

County Of Lehigh Office Of The Controller



2018 Annual Report

Glenn Eckhart, County Controller

Serving the Taxpayers of the County of Lehigh

Controller's Office - Lehigh County Government Center
Room 465
17 S. Seventh St. Allentown, PA 18101-2400

Prepared by Stephen Berndt, CFE
Assistant Deputy Controller



County Of Lehigh Office Of The Controller Glenn Eckhart, County Controller Table of Contents



<u>DESCRIPTION</u>	<u>PAGE</u>
Mission Statement	2
Staff Credentials and Certifications	3
Auditing Standards	4
Introduction - You're Going To Be Audited	5
Risk Based Auditing – Classification of Audits	6
Audit Effectiveness Questionnaire	7
2018 Audit Hours	8
Desk Audits	9
Highlights - Audits Performed in 2018	10-17
Other Duties & Responsibilities	18-19
Controller's Office Contact Information	20
Useful Information	21

County Of Lehigh Office Of The Controller Mission Statement

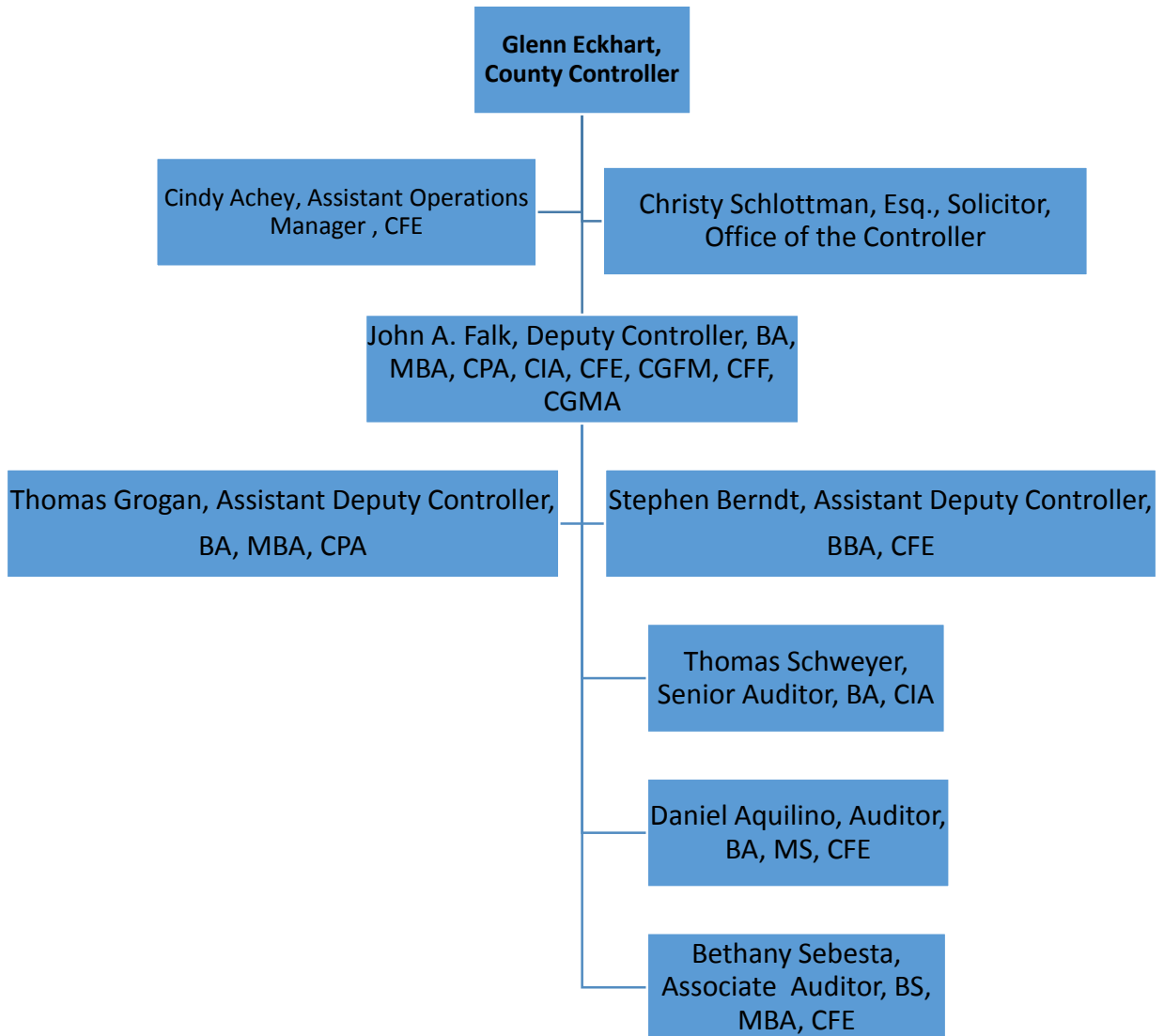


The mission of the office of the controller,
Lehigh County, Pennsylvania is to:

