

*County of Lehigh,
Pennsylvania*

December 31, 2015

Single Audit Report



REINSEL KUNTZ LESHER
certified public accountants & consultants

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COUNTY OF LEHIGH, PENNSYLVANIA

Year Ended December 31, 2015

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COUNTY OF LEHIGH, PENNSYLVANIA

Year Ended December 31, 2015

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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor's Report

Board of County Commissioners
County of Lehigh
Allentown, Pennsylvania

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Lehigh (the County) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 22, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Lehigh's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Lehigh's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Lehigh's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

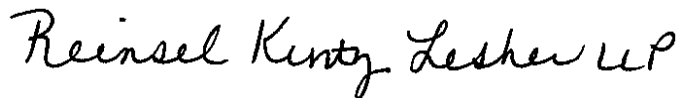
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Lehigh's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Reinsel Kintz Leshner LLP". The signature is written in a cursive, flowing style.

September 29, 2016
Lancaster, Pennsylvania



Report on Compliance for Each Major Federal and Pennsylvania DHS Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards as Required by the Uniform Guidance and Pennsylvania DHS, *Single Audit Supplement*

Independent Auditor's Report

Board of County Commissioners
County of Lehigh
Allentown, Pennsylvania

Report on Compliance for Each Major Federal Program and DHS Program

We have audited the County of Lehigh's (the County) compliance with the types of compliance requirements described in the OMB *Compliance Supplement*, and the Pennsylvania Department of Human Services (DHS), *Single Audit Supplement*, that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Lehigh's major federal and Pennsylvania DHS programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Pennsylvania DHS, *Single Audit Supplement*. Those standards, the Uniform Guidance, and Pennsylvania DHS, *Single Audit Supplement*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or Pennsylvania DHS program occurred. An audit includes examining, on a test basis, evidence about the County of Lehigh's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Auditor's Responsibility (continued)

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and Pennsylvania DHS program. However, our audit does not provide a legal determination of the County of Lehigh's compliance.

Basis for Qualified Opinion on Aging Cluster Program

As described in items 2015-001 and 2015-002 in the accompanying schedule of findings and questioned costs, the County of Lehigh did not comply with certain requirements related to indirect cost reimbursements and reporting requirements that are applicable to its Aging Cluster Program (CFDA 93.044, 93.045, 93.053). Compliance with such requirements is necessary, in our opinion, for the County of Lehigh to comply with the requirements applicable to those programs.

Qualified Opinion on Aging Cluster Program

In our opinion, except for the noncompliance described in the basis for qualified opinion paragraph, the County of Lehigh complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Aging Cluster Program for the year ended December 31, 2015.

Unmodified Opinion on Each of the Other Major Federal and DHS Programs

In our opinion, the County of Lehigh complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal and Pennsylvania DHS programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2015.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate, in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report on Internal Control over Compliance (continued)

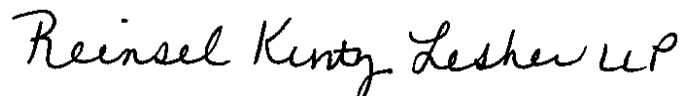
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002 that we consider to be significant deficiencies.

The County of Lehigh's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County of Lehigh's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Pennsylvania DHS, *Single Audit Supplement*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Pennsylvania DHS, *Single Audit Supplement*

We have audited the financial statements of the County of Lehigh as of and for the year ended December 31, 2015, and have issued our report thereon dated June 22, 2016 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and the Pennsylvania Department of Human Services expenditures are presented for purposes of additional analysis, as required by the Uniform Guidance and Pennsylvania DHS, *Single Audit Supplement*, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



