



**Office of the Controller
2010 Annual Report
Thomas Slonaker, County Controller**

**Government Center - Room 465
17 South Seventh Street
Allentown, PA. 18101-2400**

Phone: 610-782-3082



I, Thomas Slonaker, do solemnly swear that I will support, obey, and defend the Constitution of the United States and the Constitution of this Commonwealth and that I will discharge the duties of the office of the controller of Lehigh County with fidelity.

Duties of the Office of the Controller:

Financial audits of any account of any agency receiving, disbursing, or authorizing the disbursement of county funds.

Review all warrants for the expenditures of county monies (payments to county vendors, employee payroll, and retirees). Review the documents constituting the basis for expenditures and sign the warrant before it is paid.

Management, performance audits, and/or program results of any county department or agency to evaluate the efficiency and productivity of the agency or department.

Operate the County Ethics Hotline (610) 782-3999 – A confidential telephone message system available to employees and the general public to report suspected fraud, waste and abuse concerning Lehigh County Government.

Audit Report Copies are available online at the Lehigh County website:

<http://www.lehighcounty.org> Select Departments, Controller, Reports by Year (2008 to the present)



**County Of Lehigh
Office Of The Controller
Thomas Slonaker, County Controller**

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County Of Lehigh Office Of The Controller Mission Statement



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

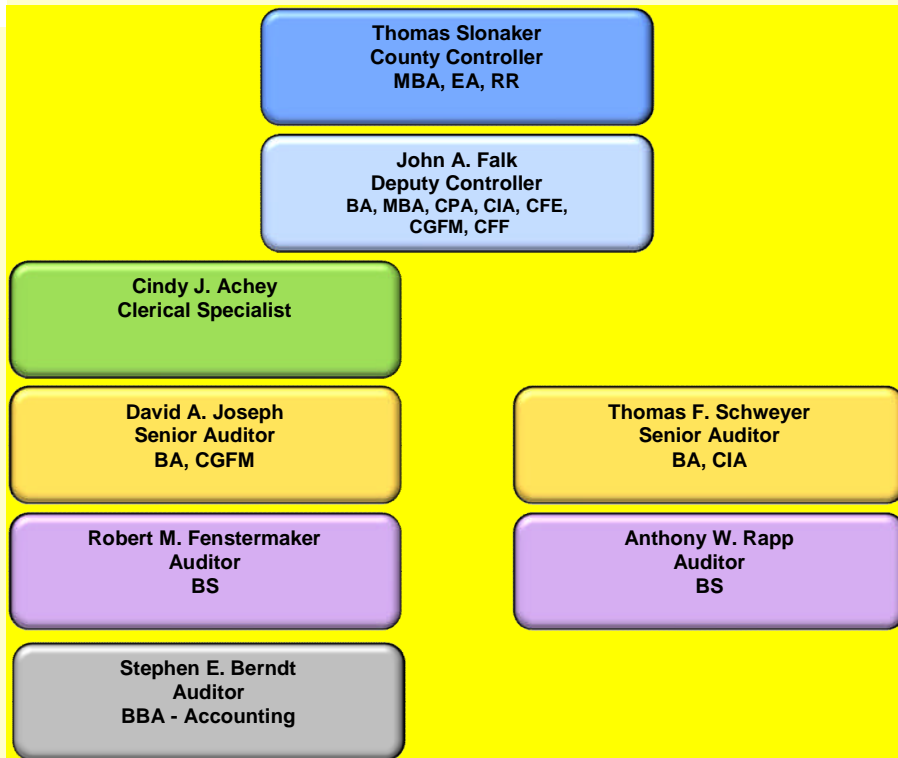
- examine the propriety of internal control,
- assess compliance with statutory requirements,
- evaluate operating procedures,
- audit the accuracy and completeness of records and files pertaining to the receipt and disbursement of County funds by all officers, agents, and employees of the County.



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 as of December 31, 2010



BA - Bachelor of Arts
CFE - Certified Fraud Examiner
CGFM - Certified Governmental Financial Manager
MBA - Masters in Business Administration
CFF – Certified in Financial Forensics

BS - Bachelor of Science
CIA - Certified Internal Auditor
EA – Enrolled Agent
RR – Register Representative
BBA – Bachelor of Business Administration



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.

All audits begin with objectives, and those objectives determine the type of audit to be conducted and the auditing standards to be followed. 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. The International Standards for the Professional Practice of Internal Auditing are codified by the Institute of Internal Auditors. These standards, applied as appropriate to the audit objectives, are the criteria by which the office of the controller performs audits.