- examine the propriety of internal control,
- assess compliance with statutory requirements,
- evaluate operating procedures,
- audit the accuracy and completeness of records and files
pertaining to the receipt and disbursement of County funds by all
officers, agents, and employees of the County.

The controller's office conducts assessments of management
performance and program results of any county department or agency to
evaluate the efficiency and economy of the agency's or department's use
of taxpayer funds.

County Of Lehigh Office Of The Controller Staff & Credentials



MBA - Masters in Business Administration

CGMA – Charter Global Management Accountant

CFF – Certified in Financial Forensics

CGFM - Certified Governmental Financial Manager

BBA – Bachelor of Business Administration

MS – Masters of Science (Accounting)

CPA – Certified Public Accountant

CIA - Certified Internal Auditor

CFE - Certified Fraud Examiner

BS - Bachelor of Science

BA - Bachelor of Arts

County Of Lehigh Office Of The Controller Auditing Standards

The office of the controller performs an internal auditing function. Internal auditing is an independent appraisal function established within an organization to examine and evaluate the activities of the organization. A general statement of purpose, authority and responsibility for the office of the controller is included in the county home rule charter and administrative code.

The *Government Auditing Standards*, issued by the Comptroller General of the United States, provides auditing guidelines for financial and performance audits. Professional standards are also promulgated by the American Institute of Certified Public Accountants and several other authoritative accounting & auditing organizations.

Compliance to the *Government Auditing Standards* include minimum continuing professional education requirements for the staff and management of the office of the controller. The *Government Auditing Standards* require 80 hours every two years with 24 hours in government - related courses. Certified public accountants are subject to the AICPA required 120 hours every three years (minimum 20 hours per year) and the PICPA requirement of 80 hours every two years. The Institute of Internal Auditors, the Association of Certified Fraud Examiners, and the Association of Government Accountants each have similar requirements to maintain their respective certifications.



County Of Lehigh Office Of The Controller Introduction



What is an Audit?

An audit is an independent review of county operations and financial activities. During an audit we evaluate your internal control system and may suggest ways to improve the operational effectiveness and profitability of your area. We look at the degree of risk – the risk of your organization not meeting its objectives – also we evaluate the risk of fraud in your organization. We realize you are busy and having us around can be disruptive. We try to minimize interruptions of your regular work, and keep open communication with you about the audit.

Who are the Auditors?

We are a team comprised of experienced individuals. We have varied business experiences. Many of us have professional certifications such as Certified Government Financial Manager, Certified Public Accountant, Certified Internal Auditor and Certified Fraud Examiner.

Who is the Controller?

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

<http://www.lehighcounty.org> Select Departments, Controller, Reports by Year

Audit Plans are Based on Risk Assessment.

All county activities are subject to audit. Generally, we select audits based upon a number of risk factors. We look at things such as the time since your last audit, the size of your operation, system changes and turnover of key staff. Various factors are weighed to determine our audit plan.

County Of Lehigh Office Of The Controller Risk-Based Auditing



Classification of Audits:

We classify our audit population into three categories.

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

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

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



County Of Lehigh Office Of The Controller Audit Effectiveness Questionnaire

Beginning in late 1998, the office of the controller sent an audit effectiveness questionnaire to the audited management after each audit was completed. Our questionnaire topics included audit planning, fieldwork and reporting. Ratings from 1 (inadequate) to 5 (excellent) were requested for each of 13 questions related to our audit performance. Other written comments were also requested from the audited management.