September 29, 2016
Lancaster, Pennsylvania

County of Lehigh
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Receivable/ (Unearned) Revenue at December 31, 2014</u>	<u>Federal Grant Receipts</u>	<u>Federal Grant Expenditures</u>	<u>Receivable/ (Unearned) Revenue at December 31, 2015</u>	<u>Subrecipient Awards</u>
U.S. Department of Agriculture							
Passed-through Commonwealth of Pennsylvania - Department of Agriculture:							
Emergency Food Assistance Program Administrative Costs	10.568	4100058210	\$ 16,184	\$ 64,179	\$ 51,125	\$ 3,130	\$ 51,125
Emergency Food Assistance Program Commodities	10.569	N/A	-	266,476	266,476	-	266,476
Total Food Distribution Cluster			16,184	330,655	317,601	3,130	317,601
Total U.S. Department of Agriculture			16,184	330,655	317,601	3,130	317,601
U.S. Department of Housing and Urban Development							
Community Development Block Grant	14.228	B-07-UC-42-0011	6,793	30,310	25,329	1,812	-
Community Development Block Grant	14.228	B-10-UC-42-0012	-	720	720	-	-
Community Development Block Grant	14.228	B-11-UC-42-0013	-	39,283	57,160	17,877	-
Community Development Block Grant	14.228	B-12-UC-42-0014	1,898	84,812	116,793	33,879	-
Community Development Block Grant	14.228	B-13-UC-42-0014	259,000	401,063	167,545	25,482	-
Community Development Block Grant	14.228	B-14-UC-42-0015	-	772,519	925,528	153,009	-
			267,691	1,328,707	1,293,075	232,059	-
Passed-through Commonwealth of Pennsylvania - Department of Community and Economic Development:							
Emergency Solutions Grant Program	14.231	C000055762	2,462	185,865	183,403	-	-
Home Investment Partnerships Program	14.239	N/A	-	388,486	490,993	102,507	-
Total U.S. Department of Housing and Urban Development			270,153	1,903,058	1,967,471	334,566	-
U.S. Department of Justice							
State Criminal Alien Assistance Program	16.606	N/A	-	64,090	64,090	-	-
Passed-through Commonwealth of Pennsylvania - Commission on Crime and Delinquency:							
Juvenile Accountability Block Grants	16.523	3600007587	2,858	5,204	2,346	-	-
Juvenile Justice and Delinquency Prevention	16.540	3600007377	-	1,146	4,286	3,140	-
Violence Against Women Formula Grant	16.588	3600007543	21,665	129,619	125,001	17,047	-
Edward Byrne Memorial Justice Grant Program	16.738	3600007843	-	154,670	195,395	40,725	-
			24,523	290,639	327,028	60,912	-
Total U.S. Department of Justice			24,523	354,729	391,118	60,912	-

County of Lehigh
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended December 31, 2015

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Receivable/ (Unearned) Revenue at December 31, 2014</u>	<u>Federal Grant Receipts</u>	<u>Federal Grant Expenditures</u>	<u>Receivable/ (Unearned) Revenue at December 31, 2015</u>	<u>Subrecipient Awards</u>
U.S. Department of Labor							
Passed-through Commonwealth of Pennsylvania - Department of Aging:							
Senior Community Service Employment Program	17.235	4100063570	28,361	70,897	62,420	19,884	-
Total U.S. Department of Labor			28,361	70,897	62,420	19,884	-
U.S. Department of Transportation							
Passed-through Commonwealth of Pennsylvania - Department of Transportation:							
Highway Planning and Construction - Cluster	20.205	N/A	216,169	3,674,421	3,750,685	292,433	-
Passed-through Commonwealth of Pennsylvania - Emergency Management Agency:							
Interagency Hazardous Materials Public Section Training and Planning	20.703	N/A	12,594	12,594	-	-	-
Total U.S. Department of Transportation			228,763	3,687,015	3,750,685	292,433	-
U.S. Department of Health and Human Services							
Passed-through Commonwealth of Pennsylvania - Department of Aging:							
Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	4100057839	-	3,737	3,425	(312)	-
Title VII, Chapter 2 - Long Term Care Ombudsman Services or Older Individuals	93.042	4100057839	-	9,350	8,571	(779)	-
Title III, Part F - Disease Prevention and Health Promotion Services	93.043	4100057839	-	5,762	10,563	4,801	-
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	4100057839	-	313,209	574,215	261,006	-
Title III, Part C - Nutrition Services	93.045	4100057839	-	236,931	434,372	197,441	-
Nutritional Services Incentive Program	93.053	4100057839	-	53,938	58,598	4,660	-
Total Aging Cluster			-	604,078	1,067,185 *	463,107	-
National Family Caregiver	93.052	4100057839	-	95,106	83,761	(11,345)	-
Medicare Enrollment Assistance Program	93.071	4100057839	-	11,986	21,809	9,823	-
Consolidated Health Centers	93.324	4100057839	-	13,654	22,534	8,880	-
Medical Assistance Program - Title XIX 60+ Waiver	93.778	4100058026	-	385,719	506,978 *	121,259	-
			-	1,129,392	1,724,826	595,434	-

