

# LUZERNE COUNTY CONTROLLER ANNUAL REPORT

March 28, 2023



County of Luzerne  
Established 1786  
Walter L. Griffith Jr.  
County Controller

# “ A Voice for the People”

**I AM HONORED TO REPRESENT  
THE PEOPLE OF LUZERNE COUNTY  
AS THEIR COUNTY CONTROLLER**

**THE OFFICE OF COUNTY CONTROLLER IS A CRITICAL POSITION IN OUR HOME RULE GOVERNMENT. THE CONTROLLERS OFFICE WORKS TOGETHER WITH THE LEGISLATIVE AND EXECUTIVE BRANCHES OF GOVERNMENT TO PROMOTE OPEN AND TRANSPARENT GOVERNMENT FOR THE PEOPLE OF LUZERNE COUNTY**

The following report details the number of audits that were successfully completed in 2022 by our dedicated and knowledgeable staff. We will continue to maintain this high standard for 2023. The Controller’s Office ensures fiscal responsibility throughout the year and is available to assist County officials in providing excellent services to the public.

# Controller's Office Staff

- Thomas J. Sokola, Deputy Controller
- Nancy DeFluri, Auditor II
- Lisa Cope, Internal Auditor
- Melissa Jones, Internal Auditor

# Powers and Duties of the Controller

- The County Controller shall serve as an independent watchdog over County fiscal and management activities, shall monitor and examine the County government and its operations, and shall have the authority to conduct fiscal, performance, management, contract, grant, compliance, and/or related audits of any County division, department, bureau, office, agency, authority, board, commission, elective office, the Judiciary, Office of Court Administration, or other administrative unit. Such audits shall be conducted in accordance with recognized government auditing standards.

# Responsibilities of the Controller

- Independent office that oversees county fiscal and management activities
- Monitors and examines County government and its operations
- Maintains the authority to conduct fiscal, performance, management, contract, grant, compliance, and/or related audits

# Unrestricted Access to Information

- All County divisions, departments, bureaus, offices, agencies, authorities, boards, commissions, and other administrative units, the offices of all elective County officials, the Judiciary, and Office of Court Administration as well as all employees of the County, all members and employees of all County authorities, boards, and commissions, all elective County officials and all employees of their offices, and all employees of the Judiciary and Office of Court Administration shall furnish the Controller, upon reasonable notice, **with unrestricted access** not otherwise limited by applicable law to any employees, information, files, and records in their custody pertaining to their powers, duties, programs, service, activities, functions, policies, operations, organization, property, financial transactions, contracts, and methods of business so the Controller may conduct an audit or otherwise perform his/her duties
- To this end, the Controller may compel the attendance of witnesses and the production of documents and other evidence deemed necessary to such studies, audits, and investigations and, for those purposes, may administer oaths and issue subpoenas to be served as provided by law. In addition, the Controller shall have access to and may inspect all County property, equipment, and facilities

# County Controller 2023 Annual Report Luzerne County Home Rule Charter

- Section 3.08 – Present an annual report to Council and people of Luzerne County during the first quarter of the calendar year
- The annual report highlights the operations and finances of the previous calendar year and identifies prior year audits, major findings, corrective actions taken by appropriate parties, and significant issues not fully addressed
- Submit a schedule of proposed audits covering a minimum of one year and a maximum of five years to County Council and the County Manager at the beginning of each fiscal year for their review and comment. The schedule shall include the reasons for all audits and the plans for conducting them. This schedule may be changed by the Controller after review by County Council and the County Manager, and the Controller shall have final authority to select the audits to conduct



# TEAMWORK with County Council and Manager for Luzerne County Government

## County Controller

### Responsibilities

- Identify policy and procedure issues as part of the audit process
- Make suggestions to the County Manager and County Council regarding those findings.
- The County Controller has not been provided any power, in the Home Rule Charter, to require that our findings be addressed, or corrected, by the County Manager, we are the "Voice for the People" and need the cooperation and teamwork of County Council and County Manager.

## County Council

### Responsibilities

- Read audits that are submitted to County Council
- Provide adequate funding for the performance of the County Controllers Office.
- Provide the County Controller the opportunity to address County Council with immediate concerns that directly affect the budget.
- Draft legislation that will make Luzerne County Government more efficient and accountable to the citizens they represent.
- Require the Controller to present audits at County Council Work Sessions.

## County Manager

### Responsibilities

- The County Manager works together with County Council and Controller to address audit findings.
- County Manager is responsible to provide information timely to the Controller and County Council regarding the progress of corrective action on the audit findings.
- Keep County Council and Controller informed regarding budget transfers and budget changes.



