

COUNTY OF LEHIGH, PENNSYLVANIA

SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2013

COUNTY OF LEHIGH, PENNSLYVANIA

YEAR ENDED DECEMBER 31, 2013

CONTENTS

	<u>Page</u>
Report Distribution List	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Report on Compliance for Each Major Federal and Pennsylvania DPW Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards as Required by OMB Circular A-133	4-6
Schedule of Expenditures of Federal Awards	7-9
Schedule of Pennsylvania Department of Public Welfare Awards	10
Notes to Schedule of Expenditures of Federal Awards	11
Summary Schedule of Prior Audit Findings	12-14
Schedule of Findings and Questioned Costs	15-18
Responses and Corrective Action Plans	19

COUNTY OF LEHIGH, PENNSYLVANIA

REPORT DISTRIBUTION LIST

YEAR ENDED DECEMBER 31, 2013

Board of County Commissioners
County of Lehigh
17 S. 7th Street
Allentown, PA 18101

Federal Audit Clearinghouse
1201 E. 10th Street
Jeffersonville, IN 47132

Commonwealth of Pennsylvania
Bureau of Audits
Special Audit Services Division
Forum Place - 8th Floor
555 Walnut Street
Harrisburg, PA 17101



**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, 2013, 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 25, 2014.

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.

Reinsel Kintz Leshner LLP

June 25, 2014
Lancaster, Pennsylvania



**Report on Compliance for Each Major Federal and Pennsylvania DPW Program;
Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of
Federal Awards as Required by OMB Circular A-133**

Independent Auditor's Report

Board of County Commissioners
County of Lehigh
Allentown, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited the County of Lehigh's compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement*, and the Pennsylvania Department of Public Welfare (DPW), *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, 2013. 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 DPW 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and DPW, *Single Audit Supplement*. Those standards, OMB Circular A-133, and DPW, *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 DPW 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.

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

Basis for Qualified Opinions on Community Development Block Grant Program and Aging Cluster Program

As described in item 2013-1 in the accompanying schedule of findings and questioned costs, the County of Lehigh did not comply with requirements regarding cash management that are applicable to its Community Development Block Grant (CDBG) Program (CFDA 14.228). As described in item 2013-2 in the accompanying schedule of findings and questioned costs, the County of Lehigh did not comply with requirements regarding reports 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 Opinions on Community Development Block Grant Program and 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 CDBG Program and Aging Cluster Program for the year ended December 31, 2013.

Unmodified Opinion on Each of the Other Major Federal and DPW 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 DPW 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, 2013.

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 OMB Circular A-133, 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.

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 2013-1 and 2013-2 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 OMB Circular A-133 and DPW, *Single Audit Supplement*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and DPW, *Single Audit Supplement*

We have audited the financial statements of the County of Lehigh as of and for the year ended December 31, 2013, and have issued our report thereon dated June 25, 2014, 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 Public Welfare expenditures are presented for purposes of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*; and Pennsylvania DPW, *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.

