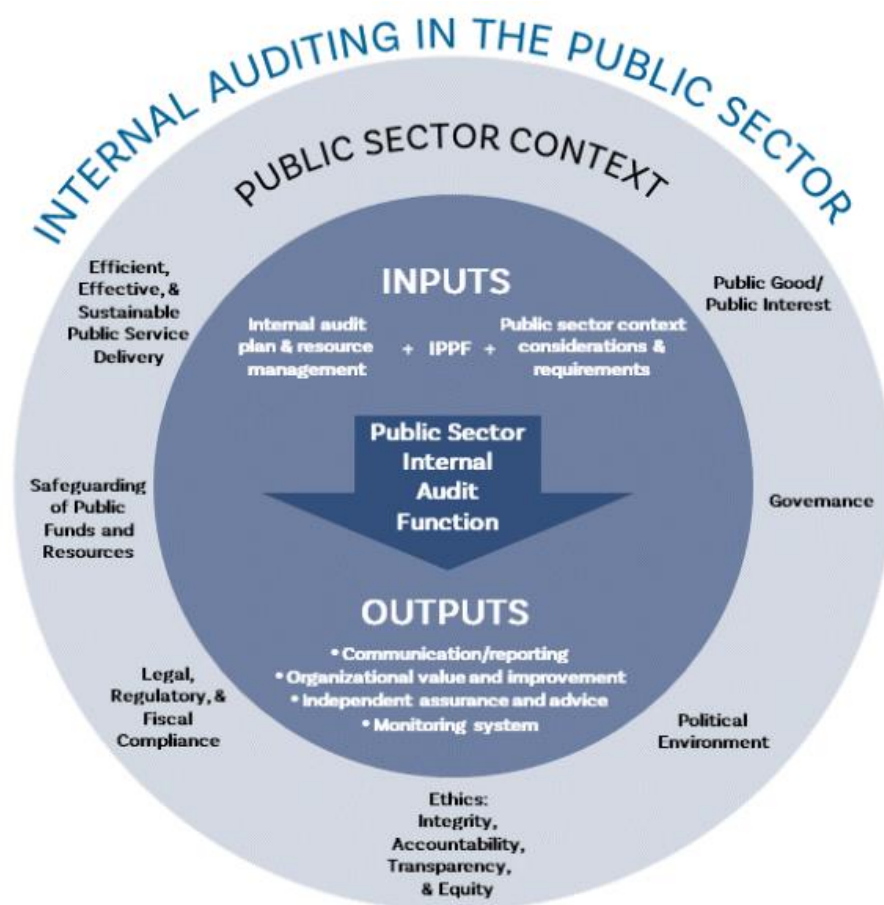
The Annual Report enhances transparency, giving taxpayers a clear view of our work as auditors. The 2024 Audit section outlines each audit conducted and its purpose.

In 2023, we strengthened our Ethics Hotline by launching a “Fraud, Waste, and Abuse Reporting” page on our website, adding online and email reporting options. The annual report also includes key financial resources for residents, such as guidance on paying real estate taxes.

MISSION STATEMENT

The Controller, an independently elected official, is legislatively empowered by § 503 of the Lehigh County Home Rule Charter and § 502 of the Lehigh County Administrative Code. This independence allows the Controller to examine records, files, and procedures pertaining to the receipt and expenditures of County funds, ensuring transparency and your trust in the system.

The Controller’s Office plays a crucial role in assessing the management performance and program results of any county department or agency. This evaluation is aimed at ensuring the efficiency and economy of the agencies or departments’ use of taxpayer funds, keeping you informed and aware of the system's operations.



Source: Unique Aspects of Internal Auditing in the Public Sector, 2nd Edition, Issued by the IIA, June 18, 2024

MISSION STATEMENT

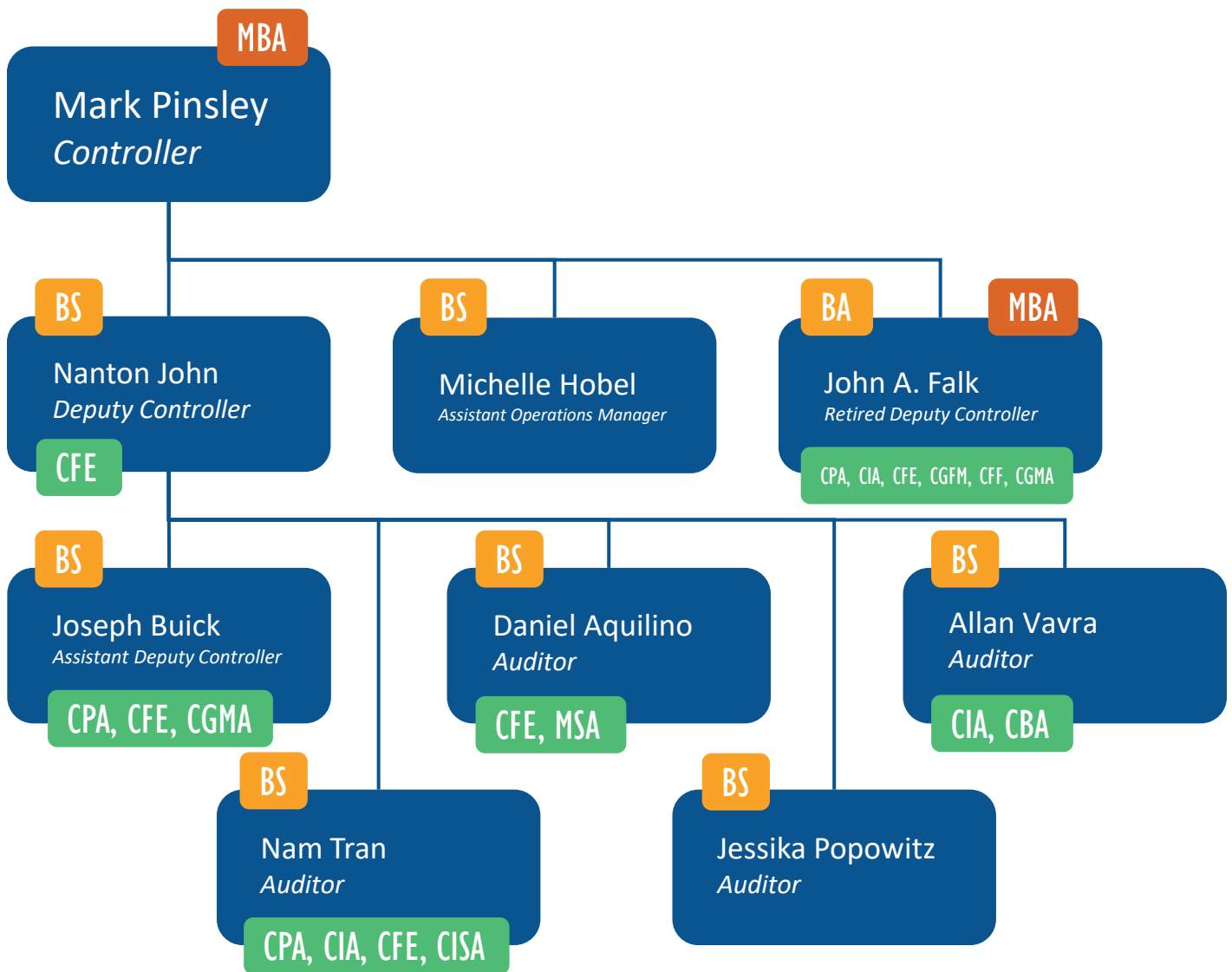
To *EXAMINE* the property of internal control