# Controller Budget Comparison

2022 Budgeted Expenditures	2022 Actual Expenditures
\$ 278,437.00	\$ 224,436.89
<b>TOTAL COUNTY TAXPAYERS' SAVINGS:</b> <b>\$ 54,000.11</b>	

Account	Account Description	2022 Council Approved Budget	2022 Budget Amendment	2022 Amended Budget	2022 Expenditures	2023 Council Approved Budget	Over/Under Budget
510.10	Wages Elected Officials	\$ 64,999.00	\$ -	\$ 64,999.00	\$ 64,998.96	\$ 64,999.00	\$ 0.04
510.15	Wages Non-Represented	\$ 136,467.00	\$(9,550.00)	\$ 126,917.00	\$ 86,853.63	\$ 136,467.00	\$ 40,063.37
510.20	Wages Represented	\$ 40,096.00	\$ -	\$ 40,096.00	\$ 41,338.70	\$ 39,310.00	\$ (1,242.70)
510.16	Wages- Merit Increase	\$ 3,665.00	\$ -	\$ 3,665.00	\$ 2,484.98	\$ 2,672.00	\$ 1,180.02
520.10	Payroll Taxes Social Security - FICA	\$ 14,973.00	\$ -	\$ 14,973.00	\$ 11,515.93	\$ 14,925.00	\$ 3,457.07
520.15	Payroll Taxes Medicare	\$ 3,502.00	\$ -	\$ 3,502.00	\$ 2,693.23	\$ 3,490.00	\$ 808.77
520.20	Payroll Taxes Unemployment	\$ 1,200.00	\$ -	\$ 1,200.00	\$ 1,451.77	\$ 1,600.00	\$ (251.77)
530.10	Benefits Health Care Opt Out	\$ 1,500.00	\$ -	\$ 1,500.00	\$ 1,000.00	\$ 1,500.00	\$ 500.00
530.40	Benefits Life Insurance	\$ 800.00	\$ -	\$ 800.00	\$ -	\$ 800.00	\$ 800.00
540.14	Office Supplies	\$ 850.00	\$ -	\$ 850.00	\$ 909.80	\$ 850.00	\$ (59.80)
550.19	Special Legal Services	\$ 1,000.00	\$ 3,000.00	\$ 4,000.00	\$ 2,350.00	\$ 1,000.00	\$ 1,650.00
550.27	Travel Expense	\$ 4,400.00	\$ -	\$ 4,400.00	\$ 974.31	\$ 4,870.00	\$ 3,425.69
550.29	Mileage Reimbursement	\$ 800.00	\$ -	\$ 800.00	\$ 146.59	\$ 800.00	\$ 653.41
550.30	Advertising	\$ 130.00	\$ -	\$ 130.00	\$ 48.40	\$ 150.00	\$ 81.60
550.32	Printing	\$ 100.00	\$ -	\$ 100.00	\$ -	\$ 100.00	\$ 100.00
550.47	Repairs / Maintenance - Machinery &	\$ 250.00	\$ 6,500.00	\$ 6,750.00	\$ 5,859.89	\$ 250.00	\$ 890.11
560.23	Background Check	\$ 80.00	\$ 50.00	\$ 130.00	\$ 118.70	\$ 80.00	\$ 11.30
560.60	Dues / Memberships	\$ 750.00	\$ -	\$ 750.00	\$ 750.00	\$ 750.00	\$ -
560.64	Meeting / Conference/ Training Fees	\$ 2,875.00	\$ -	\$ 2,875.00	\$ 942.00	\$ 1,610.00	\$ 1,933.00
<b>Expense Totals</b>		<b>\$ 278,437.00</b>	<b>\$ -</b>	<b>\$ 278,437.00</b>	<b>\$ 224,436.89</b>	<b>\$ 276,223.00</b>	<b>\$ 54,000.11</b>

Controllers Office controlled spending in 2022 and modernized the office with New Notebook Computers and Computer Monitors and was under Budget by \$54,000.11

There was overspending in the Special Legal Fees due to a uncooperative Former County Manager that required an Outside Legal Counsel for the Controllers Office.