Reinsel Kintz Leshner LLP

June 25, 2014
Lancaster, Pennsylvania

County of Lehigh
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Receivable/ (Unearned) Revenue at December 31, 2012</u>	<u>Federal Grant Receipts</u>	<u>Federal Grant Expenditures</u>	<u>Receivable/ (Unearned) Revenue at December 31, 2013</u>
U.S. Department of Agriculture					
Passed-through Commonwealth of Pennsylvania - Department of Agriculture:					
Emergency Food Assistance Program Administrative Costs	10.568	\$ 18,618	\$ 36,129	\$ 32,342	\$ 14,831
Emergency Food Assistance Program Commodities	10.569	-	171,888	171,888	-
Total U.S. Department of Agriculture		18,618	208,017	204,230	14,831
U.S. Department of Housing and Urban Development					
Community Development Block Grant 2007 - B-07-UC-42-0011	14.228	-	64,232	81,263	17,031
Community Development Block Grant 2009 - B-09-UC-42-0011	14.228	6,615	15,415	8,800	-
Community Development Block Grant 2010 - B-10-UC-42-0012	14.228	54,127	126,318	82,604	10,413
Community Development Block Grant 2011 - B-11-UC-42-0013	14.228	137,510	245,506	114,323	6,327
Community Development Block Grant 2012 - B-12-UC-42-0014	14.228	82,054	826,775	808,271	63,550
Community Development Block Grant 2013 - B-13-UC-42-0014	14.228	-	-	99,675	99,675
		280,306	1,278,246	1,194,936 *	196,996
Passed-through Commonwealth of Pennsylvania - Department of Community and Economic Development:					
Community Development Block Grant - Neighborhood Stabilization Program	14.228	5,533	326,192	320,659	-
Total U.S. Department of Housing and Urban Development		285,839	1,604,438	1,515,595	196,996
U.S. Department of Justice					
State Criminal Alien Assistance Program	16.606	-	74,104	74,104	-
Edward Byrne Memorial Justice Grant Program	16.738	-	15,985	15,985	-
Second Chance Act Prisoner Reentry Initiative	16.812	36,966	78,649	41,683	-
		36,966	168,738	131,772	-
Passed-through Commonwealth of Pennsylvania - Commission on Crime and Delinquency:					
Juvenile Accountability Block Grants	16.523	7,699	19,762	17,065	5,002
Violence Against Women Formula Grant	16.588	-	90,381	124,658	34,277
Bulletproof Vest Partnership Program	16.607	-	2,872	2,872	-
Closed-Circuit Televising of Child Victims of Abuse	16.611	-	9,000	9,000	-
Public Safety Partnership and Community Grants	16.710	86,180	335,355	296,488	47,313
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	-	-	25,830	25,830
Edward Byrne Memorial Justice Grant	16.803	4,077	4,122	45	-
		97,956	461,492	475,958	112,422
Total U.S. Department of Justice		134,922	630,230	607,730	112,422
U.S. Department of Labor					
Passed-through Commonwealth of Pennsylvania - Department of Aging:					
Senior Community Service Employment Program	17.235	23,426	60,626	37,200	-
Total U.S. Department of Labor		23,426	60,626	37,200	-

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Receivable/ (Unearned) Revenue at December 31, 2012</u>	<u>Federal Grant Receipts</u>	<u>Federal Grant Expenditures</u>	<u>Receivable/ (Unearned) Revenue at December 31, 2013</u>
U.S. Department of Transportation					
Passed-through Commonwealth of Pennsylvania - Department of Transportation:					
Highway Planning and Construction - Cluster	20.205	-	5,263,111	5,852,275	589,164
Passed-through Commonwealth of Pennsylvania - Emergency Management Agency:					
Interagency Hazardous Materials Public Section Training and Planning	20.703	-	21,638	21,638	-
Total U.S. Department of Transportation		-	5,284,749	5,873,913	589,164
U.S. Election Assistance Commission					
Passed-through Commonwealth of Pennsylvania - Department of State:					
Voting Access for Individuals with Disabilities	93.617	5,055	11,645	6,590	-
Help America Vote Act Requirements Payments	90.401	-	108,669	108,669	-
Total U.S. Election Assistance Commission		5,055	120,314	115,259	-
U.S. Department of Education					
Passed-through Commonwealth of Pennsylvania - Department of Public Welfare:					
Special Education - Grants for Infants and Families with Disabilities	84.181	-	251,257	251,257	-
Total U.S. Department of Education		-	251,257	251,257	-
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	-	3,205	3,205	-
Title VII, Chapter 2 - Long Term Care Ombudsman Services or Older Individuals	93.042	-	10,790	10,790	-
Title III, Part F - Disease Prevention and Health Promotion Services	93.043	-	9,524	9,524	-
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	-	626,418	626,418	-
Title III, Part C - Nutrition Services	93.045	-	473,860	473,860	-
Nutritional Services Incentive Program	93.053	-	52,108	52,108	-
Total Aging Cluster		-	1,152,386	1,152,386 *	-
National Family Caregiver	93.052	-	91,453	91,453	-
Medicare Enrollment Assistance Program	93.071	-	3,937	3,937	-
Medical Assistance Program - Title XIX 60+ Waiver	93.778	-	231,287	231,287 *	-
Health Care Financing Research, Evaluations - Options - Level II Assessments	93.779	-	24,225	24,225	-
		-	1,526,807	1,526,807	-