The average of the responses received rated our performance as 4.6 in 2018. The following are the ratings for the last five years:

4.6 in 2018

4.8 in 2017

4.5 in 2016

4.5 in 2015

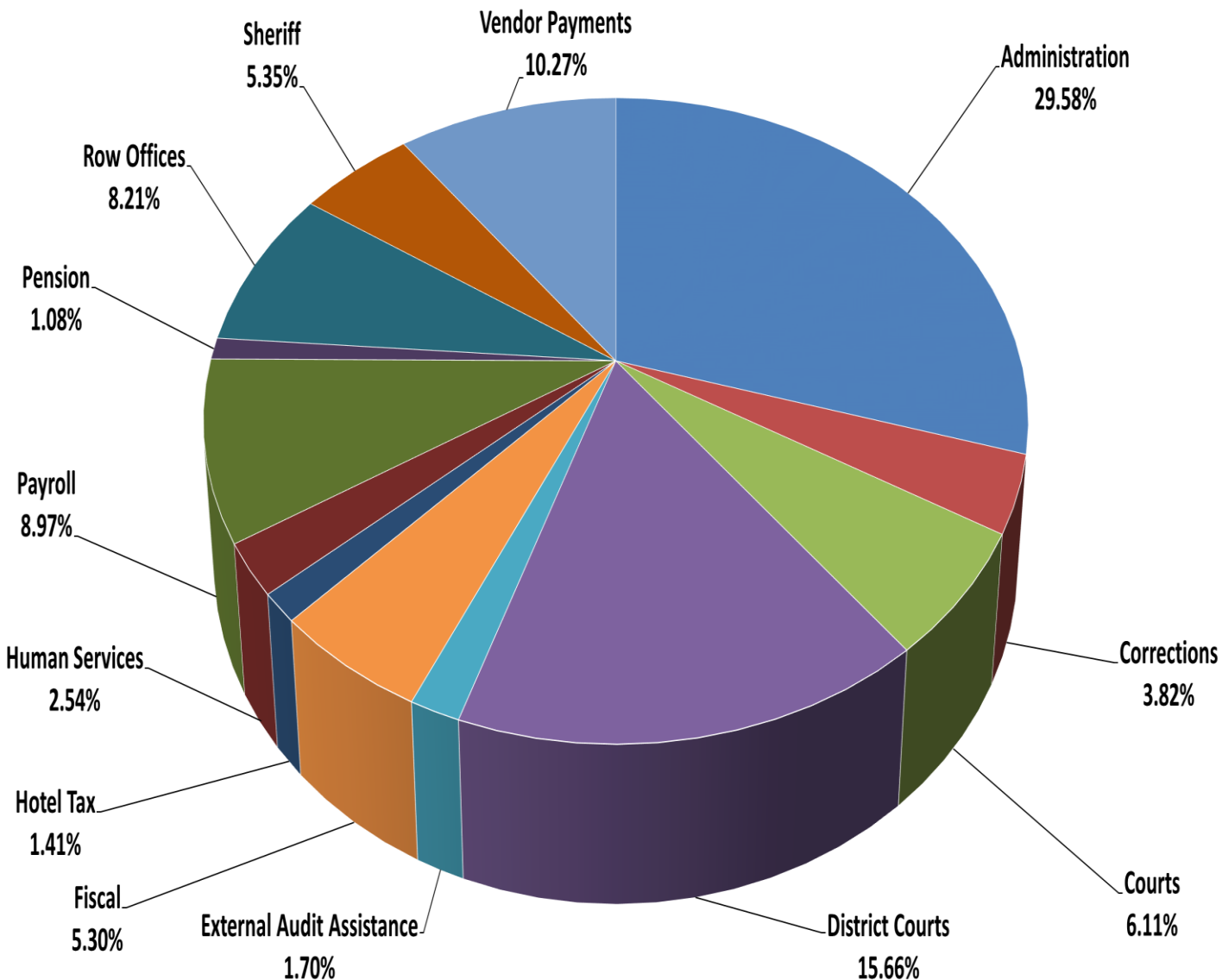
4.4 in 2014



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

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

County of Lehigh Office Of The Controller 2018 Audit Hours



County Of Lehigh

Office Of The Controller

Desk “Audits”

Our “Early Warning” System



What is a Desk Audit?

A desk audit is not really an audit at all. It is a spot check clerical review of monthly reports which acts as an early warning system intended to provide ongoing oversight for cash handling offices. If anything unusual is noted during a desk audit, the auditors look into the matter immediately. These monthly clerical reviews serve to highlight any unusual situation in a timely manner that requires our attention. Ultimately, full financial or performance audits are performed based on our risk assessment on a cyclical basis.

