




Lehigh County
Pennsylvania

OFFICE OF THE CONTROLLER

Mark Pinsley, MBA
COUNTY CONTROLLER

Nanton John, CIA, CFE
DEPUTY CONTROLLER

TO: Final Report Distribution

FROM: Mark Pinsley, County Controller 

DATE: August 11, 2025

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, 2024. 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 **25-23** is attached.

Based on the results of our audit, we concluded that 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, 2024*

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

Table of Contents

	Page(s)
Background – Section 801.2, paragraphs (B) through (E) County of Lehigh Administrative Code	1
OPINION OF MARK PINSLEY LEHIGH COUNTY CONTROLLER.....	2-4
Chief Fiscal Officer’s Response	No Response

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

Background

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

Section 801.2 - REQUIRED CONDITIONS FOR ALL CONTRACTS

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

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

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

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

Section 801.4 - AUDITS

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

Source: Excerpt from the County of Lehigh Administrative Code (revised Nov., 2024)



INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance

Opinion

We have audited the Office of Fiscal Affairs' compliance with the County of Lehigh Administrative Code (as amended) Section 801.2, paragraph (B) – (E) applicable to vendor tax delinquency and paid rent provisions for the calendar year ended December 31, 2024.

In our opinion, the 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, 2024

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the County of Lehigh Administrative Code Section 801.4. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Office of Fiscal Affairs and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Office of Fiscal Affairs' compliance with the applicable compliance requirements.

Responsibilities of Management for Compliance

Management of the Office of Fiscal Affairs is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Office of Fiscal Affairs' government programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the applicable compliance requirements occurred, whether due to fraud or error, and to express an opinion on the entity's compliance with the applicable compliance requirements based on the compliance audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the County of Lehigh Administrative Code Section 801.4 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the applicable compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Office of Fiscal Affairs' compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the County of Lehigh Administrative Code Section 801.4 we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the entity's compliance with applicable compliance requirements and performing such other procedures as the auditor considered necessary in the circumstances.
- Obtain an understanding of Office of Fiscal Affairs' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the County of Lehigh Administrative Code Section 801.2, paragraph (B) – (E), but not for the purpose of expressing an opinion on the effectiveness of the Office of Fiscal Affairs' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that the auditor identified during the audit

Report on 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 and correct, 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 a reasonable possibility that material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or

significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

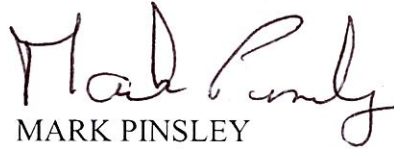
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Management's Response to the Audit

If provided, the Chief Fiscal Officer's response to our audit is included in this report. We did not audit the Chief Fiscal Officer's response and, accordingly, we do not express an opinion on it.

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 County of Lehigh Administrative Code Section 801.2, paragraph (B) – (E). Accordingly, this report is not suitable for any other purpose.

This report is intended for the information and use of management, Phillips Armstrong, County Executive; Edward Hozza, Director of Administration; Board of Commissioners; and others within the entity and 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.


MARK PINSLEY
Lehigh County Controller

August 8, 2025
Allentown, Pennsylvania

Audited by: Jessika Popowitz

xc: Phillips Armstrong, County Executive
Board of Commissioners
Edward Hozza, Director of Administration



COUNTY OF LEHIGH
Office of Fiscal Affairs

Timothy A. Reeves
Fiscal Officer

TO: Commissioner Geoff Brace

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

DATE: February 24, 2025

RE: Ordinance 1992-#119

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

<u>Contract #/Services Provided</u>	<u>Vendor</u>	<u>Amount</u>
Cedarview Apartments Answering Service	Answernet Inc.	1,460.81

The service that this vendor provides for the residents of Cedarview it could be a liability to the County to hold the payments to them. The vendor has been notified of the tax situation.

The listing does not include Foster Care Parents, Day Care Providers, Grants, Employees, Vendors who receive payments which are not subject to Ordinance 1992-119, and Vendors who may owe taxes as another entity but the County does not have a contractual relationship with that entity.

For the vendors listed, payments will be withheld until the County taxes are paid in full.

If you should have any questions, please do not hesitate to contact me.

TAR/rmf

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

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FEB 25 2025
CONTROLLER'S OFFICE
LEHIGH COUNTY

Government Center
17 South Seventh Street
Allentown, Pennsylvania 18101-2400

Fiscal Administration
Phone: 610-782-3115