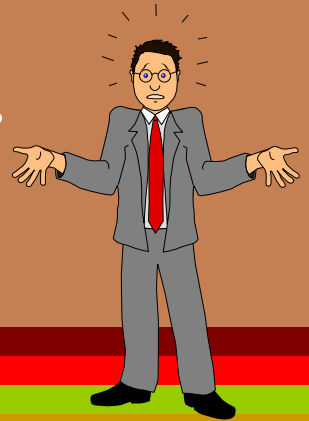
Compliance to the various standards include minimum continuing professional education requirements for the staff and management of the office of the controller. The Government Auditing Standards require 80 hours every two years with 24 hours in government - related courses. Certified public accountants 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 and the Association of Government Accountants both have similar requirements to maintain their respective certifications.



**Association of Local
Government Auditors**
www.governmentauditors.org



County Of Lehigh Office Of The Controller Introduction



You're going to be audited...

Why Me?

Relax! You are not being singled out for something you did or didn't do. 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.

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, Thomas Slonaker, is an elected official, independent of the administrative, legislative and judicial branches of Lehigh County Government. Audit reports are issued to the County Executive and Board of Commissioners and any other directly affected parties. 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 (2008 to the present)

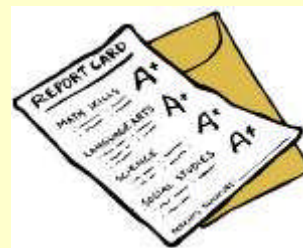
County Of Lehigh Office Of The Controller Audit Effectiveness Questionnaire

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 2010. The following are the ratings for the last five years:



4.6 in 2010
4.3 in 2009
4.4 in 2008
4.6 in 2007
4.4 in 2006

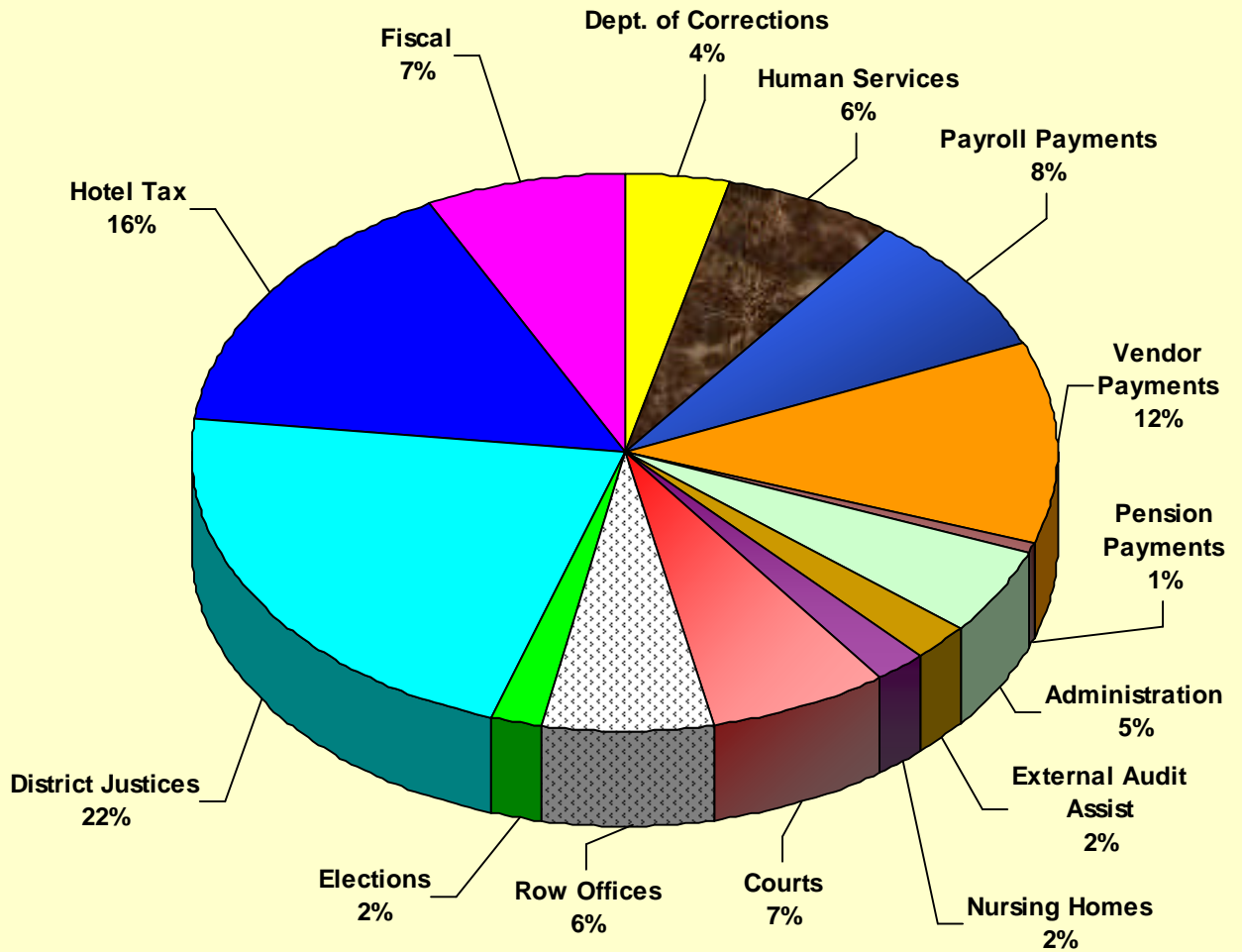


The questionnaire describes a 4 rating as “very good” and a 5 as “excellent.”

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

2010 Audit Hours (percentages rounded)



County Of Lehigh Office Of The Controller Desk Audits



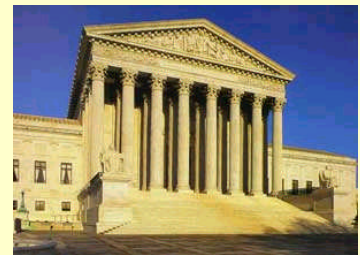
What is a Desk Audit?

A desk audit is not really an audit at all. It is a spot check 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, we look into the matter immediately.

2010 Desk Audits:

Row Offices – Monthly desk audits of row office reports for the period January 2010 through December 2010 (continuous monitoring).

Register of Wills Office*
Recorder of Deeds Office*
Clerk of Courts Criminal Division Office*
Clerk of Courts Civil Division Office*
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 2010 through December 2010 (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 2010 Audits



Payroll & Human Resources

Year End Payroll Audit - Report # 10-05

Internal Audit - For the Year Ended December 31, 2009

Purpose of Audit

To review year-end payroll-related reports and procedures and compile summary management reports on overtime, part time employees, excessive compensatory time, excessive vacation time, inactive employees, and other payroll-related issues.



Hotel Tax Summary

Compilation of 2008 Hotel Tax Audits / Fiscal Office Operations – Report #10-02

Agreed-Upon-Procedures Audit – For the Year Ended December 31, 2008

Purpose of Audit

To compile the results of the individual Lehigh County hotel room rental tax audits and to determine the adequacy of the office of fiscal affairs management controls over hotel room rental tax reporting activity.

Hotel Tax Summary

Compilation of 2009 Hotel Tax Audits / Fiscal Office Operations – Report #10-70

Agreed-Upon-Procedures Audit – For the Year Ended December 31, 2009

Purpose of Audit

To compile the results of the individual Lehigh County hotel room rental tax audits and to determine the adequacy of the office of fiscal affairs management controls over hotel room rental tax reporting activity.



County Of Lehigh

Office Of The Controller

2010 Hotel Room Rental Tax Audits

Audit Type – Agreed Upon Procedures



Purpose of Audits – To verify the accuracy of the amounts remitted by Lehigh County hotel operators for hotel room rental tax and to determine compliance to the “Hotel Room Rental Tax Rules and Regulations” for the calendar year ending December 31, 2009.

Allenwood Motel	10-23	Homewood Suites	10-31
Best Western Inn & Suites	10-30	Hotel Traylor	10-61
Comfort Inn - Allentown	10-17	Howard Johnson Inn	10-40
Comfort Suites of Allentown	10-15	Iron Run Motel	10-52
Courtyard by Marriott	10-45	Knight Inn and Suites	10-48
Days Inn - Lehigh Street	10-16	Lehigh Motor Inn	10-59
Dockside Bed and Breakfast	10-18	Quality Inn	10-49
Econo Lodge Allentown	10-47	Ramada Inn	10-37
Egyptian Sands Motel	10-38	Red Roof Inn	10-51
Executive Inn	10-54	Residence Inn by Marriot	10-32
Fairfield Inn Bethlehem	10-24	Rodeway Inn and Conf. Center	10-55
Fine Lodging	10-50	Royal Motel	10-62
Four Points Sheraton	NA	Saucon Valley Country Club	10-11
Glasbern	10-19	Scottish Inn - Catasauqua Road	10-43
Hamilton Tower	10-63	Red Carpet Inn	10-44
Hampton Inn	10-46	Scottish Inn - Center Valley	10-33
Hawthorn Suites	10-25	Sleep Inn	10-29
Hilton Garden Inn - Airport	10-13	Staybridge Suites - Allentown	10-14
Hilton Garden Inn - Allentown West	10-39	Staybridge Suites - Allentown West	10-34
Holiday Inn Allentown - Center City	10-56	Stone House Inn & Spa	10-27
Holiday Inn Conference Center	10-26	Super 8 Motel - Airport Road	10-41
Holiday Inn Express Hotel	10-10	Super 8 Motel - Golden Key Road	10-42
		Wingate by Wyndham	10-35