2018 Desk Audits:

Row Offices – Monthly desk audits of row office reports for the period January 2018 through December 2018 (continuous monitoring).

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



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

Magisterial District Judges - Monthly desk audits of 14 Magisterial District Court offices’ reports for the period January 2018 through December 2018 (continuous monitoring).

Purpose of Audits – **For the row offices:** to verify sequential receipt usage; to verify reported revenue matches bank deposits and actual receipt of funds by the office of fiscal affairs; and to verify bank reconciliations are performed on a timely basis.

For the magisterial district court offices: to verify the county share of costs & fines collected and remitted; to verify escrow balance control; and to verify monthly bank account reconciliations.

County Of Lehigh Office Of The Controller 2018 Audits



Copies of the completed audit reports are available on the Lehigh County website under the Office of the Controller or call our office at 610-782-3082.

Administration Audits

Confidential Independent Integrity in Government

ETHICS HOTLINE ACTIVITY- (610) 782-3999

See Summary Report #18-2 (2017 Activity)



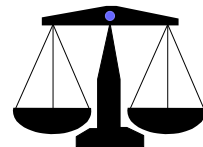
Purpose of Audit

A confidential telephone message system available to employees and the general public to report suspected fraud, waste and abuse. This report summarizes the calendar year 2017 activity.

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".



County Of Lehigh Office Of The Controller 2018 Audits



Administration Audits

Imprest Funds (advanced to county offices) – Report #18-3

Compliance Audit – For the Calendar year 2017



Purpose of Audit

To ensure funds are intact and adequately secured, the office of the controller conducts unannounced cash counts at all offices holding change/drawer/petty cash funds advanced by the office of fiscal affairs.

Delinquent Real Estate Tax Collections – Northeast Revenue – Report # 18-8

Compliance Audit of Delinquent Real Estate Taxes



Purpose Of Audit

Audit compliance with agreements to collect and distribute delinquent real estate taxes and rent office space for the period of January 2015 to December 2016.

Compliance to Tax Delinquent/Unpaid Rent Provisions of Section 801.2: (B),(C),(D),(E) of the County of Lehigh Administrative Code - Report # 18-11

Compliance Audit – For the Year Ended December 31, 2017

Purpose of Audit

Audit of compliance to the tax delinquent / unpaid rent provisions of Administrative Code.



County Of Lehigh Office Of The Controller 2018 Audits



Administration Audits

Real Estate Tax Collections – Office of Fiscal Affairs – Report #18-13

Financial Audit – For the Tax Year Ended December 31, 2017



Purpose of Audit

To audit the 2017 county real estate taxes activity reported by the county Fiscal Officer as collected (or turned over to Northeast Revenue).

2017 Year-End Vendor Payment Audit – Report #18-14



Compliance Audit – For the Calendar Year Ended December 31, 2017

Approximately 37,000 vendor payments amounting to over \$182 million were issued by the Office of Fiscal Affairs during calendar year 2017.

Purpose of Audit

To evaluate compliance to the County of Lehigh Home Rule Charter and the Administrative Code for vendor payments during 2017.

2017 Year-End Pension Payment Audit – Report #18-15

Compliance Audit – For the Calendar Year Ended December 31, 2017

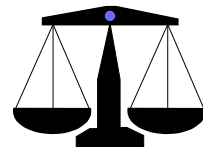
The Office of Fiscal Affairs processed approximately 20,900 pension payments totaling over \$33.6 million during calendar year 2017.



Purpose of Audit

To evaluate compliance to the County of Lehigh Home Rule Charter and the Administrative Code for pension payment processing during 2017.

County Of Lehigh Office Of The Controller 2018 Audits



Administration Audits

2017 Year-End Payroll Audit - Report # 18-16

Performance Audit - For the Year Ended December 31, 2017



There were 1,962 (full time & regular part-time) budgeted positions in 2017.
Total gross wages paid during calendar year 2017 was over \$113.1 million.

Purpose of Audit

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

Office of Children and Youth – Car Seat Inventory – Report # 18-37

Compliance Audit of Car Seat Inventory



Purpose Of Audit

Audit Compliance with tracking requirements of car seat inventory used by the Office of Children and Youth for the period of March 2018 to August 2018.