To *ASSESS* compliance with statutory requirements

To *EVALUATE* operating procedures

To *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

STAFF CREDENTIALS & CERTIFICATIONS



- MBA Masters in Business Administration
- BA Bachelor of Arts
- BS Bachelor of Science
- CBA Certified Bank Auditor
- CFE Certified Fraud Examiner
- CFF Certified in Financial Forensics
- CGFM Certified Governmental Financial Manager
- CGMA Certified Global Management Accountant
- CIA Certified Internal Auditor
- CPA Certified Public Accountant

AUDITING STANDARDS

The office of the controller performs internal auditing. Internal auditing is an independent appraisal function within an organization that examines and evaluates its activities. 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 and auditing organizations.

CONTINUING PROFESSIONAL EDUCATION REQUIREMENTS

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.

	HOURS REQUIRED	NUMBER OF YEARS FOR COMPLETION	OTHER REQUIREMENTS
GOVERNMENT	80	2	24 hours in government-related courses
AICPA	120	3 (20 hours minimum/year)	
PICPA	80	2	

AUDIT INTRODUCTION

WHAT IS AN AUDIT?

An internal audit is a comprehensive review of county operations and procedures, office transactions, and financial activities. It involves a thorough examination of cash receipts, disbursements, and changes in fund balances, ensuring that every aspect of the financial operations is scrutinized.

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 Institute of Internal Auditors (IIA).

There are four types of audits typically conducted.

The first three types of audits are conducted to ensure that county offices' financial activities are fairly stated, their programs are producing the intended results and operating effectively, and proper internal controls are in place. Departments, officials, or members of the public can request an agreed-upon procedure engagement. These audits do not produce findings and recommendations but provide answers to specific questions made by the requesting party.

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

FINANCIAL

PERFORMANCE

COMPLIANCE

ATTESTATION

In addition, the Controller’s Office now produces special reports and essays as non-audit services. These are not conducted in accordance with governmental auditing standards, as they are not actual audits. The topics for these reports are varied, based on current events and their relevance to county government.

WHO ARE THE STAFF?

We are a team comprised of experienced professionals with varying 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, 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 with the link below.



RISK-BASED AUDITING

AUDIT PLANS ARE BASED ON RISK ASSESSMENT

All county activities are subject to audit. Generally, we selected audits based on 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:

CONTINUOUS

PERIODIC

HIGH PRIORITY

CONTINUOUS

Many class 1 audits are audits we have to do because of a statutory requirement (county or state.) Class 1 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.

PERIODIC

Class 2 audits are discretionary and are scheduled based on individual priority and staff time availability. The population of class 2 audits is not static, but a dynamic and evolving list that we continuously expand as we identify changing risk factors and additional audit concerns. 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.

HIGH PRIORITY

Class 3 audits are “**High Priority**” (fraud, ethics hotline, or special request) audits. This work is generally not known ahead of time. Class 3 audits require immediate focus and attention and are given priority over class 1 and 2 audit work.

2024 ASSOCIATION OF LOCAL GOVERNMENT AUDITORS PEER REVIEW

The Association of Local Government Auditors (ALGA), recognizing the crucial need for consistency and adherence to industry standards, introduced the Peer Review Process in 1991. This process, a cornerstone of our profession, ensures that local government auditors operate in line with the established standards. The Yellow Book, a publication of the Government Accountability Office, is a vital resource that provides the practices and unified guidelines for conducting government audits.

ALGA conducts a comprehensive peer review every three years to determine whether the quality control system of the government auditing divisions follows government auditing standards. A team of auditors meticulously selects a sample of audits conducted over the three-year review period. They are reviewed in detail to assess the quality of the audit, the adequacy of the internal quality control system, and compliance with the GAO's Government Auditing Standards.

Lehigh County Controller's Office once again received a pass rating from the

review team, and was awarded a certificate of compliance on Monday, June 28, 2024 for reports issued during the period July 1, 2021 to December 31, 2023. This indicates the internal quality control system in place was adequately designed and operating effectively to provide reasonable assurance of compliance with Government Auditing Standards.

