

Luzerne County Controllers Quarterly Report



February 12th 2013



COUNTY *of* LUZERNE
ESTABLISHED 1786
WALTER L. GRIFFITH, JR.
OFFICE OF THE CONTROLLER

Section 3.08

Duties of the County Controller

- Prepare an annual report to the people of Luzerne County and present it in person at a County Council meeting during the first quarter of each calendar year. This report shall highlight the operations and finances of the Controller's office during the prior year and identify audits completed, major findings, corrective actions taken by appropriate parties, and significant issues not fully addressed.

- The Controllers Office shall:
Follow up on audit recommendations, to
the extent practical, in order to determine
if corrective action has been taken. The
Controller may request periodic status
reports from the audited entity regarding
actions taken to address reported
deficiencies and audit recommendations.

Controllers Office Staff



A. 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 in order to independently and objectively determine:

Controllers Office Staff

- Marty Moughan, 36 year employee, Magistrate Auditor
- Pattie Llewellyn, 8 year employee, Senior Auditor.
- Evelyn Rowles, Lead Auditor

Controller's Office Financial Analysis

Expenditure	2012 Budget	Total 2012 Expenditures	2013 Budget
1130 ELECTED OFFICIALS SALARIES	\$ 36,562.00	\$ 36,561.98	\$ 36,562.00
1305 MANAGEMENT SALARIES	\$ 74,000.00	\$ 71,696.50	\$ 122,618.00
1310 CLERICAL AND OTHERS	\$ 40,137.00	\$ 47,298.35	\$ 41,342.00
1315 PER DIEM	\$ -	\$ -	\$ -
1530 OVERTIME	\$ -	\$ 271.87	\$ -
1545 LONGEVITY	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
1710 HEALTH INSURANCE	\$ 40,000.00	\$ 39,999.96	\$ 57,500.00
1780 LIFE INSURANCE	\$ 460.00	\$ 459.96	\$ 575.00
1790 PENSION/RETIREMENT	\$ 32,225.00	\$ 32,225.00	\$ 25,667.00
1810 SOCIAL SECURITY - FICA	\$ 9,310.00	\$ 9,406.88	\$ 12,433.00
1820 MEDICARE	\$ 2,190.00	\$ 2,200.10	\$ 2,908.00
1830 UNEMPLOYMENT COMP.	\$ 1,828.00	\$ 2,325.31	\$ 1,828.00
2210 SUPPLIES	\$ 4,000.00	\$ 1,223.61	\$ 1,340.00
2510 VEHICLE FUEL - GAS	\$ 300.00	\$ -	\$ 250.00
2610 SMALL TOOLS & MINOR EQUIP.	\$ 2,000.00	\$ 64.00	\$ 2,000.00
3120 MANAGEMENT/CONSULTING SVCS.	\$ 50,000.00	\$ 17,272.50	\$ 30,000.00
3140 SPECIAL LEGAL SVCS.	\$ 11,133.00	\$ 4,438.50	\$ -
3210 TELEPHONE	\$ -	\$ -	\$ 200.00
3250 POSTAGE	\$ 2,000.00	\$ 94.02	\$ 500.00
3251 FREIGHT & EXPRESS CHARGES	\$ -	\$ -	\$ -
3310 TRAVEL EXPENSE	\$ 1,800.00	\$ 868.17	\$ 2,000.00
3370 MILEAGE REIMBURSEMENT	\$ 1,200.00	\$ 830.53	\$ 1,500.00
3410 ADVERTISING	\$ 1,000.00	\$ 202.39	\$ 300.00
3420 PRINTING	\$ 250.00	\$ -	\$ 500.00
3523 INSURANCE - AUTO	\$ 305.00	\$ 304.30	\$ 335.00
3530 SURETY & FIDELITY	\$ -	\$ -	\$ 500.00
3540 WORKERS COMPENSATION	\$ -	\$ -	\$ -
3740 REPAIRS/MAINTENANCE - M & E	\$ 500.00	\$ 192.50	\$ 500.00
3750 REPAIRS/MAINTENANCE - MISC.	\$ 300.00	\$ -	\$ 300.00
4210 DUES/MEMBERSHIPS	\$ 800.00	\$ 600.00	\$ 600.00
4211 SUBSCRIPTIONS	\$ 300.00	\$ 205.00	\$ 300.00
4610 MEETINGS/CONF/TRAINING FEES	\$ 2,000.00	\$ 1,224.04	\$ 2,000.00
4806 PENALTIES & FEES	\$ -	\$ -	\$ -
7410 MACHINERY & EQUIP > \$5000	\$ 4,000.00	\$ 1,500.32	\$ 4,000.00
TOTAL : GENERAL FUND	\$ 319,600.00	\$ 272,465.79	\$ 349,558.00