County Of Lehigh Office Of The Controller 2010 Audits



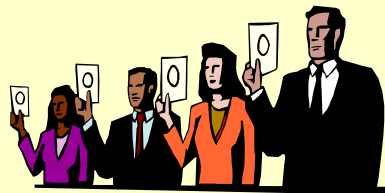
Elections

Primary Election – Report #10-21

Internal Audit – May 18, 2010

Purpose of Audits

Audit of amounts paid to poll workers and Judges of Election for the county election.



Information Technology Equipment Inventory – Report #10-07

Internal Audit – Observation of October 2, 2009 Physical Inventory Process

Purpose of Audit

Test of accuracy of computer equipment reporting (asset movement, disposal, transfer) and monitoring by the Office of Information Technology management.



County Of Lehigh Office Of The Controller 2010 Audits



Row Office Audit:

Judicial Records – Recorder of Deeds – Report #10-09

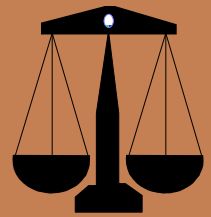
Financial Audits – For the Years Ended December 31, 2008 & 2009

Purpose of Audit

To verify the amounts reported as revenue and expenditures, and to determine the adequacy of internal control over cash handling.



County Of Lehigh Office Of The Controller 2010 Audits



Compliance to Tax Delinquent/Unpaid Rent Provisions of Section 801.2: (B),(C),(D),(E) of the County of Lehigh Administrative Code - Report # 10-06 Compliance Audit - Period Ended December 31, 2009

Purpose of Audit

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



Ethics Hotline Activity – Report #10-01

Compliance to Lehigh County Ordinance #1993-130

Summary Compilation – For the Year Ended December 31, 2009

Purpose of Audit

A listing of issues including: calls received on the ethics hotline; reports of lost/missing/stolen county and personal property; and other ethics/fraud-related activity.

- **Confidential**
- **Independent**
- **Integrity in Government**



County Of Lehigh Office Of The Controller 2010 Audits



Solid Waste Management :

Compost Site - Report #10-03

Internal Audit - For the Period January 1, 2008 to June 30, 2009

Purpose of Audit

To evaluate the administrative and accounting control over cash handling, billing and collections for yard waste.



County of Lehigh Ordinance 1995-143

“Revising the Vehicle Policy” – Report #10-04

Internal Audit – For the Years 2007 and 2008

Purpose of Audit

To evaluate compliance to the Lehigh County vehicle policy and to evaluate economy and efficiency of vehicle acquisition and usage.



County Of Lehigh Office Of The Controller 2010 Audits



Real Estate Tax Collections – Office of Fiscal Affairs – Report #10-12 Financial Audit – For the Year Ended December 31, 2009

Purpose of Audit

To audit the 2009 county real estate taxes reported by the county Fiscal Officer as collected (or turned over) to the county tax claim bureau.



Magisterial District Court (MDC) Summary – Report #10-64 Summary of Individual Financial Audits of MDC Offices

Purpose of Audit

To summarize common findings from separate MDC audits.



Magisterial District Court – Decennial Reorganization Addendum to the MDC Summary Report – Report #10-64A

Purpose of Audit

To assist the court in reorganization decision-making resulting from the pending decennial reorganization and to outline potential economies and efficiencies.



County Of Lehigh Office Of The Controller 2010 Audits



Magisterial District Court Audits – 14 Offices

Financial Audits - For the Years Ended December 31, 2008 & 2009

Purpose of Audit

To examine the detail records supporting the monthly Magisterial District Justice reports and fees remitted to Lehigh County.