EXTERNAL AUDITOR ASSISTANCE – Reinsel Kuntz Lesher LLP

Audit of Cash - Office of Fiscal Affairs – For the Calendar Year 2017

Purpose Of Audit

Audit of existence, recording and classification of all County cash amounts as of December 31, 2017. This audit work reduces county cost by providing external audit assistance.



County Of Lehigh Office Of The Controller 2018 Audits



Hotel Tax Audits

Hotel Room Rental Tax Audits – Office of Fiscal Affairs

Agreed-Upon-Procedures Audit - For the Calendar Year 2016

Report #18-01 Homewood Suites – Allentown – Route 100

Report #18-04 Royal Hotel

Report #18-05 Howard Johnson

Report #18-06 Star Staybridge Suites

Report #18-07 Holiday Inn Express – Allentown West

Report #18-09 Red Roof Inn

Report #18-10 Hotel Tax Summary

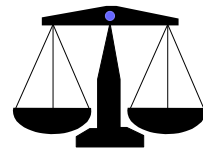


Purpose of Audit

To evaluate compliance to the County of Lehigh Ordinance #2005-180, the Lehigh County Hotel Room Rental Tax Rules and Regulations. Of the 45 hotels in Lehigh County, the Fiscal Officer & the Controller selected a sample of hotels for field visits based on dollar volume or other potential issues raised during the last year. Several additional hotel tax audit reports will be issued in 2019.



County Of Lehigh Office Of The Controller 2018 Audits



Court Audits

Offender Supervision Fee Program – Adult Probation – Report #18-12

Compliance Audit – For the Calendar Year 2017



Purpose of Audit

To evaluate adult probation management's compliance to Act 35 of 1991, Pennsylvania Administrative Code.

Register of Wills Division– Clerk of Judicial Records – Report #18-17

Financial Audit – For the Years Ended December 31, 2015, 2016 and 2017

Purpose of Audit

To verify reported revenues and expenditures and to evaluate internal control over wills division financial activity.

Office of the District Attorney – Forfeitures Reports - Report #18-26

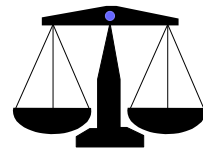
Agreed Upon Procedures Audit of the Annual Reports for the Period of July 2017 to June 2018 for Controlled Substances Forfeitures and Other Statutory Forfeitures

Purpose of Audit

To comply with the Pennsylvania Attorney General requirements.



County Of Lehigh Office Of The Controller 2018 Audits



Court Audits

Department of Corrections – Inmate Accounts – Report #18-34

Financial Audit – For the Period January 2017 to December 2017



Purpose of Audit

To obtain reasonable assurance that the Statement of Receipts, Disbursements, and Changes in Fund Balance, present fairly, the financial activity arising from cash transactions for the Department of Corrections – Inmate Accounts

Recorder of Deeds Division– Clerk of Judicial Records – Report #18-36

Financial Audit – For the Years Ended December 31, 2016, and 2017

Purpose of Audit

To verify reported revenues and expenditures and to evaluate internal control over deeds division financial activity.



Court Administration Contracts – Report #18-38

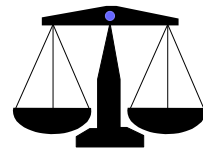
Agreed Upon Procedures Audit – For the Calendar Year 2018



Purpose of Audit

To verify standard compensation rates for court appointed attorneys and specialists, billing practices, and adequacy of documentation for the hours and associated out-of-pocket expenses charged.

County Of Lehigh Office Of The Controller 2018 Audits



Court Audits

Orphan's Court Division – Report #18-39

Financial Audit – For the Calendar Years 2016 and 2017



Purpose of Audit

To obtain reasonable assurance that the Statement of Receipts, Disbursements, and Changes in Fund Balance, present fairly, the financial activity arising from cash transactions for the Orphan's Court Division.