County of Lehigh
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended December 31, 2015

Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Receivable/ (Unearned) Revenue at December 31, 2014	Federal Grant Receipts	Federal Grant Expenditures	Receivable/ (Unearned) Revenue at December 31, 2015	Subrecipient Awards
Passed-through Commonwealth of Pennsylvania - Department of Human Services:							
Guardianship Assistance	93.090	N/A	46,106	95,837	60,443	10,712	60,443
Temporary Assistance for Needy Families	93.558	N/A	606,540	1,240,825	1,230,219	595,934	919,537
Promoting Safe and Stable Families	93.556	N/A	-	-	2,282	2,282	-
Child Support Enforcement - Title IV-D	93.563	N/A	1,153,608	3,164,128	3,268,911 *	1,258,391	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	-	60,349	120,699	60,350	-
Foster Care - Title IV-E	93.658	N/A	1,369,417	2,866,996	1,611,928	114,349	1,494,382
Adoption Assistance - Title IV-E	93.659	N/A	777,268	1,477,053	1,119,829	420,044	1,119,829
Social Services Block Grant	93.667	N/A	(241)	256,331	371,320 *	114,748	-
Independent Living	93.674	N/A	6,489	112,651	221,613	115,451	-
Medical Assistance - Waiver Program	93.778	4100058026	-	209,119	209,119	-	-
Medical Assistance - TSM Admin	93.778	4100058026	-	34,339	34,339	-	-
Medical Assistance - Case Management	93.778	4100058026	2,984	13,616	17,855	7,223	-
Medical Assistance Transportation	93.778	4100058026	-	994,710	994,710	-	994,710
			<u>2,984</u>	<u>1,251,784</u>	<u>1,256,023 *</u>	<u>7,223</u>	<u>994,710</u>
Block Grants for Community Mental Health Services	93.958	N/A	-	163,558	163,558	-	-
Block Grants for the Prev. and Treat. of Substance Abuse	93.959	4100053271	102,427	716,996	1,220,723 *	606,154	-
Passed-through Pennsylvania District Attorneys Institute:							
Children's Justice Grants to States	93.643	N/A	-	5,298	5,298	-	-
			<u>4,064,598</u>	<u>11,411,806</u>	<u>10,652,846</u>	<u>3,305,638</u>	<u>4,588,901</u>
Total U.S. Department of Health and Human Services			<u>4,064,598</u>	<u>12,541,198</u>	<u>12,377,672</u>	<u>3,901,072</u>	<u>4,588,901</u>
U.S. Department of Homeland Security							
Passed-through Commonwealth of Pennsylvania - Emergency Management Agency:							
Emergency Management Performance Grants	97.042	4100070719	-	177,495	177,495	-	-
Pre-Disaster Mitigation	97.047	4100061942	-	104,180	104,180	-	-
Total U.S. Department of Homeland Security			<u>-</u>	<u>281,675</u>	<u>281,675</u>	<u>-</u>	<u>-</u>
Total Federal Awards			<u>\$ 4,632,582</u>	<u>\$ 19,169,227</u>	<u>\$ 19,148,642</u>	<u>\$ 4,611,997</u>	<u>\$ 4,906,502</u>

* Denotes a major program under *Uniform Guidance*, 2 CFR 200

County of Lehigh, Pennsylvania
Schedule of Pennsylvania Department of Human Services Awards
Year Ended December 31, 2015

Program (as Defined in the Pennsylvania Department of Human Services <i>Single Audit Supplement</i>)	Combined Federal/State Expenditures for Calendar Year Ended December 31, 2015
Children and Youth	\$ 21,419,269
Mental Health	12,633,537*
Intellectual Disabilities	2,511,785*
Child Support Enforcement	4,056,598*
Medical Assistance	320,595
Medical Assistance Transportation	2,048,838*
Early Intervention	4,006,292
Homeless Assistance Program	493,637
Human Services Development Fund	386,609
	<u>\$ 47,877,160</u>

* Major Pennsylvania Department of Human Services programs. The 2015 threshold for major programs under the federal definition is \$750,000 (the greater of 3% of total federal expenditures or \$750,000). The amount expended under major Pennsylvania Department of Human Services programs for the fiscal year ended December 31, 2015 was \$21,250,458 or 44.4% of total combined Federal and Pennsylvania Department of Human Services financial assistance.