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Receivable/ (Unearned) Revenue at December 31, 2012</u>	<u>Federal Grant Receipts</u>	<u>Federal Grant Expenditures</u>	<u>Receivable/ (Unearned) Revenue at December 31, 2013</u>
Passed-through Commonwealth of Pennsylvania - Department of Public Welfare:					
Guardianship Assistance	93.090	-	61,465	103,966	42,501
Temporary Assistance for Needy Families	93.558	566,593	1,519,619	953,026	-
Child Support Enforcement - Title IV-D	93.563	1,428,287	3,933,185	3,573,615 *	1,068,717
Grants to States for Access and Visitation Programs	93.597	586	586	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	-	124,434	124,434	-
Foster Care - Title IV-E	93.658	36,111	2,616,838	4,303,106	1,722,379
Adoption Assistance - Title IV-E	93.659	405,277	1,629,122	1,615,502	391,657
Social Services Block Grant	93.667	-	447,319	447,319	-
Independent Living	93.674	53,192	212,712	212,656	53,136
Medical Assistance - Attendant Care Program	93.778	6,037	26,939	20,902	-
Medical Assistance - Waiver Program	93.778	-	370,183	370,183	-
Medical Assistance - TSM Admin	93.778	-	11,711	11,711	-
Medical Assistance - Case Management	93.778	-	20,352	20,352	-
Medical Assistance Transportation	93.778	-	1,119,350	1,120,057	707
		6,037	1,548,535	1,543,205 *	707
Block Grants for Community Mental Health Services	93.958	-	163,559	163,559	-
Block Grants for the Prev. and Treat. of Substance Abuse	93.959	-	1,146,539	1,248,430 *	101,891
		2,496,083	13,403,913	14,288,818	3,380,988
Total U.S. Department of Health and Human Services		2,496,083	14,930,720	15,815,625	3,380,988
U.S. Department of Homeland Security					
Passed-through Commonwealth of Pennsylvania - Emergency Management Agency:					
Emergency Management Performance Grants	97.042	-	149,490	149,490 *	-
Pre-Disaster Mitigation	97.047	-	213,995	77,700	(136,295)
Homeland Security Grant Program	97.067	-	18,273	18,273	-
Total U.S. Department of Homeland Security		-	381,758	245,463	(136,295)
Total Federal Awards		\$ 2,963,943	\$ 23,472,109	\$ 24,666,272	\$ 4,158,106

County of Lehigh, Pennsylvania
Schedule of Pennsylvania Department of Public Welfare Awards
Year Ended December 31, 2013

Program (as Defined in the Pennsylvania Department of Public Welfare <i>Single Audit Supplement</i>)	Combined Federal/State Expenditures for Calendar Year Ended December 31, 2013
Children and Youth	\$ 21,108,732
Mental Health	12,032,192 *
Intellectual Disabilities	2,472,026
Child Support Enforcement	3,573,615 *
Medical Assistance	325,818
Medical Assistance Transportation	2,366,161 *
Early Intervention	4,195,555
Homeless Assistance Program	418,721
Human Services Development Fund	265,756
Attendant Care Program	74,954
	<u>\$ 46,833,530</u>

* Major Pennsylvania Department of Public Welfare programs. The 2013 threshold for major programs under the federal definition is \$739,988 (the greater of 3 percent of total federal expenditures or \$300,000). The amount expended under major Pennsylvania Department of Public Welfare programs for the fiscal year ended December 31, 2013 was \$17,971,968 or 38.4% of total Pennsylvania Department of Public Welfare financial assistance.

County of Lehigh, Pennsylvania
Notes to Schedule of Expenditures of Federal Awards
December 31, 2013

NOTE 1 REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards and Schedule of Pennsylvania Department of Public Welfare (DPW) Assistance present the activity of all federal and DPW 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 Public Welfare Assistance are presented using the modified accrual basis of accounting which is described in Note 1 to the County's financial statements.

NOTE 3 PROGRAM CLUSTERS

The following program clusters, as defined by OMB Circular A-133, were treated as a single program for determining major programs:

	CFDA	Expenditures
Emergency Food Cluster	10.568	\$ 32,342
	10.569	171,888
		\$ 204,230
JAG Cluster	16.738	\$ 15,985
	16.803	45
		\$ 16,030
Aging Cluster	93.044	\$ 626,418
	93.045	473,860
	93.053	52,108
		\$ 1,152,386

County of Lehigh, Pennsylvania
Summary Schedule of Prior Audit Findings
December 31, 2013

SECTION II FINANCIAL STATEMENT FINDINGS

None.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CFDA 97.042 - Emergency Management Performance Grant

Questioned Costs

Finding 2012-1: Significant Deficiency

N/A

Criteria

The County is required to file with the Pennsylvania Emergency Management Agency quarterly reports according to deadline dates listed in the grant agreement.

Condition

As a result of our testing, we noted the County did not file any of the quarterly reports according to the deadline dates listed in the grant agreement.

Recommendation

Procedures should be established to ensure that reports submitted to the Pennsylvania Emergency Management Agency are filed in a timely manner.

Status of Finding

The County implemented procedures to timely file grant reports as required by the grant agreement. The finding is considered closed.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CFDA 16.812 - Second Chance Act Prisoner Reentry Initiative

Questioned Costs

Finding 2012-2: Material Weakness

N/A

Criteria

The County is required to obtain and review the audit report for the subrecipient that is required to have an audit completed. The County is required to review the report for findings and questioned costs.