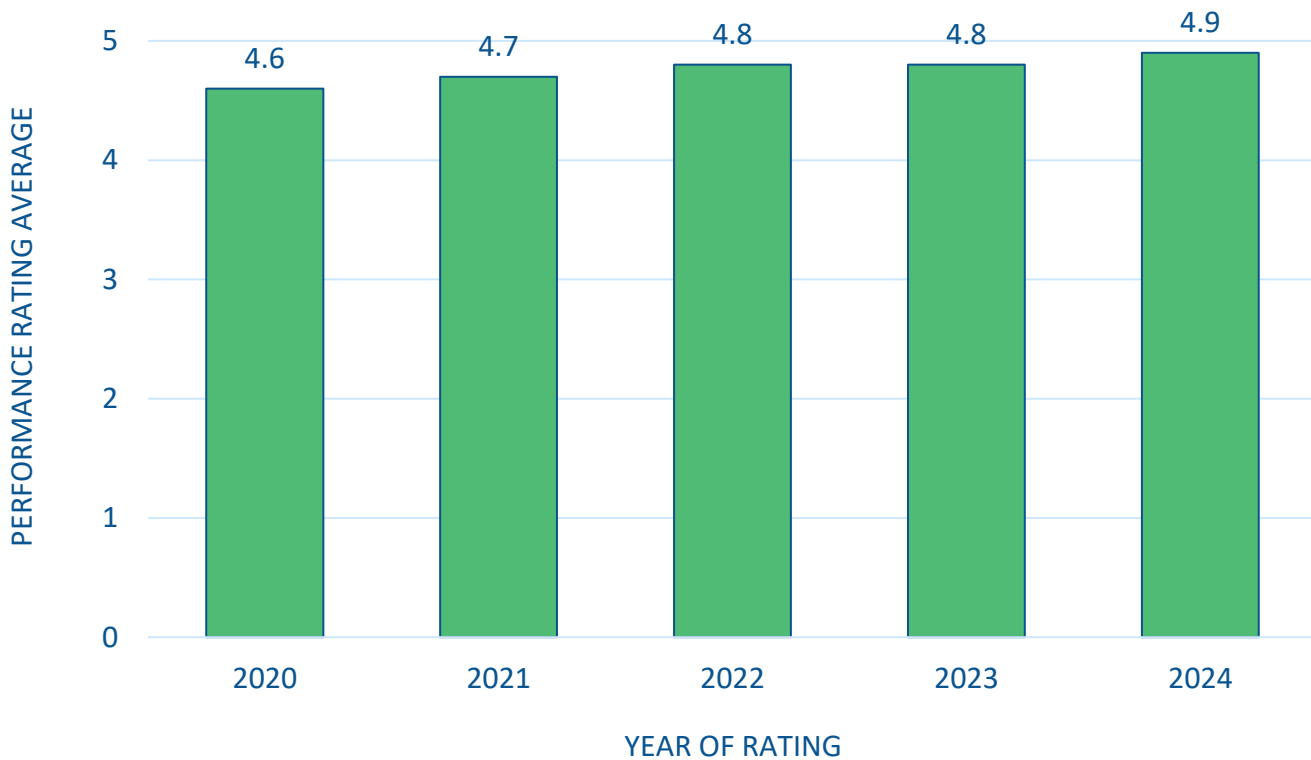


AUDIT EFFECTIVENESS QUESTIONNAIRE

Beginning in late 1998, the office of the controller sent an audit effectiveness questionnaire to the audited management team 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 the 13 questions related to our audit performance. Other written comments were also requested from the audited management team.

The average of the responses received rate our performance as 4.9 in 2024. The following are the ratings for the four years prior:

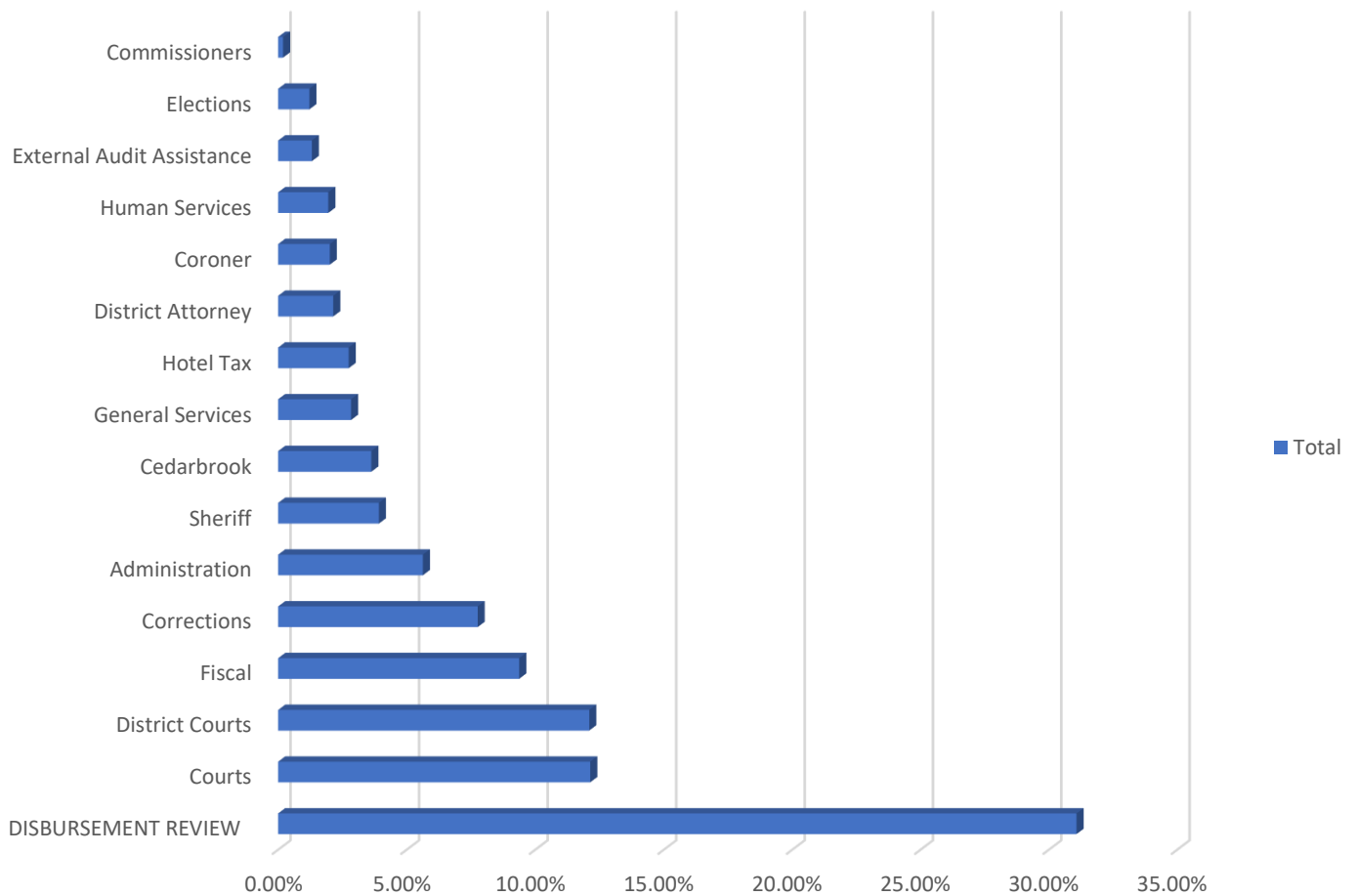
The questionnaire is helpful to gauge the effectiveness of our audits and the degree of customer satisfaction. The input received helps us in the planning and performance of future audits. We thank all who took the time to respond to the questionnaire.



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

2024 AUDIT HOURS

Summary of Hours by %



DESK “AUDITS”

OUR “EARLY WARNING” SYSTEM

WHAT IS A DESK AUDIT?