County of Lehigh, Pennsylvania
Notes to Schedule of Expenditures of Federal Awards
December 31, 2015

NOTE 1 REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards and Schedule of Pennsylvania Department of Human Services (DHS) Awards present the activity of all federal and DHS financial assistance programs of the County of Lehigh, Pennsylvania (the County). The reporting entity is defined in Note 1 to the County's financial statements.

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards and Schedule of Pennsylvania Department of Human Services Awards are presented using the modified accrual basis of accounting which is described in Note 1 to the County's financial statements.

NOTE 3 INDIRECT COST RATE

The County has not elected to charge the de minimis 10% indirect cost rate.

NOTE 4 PROGRAM CLUSTERS

The following program clusters, as defined by the OMB Compliance Supplement, were treated as a single program for determining major programs:

	CFDA	Expenditures
Food Distribution Cluster	10.568	\$ 51,125
	10.569	266,476
		\$ 317,601
Aging Cluster	93.044	\$ 574,215
	93.045	434,372
	93.053	58,598
		\$ 1,067,185

County of Lehigh, Pennsylvania
Summary Schedule of Prior Audit Findings
December 31, 2015

SECTION II FINANCIAL STATEMENT FINDINGS

None.

County of Lehigh, Pennsylvania
Summary Schedule of Prior Audit Findings (continued)
December 31, 2015

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CFDA 93.044, 93.045 and 93.053 - Aging Cluster

	<u>Questioned Costs</u>
Finding 2014-1: <u>Significant Deficiency</u>	N/A
Criteria	
The County is required to follow administrative and indirect cost reimbursement guidelines established by the Pennsylvania Department of Aging.	
Condition	
As a result of our testing, we noted that the County did not meet the administrative and indirect cost requirements established by the Pennsylvania Department of Aging for program fiscal year ended June 30, 2014.	
Context	
The maximum indirect costs for direct service contracts with public or private providers shall be the actual indirect costs or 2% of the agency's total direct service costs, whichever is lower. The administrative cost center may not exceed 10% of the total Aging Block Grant funds expended in a fiscal year.	
Effect	
Established policies for charging of administrative and indirect program costs were not followed.	
Cause	
Administrative and indirect costs exceed the statutory limits by \$37,623 and \$413,854, respectively, for the fiscal year ended June 30, 2014.	
Recommendation	
We recommend that the County review internal policies to comply with applicable requirements of the Pennsylvania Department of Aging.	

County of Lehigh, Pennsylvania
Summary Schedule of Prior Audit Findings (continued)
December 31, 2015

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CFDA 93.044, 93.045 and 93.053 - Aging Cluster

	<u>Questioned Costs</u>
Finding 2014-1: <u>Significant Deficiency (continued)</u>	N/A
Status of Finding	
The condition existed at December 31, 2015. See Finding 2015-001 and Management's Response and Corrective Action.	

County of Lehigh, Pennsylvania
Summary Schedule of Prior Audit Findings (continued)
December 31, 2015

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CFDA 93.044, 93.045 and 93.053 - Aging Cluster

	<u>Questioned Costs</u>
Finding 2014-2:	
<u>Significant Deficiency</u>	N/A
Criteria	
The County is required to timely file quarterly and annual financial reports with the PA Department of Aging.	
Condition	
As a result of our testing, we noted that the County did not meet the quarterly and annual filing deadlines established by the Pennsylvania Department of Aging for all reports filed in 2014.	
Context	
Quarterly financial reports must be submitted to Pennsylvania Department of Aging within 30 days of the end of the quarter and within 45 days of the end of the fiscal year.	
Cause	
Established procedures for timely filing of the quarterly and annual reports to Pennsylvania Department of Aging were not followed.	
Effect	
Reports were filed past the statutory filing deadlines for 2014.	
Recommendation	
We recommend that the County implement procedures to ensure financial reports are timely filed with the Pennsylvania Department of Aging.	
Status of Finding	
The condition existed at December 31, 2015. See Finding 2015-002 and Management's Response and Corrective Action.	