Condition

The County did not receive the required audit report for the major program in a timely manner and there was no evidence of review of the report.

Recommendation

Procedures should be established to ensure subrecipient audit reports are filed and reviewed in a timely manner.

Status of Finding

The County implemented procedures to timely obtain and review subrecipient audit reports as required by the grant agreement. The finding is considered closed.

County of Lehigh, Pennsylvania
Schedule of Findings and Questioned Costs
December 31, 2013

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 Section 510(a) of OMB Circular A-133? Yes No

Identification of Major Programs

CFDA Number(s)	Name of Federal Program	Amount Expended
14.228	Community Development Block Grant	\$ 1,515,595
93.044, 93.045, 93.053	Aging Cluster	1,152,386
93.563	Child Support Enforcement	3,573,615
93.778	Medical Assistance Program	1,774,492
93.959	Block Grants for the Prevention and Treatment of Substance Abuse	1,248,430
97.042	Emergency Management Performance Grants	149,490
Dollar threshold used to distinguish between Type A and Type B programs:		\$ 739,988
Auditee qualified as low-risk auditee?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

SECTION II FINANCIAL STATEMENT FINDINGS

None.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CFDA 14.228 - Community Development Block Grant (CDBG)

Questioned Costs

Finding 13-1:

Significant Deficiency

N/A

Criteria

The County is required to comply with cash management requirements listed in the HUD grant agreements and fiscal policy manuals.

Condition

As a result of our testing, we noted the County did not timely disburse funds for three expenditures totaling approximately \$363,000 that were reimbursed through the CDBG program.

Context

Cost items submitted for reimbursement through the CDBG program must be paid by the County before requesting reimbursement or within three days of the receipt of Federal funds.

Effect

Internal controls over the cash management requirements of the program were not operating effectively.

Cause

Established procedures for requesting reimbursements from HUD were not followed.

Recommendation

We recommend that the County implement procedures to ensure costs are paid by the County within the time period specified by the cash management requirements of the program.

Management's Response and Corrective Action

See attached response.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CFDA 93.044, 93.045 and 93.053 - Aging Cluster

Questioned Costs

Finding 13-2:

Significant Deficiency

N/A

Criteria

The County is required to timely file quarterly and annual financial reports with the PA Office 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 PA Office of Aging for all reports filed in 2013.

Context

Quarterly financial reports must be submitted to the PA Office of Aging within thirty days of the end of the quarter and within forty-five days of the end of the fiscal year.

Cause

Established procedures for timely filing of the quarterly and annual reports to the PA Office of Aging were not followed.

Effect

Reports were filed three to twenty days past the statutory filing deadlines for 2013.

Recommendation

We recommend that the County implement procedures to ensure financial reports are timely filed with the PA Office of Aging.

Management's Response and Corrective Action

See attached response.



COUNTY OF LEHIGH
Office of Fiscal Affairs

Timothy A. Reeves
Fiscal Officer

COUNTY OF LEHIGH, PENNSYLVANIA
RESPONSE TO SINGLE AUDIT SCHEDULE OF FINDINGS AND QUESTIONED
COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Finding 2013-1: Community Development Block Grant (CDBG)

Management's Response:

It is protocol for the Lehigh County Department of Community & Economic Development (LCDCED) to request reimbursement from HUD after payments are made to subrecipients. However, in this particular instance, although all project activities were completed, the subrecipient had not submitted all required documentation to the County for reimbursement yet. Since the project activities were indeed complete and it was days before the end of the CDBG fiscal year, the funds were drawn down from HUD so the projects could be reported as complete on the year-end CAPER report.

LCDCED has since taken steps to ensure this issue will not reoccur. Future subrecipient agreements will detail a reimbursement timeline to help subrecipients manage their reimbursement submittals. Also, LCDCED shall ensure that each invoice is listed as a detailed expenditure in the County's general ledger before including the expense in the draw down request to HUD.

Finding 2013-2: Aging Cluster

Management's Response:

Lehigh County Office of Aging and Adult Services agrees that the Aging Block Grant quarterly FRR reports and final annual report were not filed timely. The office has committed to timely preparation and submission of future reports that will be accomplished through the reassignment of office tasks.

Government Center
17 South Seventh Street
Allentown, Pennsylvania 18101-2401

Accounts Receivable
Phone: 610-782-3112
Fax: 610-871-1443

Fiscal Administration
Phone: 610-782-3115
Fax: 610-871-1445