A desk audit, despite its name, is not an audit in the traditional sense. It is a proactive spot-check clerical review of monthly reports. This proactive approach serves as an early warning system, providing ongoing oversight for cash-handling offices. If anything unusual is noted during a desk audit, the auditors investigate the matter immediately. These monthly clerical reviews are designed to promptly identify any unusual situation that requires our attention. Ultimately, full financial or performance audits are performed. These audits, unlike desk audits, are comprehensive and are conducted on a cyclical basis to assess the overall financial or operational performance of the cash-handling office.

2024 DESK AUDITS

ROW OFFICES — Monthly desk audits of row office reports for the period January 2024 through December 2024 (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
- Domestic Relations

*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 2024 through December 2024 (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
- 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
- To verify monthly bank account reconciliations

2024 AUDITS

AREAS OF AUDITS

FINANCIAL

These audits are conducted to ensure that financial statements, bank records, and receipts are being prepared and maintained properly and are accurate.

COMPLIANCE

A compliance audit is intended to ensure that an office or entity is following established operating guidelines and policies.

NON-AUDIT SERVICE/SPECIAL REPORT

These special reports make policy recommendations to county officials, but are not conducted under government auditing standards. The recommendations and documentation are reviewed by audit staff.

PERFORMANCE

These are independent assessments of an entity's operations to determine if specific programs or functions are working as intended to achieve stated goals.

AGREED UPON PROCEDURES

These limited engagements are typically conducted at the request of senior management or governance officials, and provide answers to specific inquiries rather than expressing an opinion or conclusion.

ETHICS HOTLINE

Activity For the Year 2023

Purpose of Audit

In accordance with Ordinance 1993-130, the County of Lehigh established a hotline (610-782-3999) for the reporting of suspected theft, fraud, and abuse of county resources and/or assets. During 2023, an online reporting form and a printable form were added for reporting convenience. The Association of Certified Fraud Examiners (ACFE) report identified the top three reporting mechanisms as email, online reporting, and a telephone hotline. Based on this, in 2023, the Controller’s website expanded the ways to report suspicious activity, further enhancing transparency and accountability. All methods of reporting suspicious activity are available for use by both county employees and the public 24 hours a day. Individuals can report anonymously any situation that appears improper. All submissions are investigated by the Controller’s Office or are directed to the proper authority (if not under county jurisdiction).

REPORT 24-01

Imprest Funds or petty cash are small cash accounts maintained by the Office of Fiscal Affairs on behalf of various Lehigh County offices. These funds are needed for offices to conduct their routine business.

IMPREST FUNDS

Compliance—For the Year 2023

Numerous County of Lehigh offices require change and petty cash funds to conduct operations. These funds are referred to as “imprest funds” and are tracked as assets on the County’s books and accounts.

Purpose of Audit

The Office of the Controller is responsible for auditing county disbursements and reviewing warrants for the expenditure of county monies as described in Section 503 of the County of Lehigh Home Rule Charter and Section 502 of the Administrative Code. The Controller’s Office conducted unannounced cash and cash equivalent counts (investments that can be easily converted into cash) at all known county departments that maintain imprest funds to ensure funds are intact and adequately secured and to review cash handling procedures with staff.

REPORT 24-06

2024 AUDITS

AUDIT REPORTS

CLERK OF JUDICIAL RECORDS, CIVIL

Financial—For the Years 2021, 2022

The Civil Division maintains all civil related Court Records

REPORT 24-08

Purpose of Audit

We performed a financial audit of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balance of the Clerk of Judicial Records—Civil Division for the years ended December 31, 2021, and 2022. This was done to verify the amounts reported as receipts and disbursements and determine the adequacy of internal control over cash handling for civil case activity in Lehigh County.

REPORT 24-09

GENERAL ELECTION PAYMENT ACTIVITY

Compliance—For the Year 2023

The Office of Voter Registration is responsible for the conduction of Federal, state, county and local elections.

Purpose of Audit

The Office of the Controller is responsible for auditing county disbursements and reviewing warrants for the expenditure of county monies as described in Section 503 of the County of Lehigh Home Rule Charter and Section 502 of the Administrative Code. We have completed a compliance audit of election payment activity for the General Election conducted on November 7, 2023. This included a review of advances paid to and the subsequent “order to pay” (paying the poll workers) documents prepared by Judges of Election for the county elections, polling place rents, and rover payments. The Office of Fiscal Affairs is responsible for preparing vendor payments as described in the County of Lehigh Home Rule Charter and Administrative Code (as amended).

ORPHANS COURT

Financial—For the Years 2021, 2022

REPORT 24-10

The Orphans' Court Division of the Court of Common Pleas is charged with the responsibility of supervising the administration of the decedent's estates and trusts and the processing marriage licenses, adoptions, incapacity hearings, parental termination cases, and miscellaneous disputes regarding these matters.

Purpose of Audit

We performed a financial audit of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balance of the Clerk of Orphans' Court Division, to verify reported revenues and expenditures and changes in cash balance and to evaluate internal control over cash handling.

REPORT 24-11

CORONER

Financial—For the Year 2022

The Lehigh County Coroner's Office is an independent investigative agency staffed by highly trained personnel whose function is to investigate the facts and circumstances surrounding a death over which the Coroner has jurisdiction and to determine the Cause and Manner of Death.

Purpose of Audit

The controller's office completed a financial audit of the Coroner's office for the period January 1, 2022 to December 31, 2022. This audit was conducted in order to verify reported revenues and expenditures and evaluate internal control over Coroner Office financial transactions.

2024 AUDITS

AUDIT REPORTS

PENSION PAYMENTS

Compliance—For the Year 2023

The Office of Fiscal Affairs' management is responsible for the preparation of county payments as described in the County of Lehigh Home Rule Charter and Administrative Code (as amended) and in the County Pension Law-Pennsylvania State Act Number 96 of 1971.

REPORT 24-13

In 2023, Lehigh County issued 23,434 pension payments for a total of \$44.3 million

Purpose of Audit

The Office of the Controller is responsible for auditing county disbursements and reviewing warrants for the expenditure of county monies as described in Section 503 of the County of Lehigh Home Rule Charter and Section 502 of the Administrative Code. A Compliance audit was conducted to evaluate adherence with the County of Lehigh Home Rule Charter and the Administrative Code for pension payment processing during 2023. Our audit was limited to the pension payment processing function performed by the Office of Fiscal Affairs' personnel.