Magisterial District Court (MDC) Audit – Courts

Financial Audits for the Calendar Years 2016 and 2017

Report #18-18 MDJ Rashid Santiago – MDC # 31-1-02

Report #18-19 MDJ Ronald Manescu – MDC # 31-1-03

Report #18-20 MDJ Patricia Engler – MDC # 31-1-01

Report #18-21 MDJ Wayne Maura – MDC # 31-1-06

Report #18-22 MDJ Thomas Creighton – MDC # 31-3-01

Report #18-23 MDJ Michael D'Amore – MDC # 31-1-05

Report #18-24 MDJ Daniel Trexler – MDC # 31-3-03

Report #18-25 MDJ Donna Butler – MDC # 31-2-03

Report #18-27 MDJ Robert Halal – MDC # 31-1-07 (01/01/16 to 06/05/17)

Report #18-28 (Senior Judges) – MDC # 31-1-07 (06/06/17 to 12/31/17)

Report #18-29 MDJ Michael Faulkner – MDC # 31-3-02

Report #18-30 MDJ Michael Pochran – MDC # 31-1-08

Report #18-31 MDJ Jacob Hammond – MDC # 31-2-02

Report #18-32 MDJ Karen Devine – MDC #31-2-01

Report #18-33 MDJ David Howells Jr. – MDC 31-1-04

Report #18-35 Magisterial District Court Summary



Purpose of Audit

To verify reported receipts and disbursements and to evaluate internal control over district court financial activity.

County Of Lehigh Office Of The Controller 2018 Audits



Other Duties and Responsibilities

- Lost, Missing, Stolen Property Reporting Liaison
- County Officials' Bonds Depository
- Review of Bureau of Collections Check Disbursements
- Review of Work Release Check Disbursements
- Review of Cedarbrook RFMS checks
- Monitor Check Sequences for HealthChoices Checks, Worker's Compensation
- Audit Planning – County-Wide Risk Assessment
- County Pension Policy Issues
- Observation of County Sheriff Sales, Tax Claim Bureau Upset & Judicial Sales
- Computer Assisted Audit Techniques Training – ACL software
- County Campaign Finance Reform



County Of Lehigh Office Of The Controller 2018 Audits



Other Duties and Responsibilities

SURPRISE CASH COUNTS



The office of the controller also performs random, unannounced cash counts of offices that maintain a change fund or petty cash fund. Every office that handles cash is subject to surprise cash counts.

BID CONTROL

Receive and secure advertised bids and requests for proposals issued by the office of procurement. Open bids and monitor bid tabulation.

LEHIGH COUNTY PENSION BOARD

The Controller, Glenn Eckhart, serves as Secretary of the Lehigh County Pension Board.

ETHICS HOTLINE - (610) 782-3999

Confidential Independent Integrity in Government



Glenn Eckhart, Controller

County Of Lehigh

Office Of The Controller

Contact Information

General Office – 610-782-3082

Name	Title	Phone	E-mail
Glenn Eckhart	Controller	610-782-3178	glenneckhart@lehighcounty.org
Cindy Achey	Assistant Operations Manager	610-782-3082	cindyachey@lehighcounty.org
John Falk	Deputy Controller	610-782-3082	johnfalk@lehighcounty.org
Thomas Grogan	Assistant Deputy Controller	610-782-3912	thomasgrogan@lehighcounty.org
Stephen Berndt	Assistant Deputy Controller	610-782-3915	stephenberndt@lehighcounty.org
Thomas Schweyer	Senior Auditor	610-782-3912	thomasschweyer@lehighcounty.org
Daniel Aquilino	Auditor	610-782-3913	danielaquilino@lehighcounty.org
Bethany R. DiMatteo	Associate Auditor	610-782-3913	bethanydimatteo@lehighcounty.org

County Of Lehigh Office Of The Controller



Useful Information

- Want to know more about the County of Lehigh – www.lehighcounty.org
- Have a Lehigh County Human Service related question - <https://www.lehighcounty.org/Departments/Human-Services/Information-Referral>
- Want to know if the Pennsylvania Treasury owes you money - <https://www.patrealty.gov/unclaimed-property/>
- Want to check out what the Lehigh Valley has to offer - <https://www.discoverlehighvalley.com/>
- Want to know which charity to donate to - <https://www.charitynavigator.org/index.cfm/bay/search.advanced.htm>
- What to do if identity theft occurred = <https://www.consumer.ftc.gov/features/feature-0014-identity-theft>
- Want to obtain a concealed carry license - <https://www.lehighcounty.org/Departments/Concealed-Carry-Permit>
- Have to pay real estate taxes - Lehigh County Government Center, **Room 119**
- Want to report fraud, waste, and abuse at Lehigh County – call the Ethics Hotline at **610-782-3999**.
- Other questions, direct dial the controller's office – **610-782-3082**.



Controller's Office - Lehigh County Government
Center Room 465
17 S. Seventh St. Allentown, PA 18101-2400