# 2022 Audit Proposal Review and Status

- Compliance Audit of Tax Collectors (Completed with findings)
- Bureau of Elections (Filing fees and Campaign Finance Reports) (Not Started due to personnel)
- Computer & Technology Inventory In Process
- \$5 Local Use Fee Reimbursement (Controller was refused Information to perform Audit)  
which violates the Home Rule Charter Section 3: 08 B
- Real Estate Tax Collector financial reports ( Performed audits of 11 Tax Collectors )
- Magisterial District Judges ( Started in 2023 )
- Contract and Purchasing Procedures ( Completed in November for Vending Machine Contract)
- Prison Commissary Fund ( Completed in November with findings )

<b>2022 Additional Controller Audits</b>			
<b>Audit Performed</b>	<b>Findings</b>	<b>Suggested Corrective Action for Administration</b>	<b>Important Legislative Action by County Council</b>
<b>2021 Tax Collector Compliance Audit</b>	Lack of records by municipality and County regarding compliance with PA real Estate Tax Collector Laws	It is the recommendation that the Municipality and County Administration maintain and update tax collector information files regularly or when there are any changes in the Tax Collector status in their municipality.	Legislation requiring the Tax Collectors to submit copies of all supporting documents to the Tax Collection Processors Office no later than 30 days after their appointment or election to the Office of Tax Collector
<b>2020 Sheriff Uniform Allowance Audit</b>	Sheriff Statement of Policy for Uniform Fund purchases was very comprehensive but needs a few updates to maintain an Accountable Plan	Sheriff's Office has a policy and procedure for issuing payments to Vendors for Uniform purchases by his department. There is no action needed by the Administration	
<b>Tax Collectors Audits from 11 Municipalities</b>	Controllers Office performed audits of Tax Collectors and determined there is a need for training in the use of the RBA Tax Collection Software and also guidance on better bookkeeping procedures. The Tax Collectors do a fabulous job for the County in the collection of Real Estate taxes and they return more than 98 % of our available taxes every year.	The past audits identified the need for sufficient training in the RBA System and the County needs to provide training to improve accounting standards for Tax Collectors.	The Controllers Office will be working with the Luzerne County Manager and Tax Collectors Association to provide the needed training for all newly elected tax collectors moving forward.
<b>2021 Luzerne County Corrections Commissary and Inmate Fund Account Audit</b>	There were findings regarding the excessive amounts of revenue that is allowed to accumulate in the Inmate Welfare Account which should be placed in a High Interest Bearing account	The Controllers Office recommends that funds over \$100,000.00 be placed in a PLIGIT or High Interest Bearing Account as well as a policy and procedure be implemented that designates the use of these funds.	County Manager and County Council should provide for a Prison Oversight Committee to regulate and approve the spending of any funds from the Inmate Welfare Account as there currently is no oversight or Internal Controls over the spending of these funds.
<b>Luzerne County Convention Visitor Lease</b>	Lease agreement was changed without County Council Approval		County Council must insist that the County Manager follow the Home Rule Charter regarding lease agreement approval
<b>2020 to 2021 Luzerne County Corrections Uniform Allowance for Corrections Officers</b>	The ability to provide three specific vendors with a payment for uniforms prior to the purchase of the Uniforms is not a responsible financial practice and allows for Vendors to retain taxpayers funds without providing uniforms. In addition this is a violation of IRS Guidelines regarding Uniform Allowance payments being a Taxable Fringe Benefit which exposes Luzerne County to Fines and Penalties by the IRS	The Controllers Office recommended that this practice stop immediately due to the lack of accountability and financial loss of taxpayer funding of over \$30,000.00. This practice has been allowed to continue by administration. The recommended procedure should be to place the Uniform Allowance Funding in the employee paycheck and allow them to purchase their Uniforms, which has better accountability.	County Council needs to be certain when they appropriate funding for the Corrections Division budget for the Uniform Allowance that the funding is placed in the correct Cost Center to eliminate this practice by the administration.

# 2022 Additional Audits (Continued)

Audit Performed	Findings	Suggested Corrective Action for Administration	Important Legislative Action by County Council
<p>2022 Budget Transfer on September 25, 2022 of \$29,000.00 for Overtime Payment in Luzerne County Coroners Office for Compensatory Time and County Personnel Policy regarding this procedure</p>	<p>Proper procedure was not followed regarding the recordkeeping and payment of Compensatory Time or Overtime according to the Luzerne County Personnel Policy and lack of proper management oversight and usage of the Kronos Time Keeping System.</p>	<p>Human Resources Department under the direction of Administrative Services needs to review and revise the County Personnel Policy to require the use of the Kronos Timekeeping system as well as provide sufficient training to Managers in accounting of employees payroll.</p>	<p>County Council should revise the County Administrative Code and Personnel Code to reflect the requirement for all employees to utilize a Payroll timekeeping system approved by the Administration.</p>

Corrective Action was implemented by the Acting County Manager and Judicial Services Division Head to eliminate the excessive amounts of overtime that prompted the audit, but corrective measures are recommended to the Personnel Policy and Human Resources regarding the use of our Kronos system to be able to accurately account for employees payroll.