REPORT 24-14

OCYS CAR SEAT INVENTORY

Compliance—For the Period September 1st, 2022 and September 30th, 2023

Management of the Office of Children and Youth Services is responsible for establishing and maintaining effective internal control over compliance with the standard operating procedures of county owner car seat inventory.

Purpose of Audit

The Controller's Office has completed a compliance audit, of car seat inventory used by the Office of Children and Youth for the period of September 1, 2022, through September 30, 2023. The audit was performed to determine compliance with car seat inventory policy and controls.

2024 AUDITS

AUDIT REPORTS

REAL ESTATE TAX COLLECTIONS

Financial—For the Year 2023

REPORT 24-15

The Lehigh County fiscal office is responsible for the collection of county real estate taxes for all districts within Lehigh County.

Purpose of Audit

We have completed an audit of the *Statement of Final Settlement*, Lehigh County Real Estate Tax Collections, for the tax year ending December 31, 2023. The Controller's Office is responsible for verifying the total amount of property tax collected and the total delinquent amount, which is then sent to Elite Revenue. The purpose of our audit is to determine that county real estate taxes have been properly billed, collected, and recorded, and to verify compliance with the applicable sections of the Local Tax Collection Law and County Ordinance 2002-123.

Lehigh County's primary source of revenue is property taxes. In the year 2023, Lehigh County collected \$116,291,582 in real estate taxes

HOTEL ROOM RENTAL TAX

Agree Upon Procedures Audit — For Calendar Year 2022

Report 24-02 Knights Inn

Report 24-03 Home Suites by Hilton

Report 24-04 Sonesta Select

Report 24-07 Hamilton Towers

Report 24-12 Allentown Park Hotel

Pursuant to Pennsylvania legislation and Lehigh County Ordinance #2005-180 effective September 4, 2005, Lehigh County is collected a 4% hotel room rental tax. The Chief Fiscal Officer, as the delegate for the County Executive, is responsible for the collection of the hotel room rental tax.

Purpose of Audit

Pursuant to Act 12 of 2005, section 1770.8 to the County Code, Lehigh County Ordinance #2005-180 and the Lehigh County Hotel room Rental Tax Rules and Regulations effective September 4, 2005, a 4% hotel room rental tax shall be collected and remitted to the Lehigh County fiscal officer. Specific procedures were performed, as agreed upon by the Lehigh County fiscal officer, solely to assist in determining the accuracy of hotel room rental tax remittances.

REPORTS 24-02
24-03
24-04
23-07
23-12

2024 AUDITS

AUDIT REPORTS

HOTEL TAX SUMMARY

Agreed Upon Procedure (AUP)—For the Year 2022

REPORT 24-16

Pursuant to Pennsylvania legislation and Lehigh County Ordinance #2005-180 effective September 4, 2005, Lehigh County is collected a 4% hotel room rental tax. The tax is divided between Discover Lehigh Valley (68.75%) and the Lehigh County General Fund (31.25%).

Purpose of Audit

The Controller’s Office completed agreed-upon procedures (AUP) audits on 14 out of 65 (21.5%) judgmentally selected hotels for the calendar year 2022. This AUP was conducted in order to verify the accuracy of the amounts remitted by Lehigh County hotel operators for hotel room rental tax and to determine compliance with the “Hotel Room Rental Tax Rules and Regulations”. Based on our review, additional tax and interest in the amount of \$71,000 were assessed.

REPORT 24-17

ADULT PROBATION SUPERVISION FEES

Compliance—For the Year 2023

Pursuant to Act 35 of 1991, supervision fees were created in Pennsylvania to support judicial districts in the administration of adult probation services. Supervision fees are to be imposed in accelerated rehabilitative disposition, probation, and/or parole sentences when an offender is under the supervision of the county probation department. The money taxed and collected locally is divided evenly between the collecting county and the Pennsylvania Board of Probation and Parole.

Pursuant to Act 77 of 2022, all probation Supervision Fees received by the counties, effective for all offenders with offense dates after or on September 8, 2022, will no longer be split between the county and the state. The money in this account shall be used to pay the salaries and employee benefits of all probation and parole personnel employed by the county probation and parole department and that department’s training and operational expenses.

Purpose of Audit

The Controller’s Office has completed an audit of compliance with Act 35 of 1991 and Act 77 of 2022 of the Pennsylvania Administrative Code, which apply to the collection of supervision fees for the year 2023. This independent audit is statutorily required to be conducted as least annually to determine the county’s compliance to statutes, court orders, policies and procedures.

VEHICLE POLICY

REPORT 24-18

Compliance—For the Years 2021, 2022

Lehigh County Ordinance 1995-143 (effective June 4, 1995) established guidelines for the usage of all county owned vehicles. This ordinance was updated May 17, 2024, via ordinance 2017-114.

Purpose of Audit

The Lehigh County Controller’s Office conducted an audit of the Office of General Services’ management compliance with Lehigh County Ordinance 2017-114, “Revising the Vehicle Policy for the County of Lehigh,” for the calendar years 2021 and 2022. The County Controller shall review compliance with this policy on a biennial basis, or upon request of the County Executive or the Board of Commissioners.

REPORT 24-19

Tax Delinquency and Paid Rent Provisions (BAD BOY)

Compliance—For the Year 2023

The County of Lehigh contracts with vendors for services and resources rendered. Annually, the fiscal office alerts the Board of Commissioners and notifies respective Departments to withhold payments to vendors who are delinquent in taxes to the county for the fiscal year.

Purpose of Audit

The controller’s office completed an audit of compliance with paragraphs (B) through (E) of Section 801.2 of the County of Lehigh Administrative Code, for the calendar year ended December 31, 2023. These paragraphs set forth requirements for select vendors/contractors staying current on county real estate tax payments and rents due as a prerequisite to doing business with the County of Lehigh.

REPORT 24-20

YEAR-END PAYROLL

Performance—For the Year 2023

The payroll system is a function shared by Human Resources (HR), the Office of Fiscal Affairs, the Department of Information Technology (IT), and the County’s third-party payroll vendor, iSolved. The Controller’s Office reviews payroll disbursements throughout the year and performs additional testing at year-end.

Purpose of Audit

We completed a performance audit evaluating the effectiveness of Lehigh County’s year-end payroll processing for the year 2023. The audit criteria included compliance with County of Lehigh Personnel Policies and Procedures as established by the Department of Administration. This was done to review year-end external payroll reports and procedures and compile internal management reports on regular pay, overtime, part-time employees, excessive compensatory time, excessive vacation time, inactive employees, and other payroll & human resources performance issues.