District Court: 31-1-05	Carl L. Balliet	#10-57
District Court: 31-3-01	Rodney R. Beck	#10-65
District Court: 31-2-03	Donna R. Butler	#10-60
District Court: 31-3-02	Charles H. Crawford	#10-66
District Court: 31-2-01	Karen C. Devine	#10-69
District Court: 31-1-01	Patricia M. Engler	#10-08
District Court: 31-1-07	Robert C. Halal	#10-67
District Court: 31-2-02	Jacob E. Hammond	#10-58
District Court: 31-3-03	David B. Harding	#10-22
District Court: 31-1-04	David G. Leh (Late) *	#10-53
District Court: 31-1-03	Ronald S. Manescu	#10-28
District Court: 31-1-06	Wayne Maura	#10-36
District Court: 31-1-02	Maryesther S. Merlo	#10-68
District Court: 31-1-08	Anthony G. Rapp , Jr.	#10-20

* Audit extended to January 27, 2010, the date of MDJ Leh's death.

County Of Lehigh Office Of The Controller Other Duties and Responsibilities



BIWEEKLY PAYROLL AUDITS / LONGEVITY PAYMENTS

Office of Fiscal Affairs

Internal Audit - *Audit Period - Calendar Year 2010 (continuous).*

Purpose Of Audit

To review authorization, processing and recording of biweekly payroll disbursements.



WEEKLY VENDOR CHECK REVIEW

Office of Fiscal Affairs

Internal Audit - *Audit Period - 01/2010 - 12/2010 (continuous).*

Purpose Of Audit

To review and approve weekly disbursement of checks issued to vendors doing business with the county.

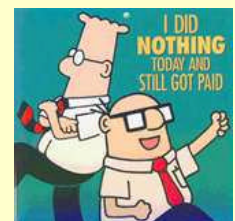


RETIREMENT CHECK DISTRIBUTION - Monthly Review

Office of Fiscal Affairs - *Audit Period - 01/2010 - 12/2010 (continuous).*

Purpose Of Audit

To review and approve monthly retirement checks issued to retired employees.



EXTERNAL AUDITOR ASSISTANCE - Audit of Cash

Office of Fiscal Affairs - *Audit Period - 01/2009 - 12/2009*

Purpose Of Audit

Audit of existence, recording and classification of all County cash amounts as of December 31, 2009. This audit work reduces County cost by providing external audit assistance.



County Of Lehigh Office Of The Controller Other Duties and Responsibilities



- Lost, Missing, Stolen Property Reporting Liaison
- County Officials' Bonds Depository
- Bail Forfeiture Monitoring
- Review of Bureau of Collections Check Disbursements
- Review of Work Release Check Disbursements
- Monitor Check Sequences for HealthChoices Checks, Worker's Compensation
- Checks, Health Care Reimbursement Checks, and Health Saving Account
- Check Disbursements
- District Attorney Drug Forfeiture Reporting
- HealthChoices Program Manager - Request for Proposals
- County Pension Financial Manager – Request for Proposals
- County Employee Policy & Procedures Representation Letter
- Fiscal – Enhanced ACH Payments
- Human Services Risk Assessment
- Auto Insurance Reimbursement Payments
- Audit Planning – County-Wide Risk Assessment



County Of Lehigh Office Of The Controller 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 purchasing. Open bids and monitor bid tabulation.

LEHIGH COUNTY PENSION BOARD

The Controller, Thomas Slonaker, serves as Secretary of the Lehigh County Pension Board.



ETHICS HOTLINE - (610) 782-3999

See Report #10-01 (2009 Activity)

Purpose

A confidential telephone message system available to employees and the general public to report suspected fraud, waste and abuse.

Thomas Slonaker, Controller
John A. Falk, Deputy Controller

County of Lehigh Office of the Controller

General Office 610-782-3082

Contact Information



Name	Title	Phone	E-mail
Thomas Slonaker	Controller	610-782-3178	thomasslonaker@lehighcounty.org
John Falk	Deputy Controller	610-782-3083	johnfalk@lehighcounty.org
Cindy Achey	Clerical Specialist	610-782-3082	cindyachey@lehighcounty.org
David Joseph	Senior Auditor	610-782-3914	davidjoseph@lehighcounty.org
Thomas Schweyer	Senior Auditor	610-782-3912	thomasschweyer@lehighcounty.org
Robert Fenstermaker	Auditor	610-782-3913	robertfenstermaker@lehighcounty.org
Anthony Rapp	Auditor	610-782-3438	anthonyrapp@lehighcounty.org
Stephen Berndt	Auditor	610-782-3915	stephenberndt@lehighcounty.org

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.