# 2022 Highlighted Audit Findings

1. **11 Tax Collector Audits** shows a need for sufficient training, for all new Tax Collectors and a refresher course for all current Tax Collectors in RBA E Collection software as was noted in the previous Controllers Reports. Tax Collectors are responsible to collect over 125 million dollars for the County and we need to provide proper training in the accounting and recordkeeping of our Tax Collectors.
2. Kronos Time Clock System is not being utilized effectively or accurately by county employees resulting in inaccurate accrual time and possible wage payment inaccuracies.
3. Correctional Officers Uniform payments are being issued incorrectly to the Vendor's and are not being monitored effectively, resulting in employees not being provided accurate funds for Uniform purchases according to their union contract. This resulted in an over \$35,000.00 loss in funds according to the audit performed for 2020 and 2021.
4. The County should be using the New World Accounting System to monitor contracts and expiration dates which would reduce costs for third party software systems.
5. County Council should change the Administrative Code to address Journal Entries by the administration. County Council and Controller should be advised of Journal entries over \$10,000.00, as a check and balance on the Administration and the County Budget.

# 2023 Proposed Audits

- Human Services Agency Contract Audit (Compliance and Performance)
- Bureau of Elections (Filing fees and Campaign Finance Reports and 2022 Election Integrity Grant) (Policy and Compliance) .
- Computer & Technology Inventory and Policy and Procedure for Contracts
- Magisterial District Judges (Financial Audit and Compliance)
- Sheriffs Office Revenue Audit, i.e PFA Fund and Gun Permits  
(Financial and Policy and Procedure Compliance)
- Office of Judicial Records Revenue Audit.  
(Financial and Policy and Procedure Compliance)
- Human Resources Audit of Kronos System and Payroll. (Compliance)
- Real Estate Tax Collectors (Financial Audits) Interest Bearing Accounts

# Audit Monitoring Parameters

- Fraud
- Human Error
- Separation of Duties
- Inefficiencies in Operations
- Inadequate Checks and Balances
- Non-Compliance with Rules and Regulations
- Contract and Program Compliance



# Other Duties and Responsibilities

- Ace Commission Board (Accountability, Conduct, and Ethics)
- Constable Advisory Board (for the 11th Judicial District)
- Luzerne County Bid and RFP Openings
  - Conducted by the Office of Purchasing
  - Available to view opening bids and monitor tabulation
- Wilkes-Barre/Scranton International Airport
  - Bid openings (alternate with Lackawanna County)
  - Attend monthly board meetings

# County Watchdog Challenges

- The primary goal of the Office of Controller is to be an effective watchdog for the residents of Luzerne County; this goal is challenged by the following:
  - **Lack of authority to require audit findings and recommendations be implemented by the Administration.**



# CESIL Hotline

- Confidential reporting system used to report suspected fraud, waste and abuse
- Reporting system is open to employees and the general public
- Submissions are received via phone or email

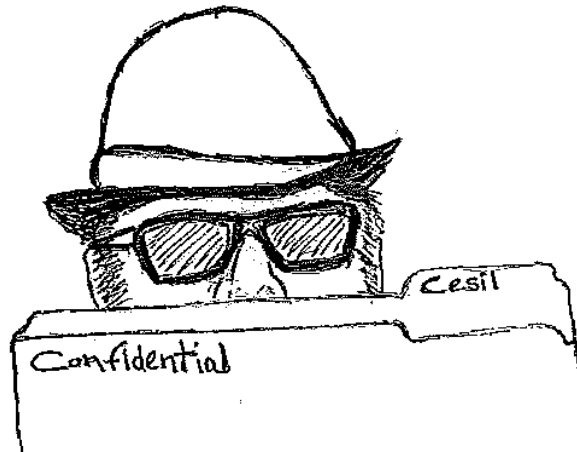
Citizens and

Employees

Suggestion and

Idea

Line



Hotline: (570) 830-5154

Email: [CESIL@luzernecounty.org](mailto:CESIL@luzernecounty.org)

This information also can be found on the Luzerne County Controller's webpage.

Thank You

QUESTIONS

??????