VENDOR

Compliance—For the Year 2023

In 2023, Lehigh County issued 26,400 vendor payments amounting to \$247 million.

REPORT 24-22

The Office of Fiscal Affairs processes payments to vendors and other parties every Thursday in batch basis in paper and electronic format. Interim manual checks and Automated Clearing House (ACH) transactions are issued for time sensitive expenditures and distributions of voluntary payroll deductions. All vendor payments must be approved by the controller in compliance with the provisions of the administrative code and home rule charter. The review work performed provides limited oversight in a timely basis to fulfill the responsibility of the Office of the Controller as to the proper monitoring of receipts and disbursements.

Purpose of Audit

We have completed an audit of vendor payment activity for the calendar year ending December 31, 2023. This audit was conducted in order to evaluate compliance with the County of Lehigh Home Rule Charter and the Administrative Code requirements for vendor payments, and validated compliance with the submission of required campaign finance forms for applicable contracts in accordance with the County Administrative Code.

TAX CLAIMS

Compliance—For the Years 2021-2023

REPORT 24-21

Lehigh County outsourced its delinquent tax collection function to Elite Revenue Solutions, LLC. Elite Revenue Solutions, as agent for The Tax Claim Bureau collects and distributes delinquent real estate taxes in Lehigh County.

Purpose of Audit

We completed a compliance audit of real estate tax claims for the years 2021 through 2023 in accordance with county ordinance 2014-124. The Controller's Office audit objective was to determine whether Elite Revenue Solutions was compliant with the provisions of its contractual agreement with the county.

CONTROLLED SUBSTANCE FORFEITURE

Agreed Upon Procedure (AUP)—For the Period July 1st, 2023 and June 30th, 2024

REPORT 24-23

The Office of Attorney General is required under 42 Pa.C.S.A. Section 5803(k) to submit annually to the Senate and House Appropriations and Judiciary Committees a statewide report specifying all property forfeited under §5802 (Controlled Substances) and all property forfeited under §5803(a) (Other Statutes). The proceeds derived from the sale of forfeited property and the use made of unsold property and the criminal case related to the forfeited property is likewise reported. The acts require that every county provide, through their Controller, Board of Auditors, or other appropriate auditor, and the District Attorney, an annual audit to the Office of Attorney General (OAG).

Purpose of Audit

The Controller's Office verified the accuracy of reported controlled substance forfeitures (the government can seize cars, cash, real estate, anything of value used to commit a drug crime, and anything of value bought with drug proceeds) and other statutory asset forfeitures (legal tools that allow the government to seize property that was used or obtained illegally) as reported by the Lehigh County District Attorney's Office for the period July 1, 2023 to June 30, 2024.

MAGISTERIAL DISTRICT COURT OFFICE 31-1-03 MAGISTERIAL DISTRICT COURT OFFICE 31-1-02

Financial—For the Years 2022, 2023

REPORT 24-24

REPORT 24-26

Purpose of Audits

The Controller's Office reviewed the payments remitted by the District Court to Lehigh County for compliance with the Administrative Office of the Pennsylvania Courts policies and procedures. The audit objectives were to ensure the financial statements were fairly stated and internal controls over financial transactions were adequate. These reports summarized the financial activity for each of the two Magisterial District Courts referenced.

2024 AUDITS

AUDIT REPORTS

REPORT 24-25

Prescription Rx Plan

Performance—For the Year 2023

The County of Lehigh (COL) operates a self-funded prescription plan that is offered to current employees, spouses, their dependents, and retirees. To assist with insurance placement solutions, the COL utilizes McGriff Insurance, and insurance risk management broker, with the intent to minimize claim risks/costs. Through this relationship, the COL has contracted with Capital Rx.

Purpose of Audit

The Controller’s Office conducted an audit of Lehigh County’s prescription Rx plan administered by Capital Rx for the year 2023. The audit focused on administrative oversight, responsibilities, and analysis of paid prescription claims and fees in compliance with contractual obligations.

COL entered into an agreement, effective January 1, 2022, with Capital Rx for the operation of its prescription benefit management program (PBM) for its members. The agreement has an initial term of 3 years from the start date (ending 12/31/2024). Capital Rx is responsible to establish and maintain a formulary management program, arrange for the provision of rebates from pharmaceutical manufactures, contracting pharmacies, and processing and paying prescription drug claims. Capital Rx provides claims data to MGriff on a periodic basis for analytical purposes.

	2021	2022	2023
Vendor	Highmark	Capital Rx	Capital Rx
COL Prescription Plan Cost*	\$7,015,116	\$6,538,602	\$4,632,726
% Change	19%	-7%	-29%
Plan Participants (year-end)	3,422	3,196	3,027
% Change	-7%	-7%	-5%
Cost per Participant	\$2,050	\$2,046	\$1,530
* = Net of employee paid premiums and co-pays. Includes stop loss policy reimbursement and prior plan run-off.			

HOLIDAY ON CALL SCHEDULING

2025 OCYS

REPORT NAS24-1

Our consideration of a threat to independence related to this non-audit service, is strictly from the perspective that OCYS management has requested our assistance in creating a digital on-call schedule using data they have provided. Auditors are not responsible for the evaluation or verification of that data. OCYS management is responsible for the validity of the data and information to which the procedures are applied.

Purpose of Service

The Controller's Office completed a Non-Audit service arrangement with the Office of Children & Youth (OCYS) for the upcoming year 2025. The purpose of this arrangement was to assist in creating an On-call schedule by randomly assigning eligible employees to predetermined holidays scheduled in 2025, using a Controller's Office software called Audit Command Language (ACL). All 22 employees and holidays provided were randomly assigned.

2024 AUDITS

OTHER DUTIES & 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

Assisted Zelenkofske Axelrod (external auditors) with the 2023 year-end financial audit

County Campaign Finance Reform (anti-pay-to-play compliance)

2024 AUDITS

OTHER DUTIES & 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 and cash equivalents (gift cards, bus passes, etc.) is subject to surprise cash counts.

BID CONTROL

The controller's office receives and secures advertised bids and requests for proposals issued by the office of procurement. We are tasked with opening bids and monitor bid tabulation.