County of Lehigh, Pennsylvania
Schedule of Findings and Questioned Costs
December 31, 2015

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None

Type of auditor's report issued on compliance for major programs Modified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of Major Programs

CFDA Number(s)	Name of Federal Program	Amount Expended
93.044, 93.045, 93.053	Aging Cluster	\$ 1,067,185
93.563	Child Support Enforcement Title IV-D	3,268,911
93.667	Social Services Block Grant	371,320
93.778	Medical Assistance Program	1,763,001
93.643	Block Grant for the Prevention and Treatment of Substance Abuse	1,220,723

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

County of Lehigh, Pennsylvania
Schedule of Findings and Questioned Costs (continued)
December 31, 2015

SECTION II FINANCIAL STATEMENT FINDINGS

None.

County of Lehigh, Pennsylvania
Schedule of Findings and Questioned Costs (continued)
December 31, 2015

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CFDA 93.044, 93.045 and 93.053 - Aging Cluster

	Questioned Costs
Finding 2015-001:	\$266,322
<u>Significant Deficiency</u>	
Criteria	
The County is required to follow indirect cost reimbursement guidelines established by the Pennsylvania Department of Aging.	
Condition	
As a result of our testing, we noted that the County did not meet the indirect cost requirements established by the Pennsylvania Department of Aging for program fiscal year ended June 30, 2015.	
Context	
The maximum indirect costs for direct service contracts with public or private providers shall be the actual indirect costs or 2% of the agency's total direct service costs, whichever is lower.	
Effect	
Established policies for charging of administrative and indirect program costs were not followed.	
Cause	
Indirect costs exceed the statutory limits by \$266,322 for the fiscal year ended June 30, 2015.	
Recommendation	
We recommend that the County review internal policies to comply with applicable requirements of the Pennsylvania Department of Aging.	
Management's Response and Corrective Action	
See attached response.	

County of Lehigh, Pennsylvania
Schedule of Findings and Questioned Costs (continued)
December 31, 2015

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

CFDA 93.044, 93.045 and 93.053 - Aging Cluster

		<u>Questioned Costs</u>
Finding 2015-002:	<u>Significant Deficiency</u>	N/A
	Criteria	
	The County is required to timely file quarterly and annual financial reports with the Pennsylvania Department of Aging.	
	Condition	
	As a result of our testing, we noted that the County did not meet the quarterly and annual filing deadlines established by the Pennsylvania Department of Aging for all reports filed in 2015.	
	Context	
	Quarterly financial reports must be submitted to Pennsylvania Department of Aging within 30 days of the end of the quarter and within 45 days of the end of the fiscal year.	
	Cause	
	Established procedures for timely filing of the quarterly and annual reports to Pennsylvania Department of Aging were not followed.	
	Effect	
	Reports were filed past the statutory filing deadlines for 2015.	
	Recommendation	
	We recommend that the County implement procedures to ensure financial reports are timely filed with the Pennsylvania Department of Aging.	
	Management's Response and Corrective Action	
	See attached response.	



COUNTY OF LEHIGH
Department of Human Services

Kay L. Achenbach
Director of Human Services

COUNTY OF LEHIGH, PENNSYLVANIA
RESPONSE TO SINGLE AUDIT SCHEDULE OF FINDINGS AND QUESTIONED
COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Finding 2015-1: Aging Cluster

Management's Response:

Lehigh County Office of Aging and Adult Services (LCOAAS) has consistently charged costs to the PA Department of Aging (PDA) and these costs have historically been considered allowable. A new team of auditors from the PDA recently disallowed the computations. A portion of that decision was later reversed by PDA and a waiver was requested by LCOAAS for the remaining disallowance. To date, PDA has not expressed that these costs will be disallowed and LCOAAS continues to be in close contact with them.

Finding 2015-2: Aging Cluster

Management's Response:

LCOAAS agrees that the Aging Block Grant quarterly and annual reports were not filed timely. Efforts have been made to ensure that staff transfers and movement in the future do not impact timely reporting.

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