



COUNTY OF LEHIGH
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER
17 SOUTH SEVENTH STREET
ALLENTOWN, PA 18101-2400
(610) 782-3082 FAX: (610) 871-2897

GLENN D. ECKHART
COUNTY CONTROLLER

JOHN A. FALK
DEPUTY CONTROLLER

TO: Final Report Distribution

FROM: Glenn Eckhart, County Controller *G.E.*

DATE: April 20, 2018

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

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, 2017. 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 18-11 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, 2017*

REPORT NO. 18-11

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE – SECTION 801.2

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COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE – SECTION 801.2

Background

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 Northeast Revenue, 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.

Source: excerpt from the County of Lehigh Administrative Code



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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, 2017. Compliance with the requirements referred to above is the responsibility of the Office of Fiscal Affairs' management (a copy of the Fiscal Officer's March 21, 2018 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, 2017.

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.



Glenn Eckhart
County Controller

March 21, 2018
Allentown, Pennsylvania

Audited by: Daniel Aquilino

Attachment

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



COUNTY OF LEHIGH
Office of Fiscal Affairs

Timothy A. Reeves
Fiscal Officer

TO: Commissioner Martin Nothstein

FROM: Timothy A. Reeves, *TAR*
Fiscal Officer

DATE: March 21, 2018

RE: Ordinance 1992-#119

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

<u>Contract #</u>	<u>Vendor</u>	<u>Amount</u>
DJ-7	Heather-Joe Inc.	\$5,522.76
JPRO-50	Youth Services Agency of Pennsylvania	\$1,367.42

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: Glenn Eckhart

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