LEHIGH COUNTY PENSION BOARD

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

ETHICS HOTLINE

Confidential, Independent, Integrity in Government

(610) 782-3999

Report online or obtain printable forms online:

www.lehighcounty.org/Controller

REPORT FRAUD, WASTE & ABUSE

The Ethics Hotline is a confidential message system available to employees and the general public to report suspected fraud, waste, and abuse. An annual activity report is issued to the Board of Commissioners in accordance with Ordinance 1993-130 which summarizes the calendar year's activity. The ethics hotline activity for 2023 was released under report #24-01 on January 8th, 2024. 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".

CONTACT INFO

GENERAL OFFICE —
(610) 782-3082

NAME	TITLE	PHONE	E-MAIL
Mark Pinsley	Controller	(610) 782-3178	MarkPinsley@lehighcounty.org
Michelle Hobel	Assistant Operations Manager	(610) 782-3082	MichelleHobel@lehighcounty.org
John Falk	Retired Deputy Controller	(610) 782-3083	JohnFalk@lehighcounty.org
Nanton P. John	Deputy Controller	(610) 782-3438	NantonJohn@lehighcounty.org
Joseph Buick	Assistant Deputy Controller	(610) 782-3912	JosephBuick@lehighcounty.org
Allan Vavra	Auditor	(610) 782-3931	AllanVavra@lehighcounty.org
Jessika Popowitz	Auditor	(610) 782-3915	JessicaPopowitz@lehighcounty.org
Nam Tran	Auditor	(610) 782-3914	NamTran@lehighcounty.org
Daniel Aquilino	Auditor	(610) 782-3084	DanielAquilino@lehighcounty.org

PROFESSIONAL INVOLVEMENT

STAFF MEMBERS BELONG TO MANY PROFESSIONAL ORGANIZATIONS

American Institute of Certified Public Accountants

Association of Certified Fraud Examiners, Lehigh Valley Chapter (Board Member, Vice-President)

The Institute of Internal Auditors, Lehigh Valley Chapter (Board Member, Certifications Officer)

Association of Local Government Auditors

Pennsylvania Institute of Certified Public Accountants

Pennsylvania State Association of County Controllers

Association of International Certified Professional Accountants

The Government Finance Officers Association

AGA – Advance, Grow, Accelerate

Information Systems Audit and Control Association

THE CONTROLLER'S OFFICE ACTIVELY VOLUNTEERS AND CONTRIBUTES TO MEMBER ORGANIZATIONS INCLUDING:

Monthly Bank Reconciliations (IIA)

Annual Audit (IIA)

Fall Seminar Coordinator (IIA)

Peer Review Training (ALGA)

Peer Review Team Member (ALGA)

Annual Join County Controller's Seminar (hosted by Lehigh and Northampton)

Staff members are continuously seeking additional training and certifications.

Congratulations, Nam Tran, on acquiring the Certified Information Systems Auditor (CISA) Certification in 2024!

USEFUL INFORMATION

Learn more about the County of Lehigh

<https://www.lehighcounty.org>

Lehigh County Human Services related information

www.lehighcounty.org/Departments/Human-Services/Information-Referral

Does the Pennsylvania Treasury owe you money?

www.patreasury.gov/unclaimed-property

Check out what the Lehigh Valley has to offer

<https://www.lehighcounty.org/home/about-us>

Charities to donate to

www.charitynavigator.org/index.cfm/bay/search.advanced.htm

Identity Theft information

www.consumer.ftc.gov/features/feature-0014-identity-theft

Obtaining a concealed carry license

www.lehighcounty.org/Departments/Concealed-Carry-Permit

Pay Real Estate taxes

<https://www.lehighcounty.org/Departments/Fiscal-Tax-Claims>

Report Fraud, Waste, & Abuse in Lehigh County

Call the Ethics Hotline: (610) 782-3999

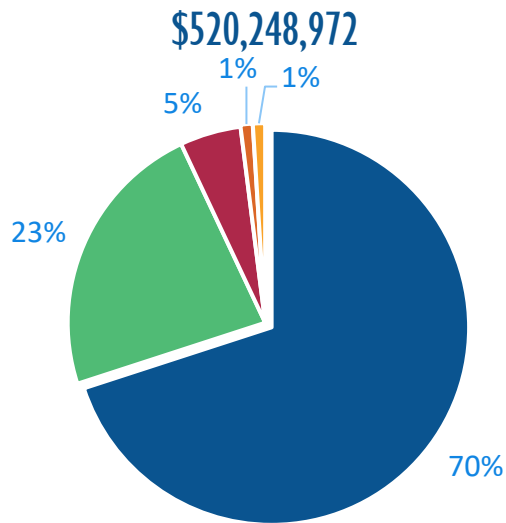
Submit an online report: www.lehighcounty.org/Departments/Controller/Fraud-Waste-and-Abuse-Reporting

Vote by mail

www.pavoterservices.pa.gov/OnlineAbsenteeApplication/#/OnlineAbsenteeBegin

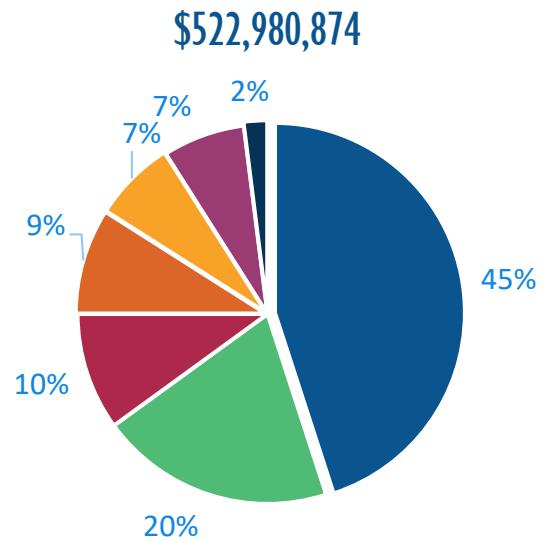
2024 LEHIGH COUNTY REVENUES AND EXPENDITURES

2024 Adopted Budget Revenues



- Grants & Reimbursements
- Taxes
- Departmental Earnings
- Judicial Costs & Fines
- Other Revenues & Reserves

2024 Adopted Budget Expenditures



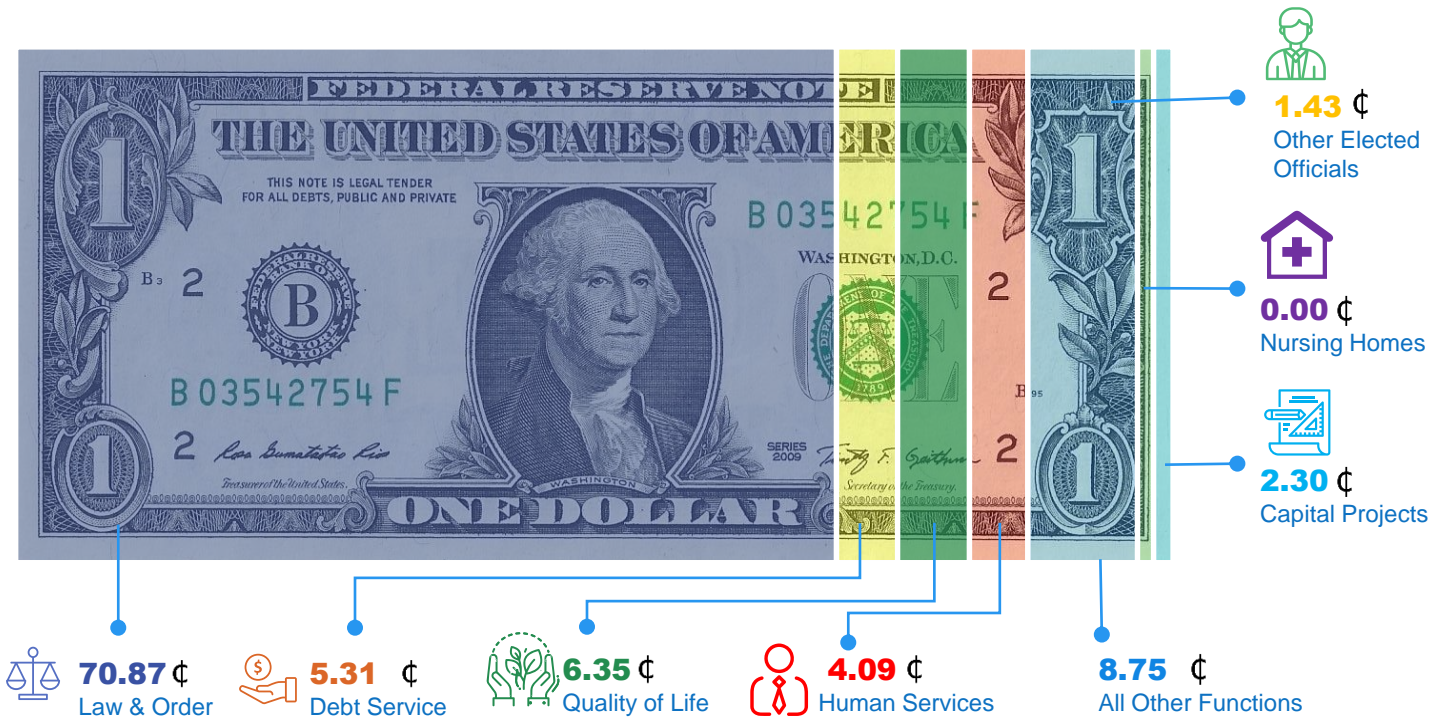
- Human Services
- Nursing Homes
- Administration & Gen Services
- General Government
- Corrections
- Courts
- Debt Service

2024 Lehigh County Budget

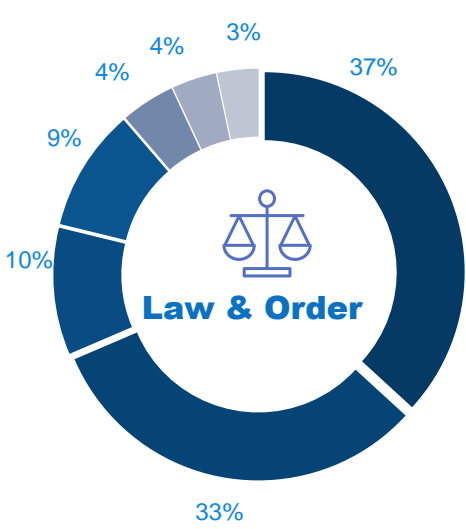
Revenues above include \$118.6 million in county real estate taxes. A detailed allocation of how each \$1 tax dollar is spent on the following page. The remaining sources of income are derived from grants and reimbursements, state pass-through funds, departmental revenues, and judicial costs and fines. The top three areas of expenditures in the 2024 Lehigh County Adopted budget include Human Services, Nursing Homes, and Administration & General Services.

2024 Lehigh County Taxes in Context

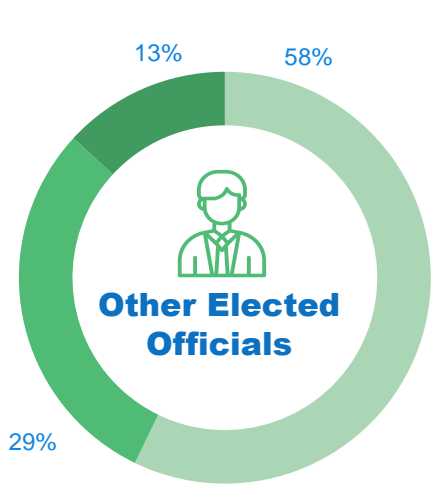
NOTE: This graphic details how each \$1 of real estate tax dollars are spent.



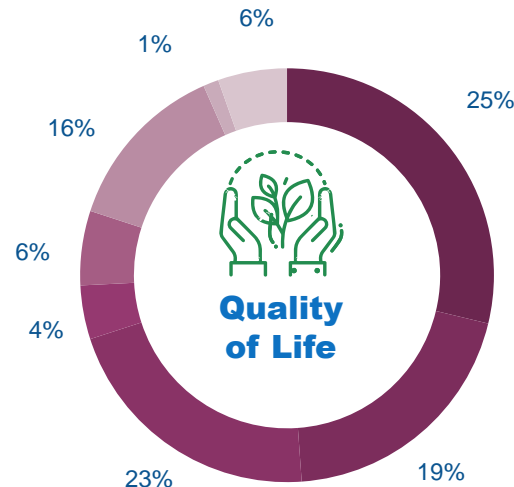
Source: 2024 Lehigh County Adopted Budget



- Corrections (37%)
- Courts (33%)
- District Attorney (10%)
- Sheriff (9%)
- Public Defender (4%)
- Coroner (3%)
- Emergency Management (4%)



- Controller (58%)
- Commissioners (29%)
- County Executive (13%)



- Voter's Registration (25%)
- Parks and Trails (19%)
- LANTA/ Joint Planning (23%)
- AG Extension (4%)
- Conservations/ AG Land (6%)
- Community and Economic Dev (16%)
- Coca Cola Park (1%)
- Veterans Affairs (6%)