The Controllers Office Financial Synopsis

- Controllers Office was successful in limiting spending in 2012 resulting in a savings to the County of \$47,134.21
- Contracted for external audits of various departments \$17,272.50.
- Expended \$2,092.21 for required training and education of staff, for CPE accreditation toward compliance of Generally Accepted Accounting Principles (GAAP).
- Contracted for Outside Legal Counsel for the Controller's Office regarding legal matters \$4,438.50.
- Contacted PA Treasurers Office to process Unclaimed Property for the County in the amount of \$ 28,080.92

2013 Staffing and Budget Concerns

- Staffing Levels of the Controllers Office are not sufficient to meet the requirements of the mandated duties of the County Home Rule Charter.
- Controllers Office staff are in need of CPE Credits and the amount budgeted in 2013 does not provide sufficient funding by the County Manager.
- Controllers Office has not been allocated funding to provide independent legal opinions or the ability to fund a legal challenge for additional funding and staffing of the Controllers Office.

2012 Audit Synopsis

- Controllers Office performed 10 Audits of various Departments, Commissions, and Expenditures.
- There were 16 of the 17 District Magistrate Offices audited in 2012.
The Controllers Office also contracted for the following:
- The Tax Collection Office and Tax Assessors Office were audited by an independent auditing firm.
- The 2011 Luzerne County Uniform Fund for the Sheriff, Corrections and Security Department were audited for IRS Compliance.
- The 2011 Luzerne County Prison Commissary Fund was audited by an Independent Auditing Firm.

2012 Audits Completed

Period Reviewed	Description	Source	Status
2011	Tax Collection & Assessor	External Auditor	Complete
2006 - 2012	Diversity Task Force/Comm	In-House	Complete
Jan – June 2012	Sheriff Gun Permits	In-House	Complete
2011	LCCF Commissary Fund	External Auditor	Complete
2011	Luzerne Cty Transition Comm	In-House	Complete
2011	Sheriff PFA Weapons	In-House	Complete
Various	Special Legal Fees (Forensic Audit)	In-House	Complete
2010 - 2011	Convention & Visitors' Bureau	In-House	Complete
2011	DA Equitable Sharing	In-House	Complete
2011 - 2012	DA Drug Forfeiture (Conf)	In-House	Complete
2011	16 of 17 Magistrates	In-House	Complete
2011	Uniform Allowance	External Auditor	Complete
2012	County Cell Phone	In-House	Complete

2013 Audit Schedule

Audit Period	Description	Time Allocation	Reason for Audit
Jan to Dec 2012	Employee Health Care Program	8 to 14 weeks	Policy and Procedure Internal Controls
Jan to Dec 2012	DA Federal Equity Share Fund	2 Weeks	Mandated by Federal Requirements
Jan to Dec 2012	DA Bad Check Restitution Fund	4 Weeks	Review of Policy and Procedure and financial review.
Jan to Dec 2012	Purchasing Department	14 Weeks	Policy and Procedure Internal Controls
Jan to Dec 2012	Sheriff Weapons and PFA Weapons Inventory	4 Weeks	County Property Inventory and PFA Weapons due to being moved from Annex to Courthouse
Jan to Dec 2012	Department Fuel Usage Audit	10 Weeks	Policy and Procedure Internal Control Billing Accounting

2013 Audit Schedule (Con't)

- Review Audits from 2012 to verify corrective action has been implemented by the County Manager.
- Staff will be very busy with the new accounting system implementation.
- Continue to provide required education for staff to receive the required CPE Credits.
- Audit of Operations of the Prison to ensure compliance to the State Corrections Department mandated policy and procedures.

Concerns for the Controllers Office

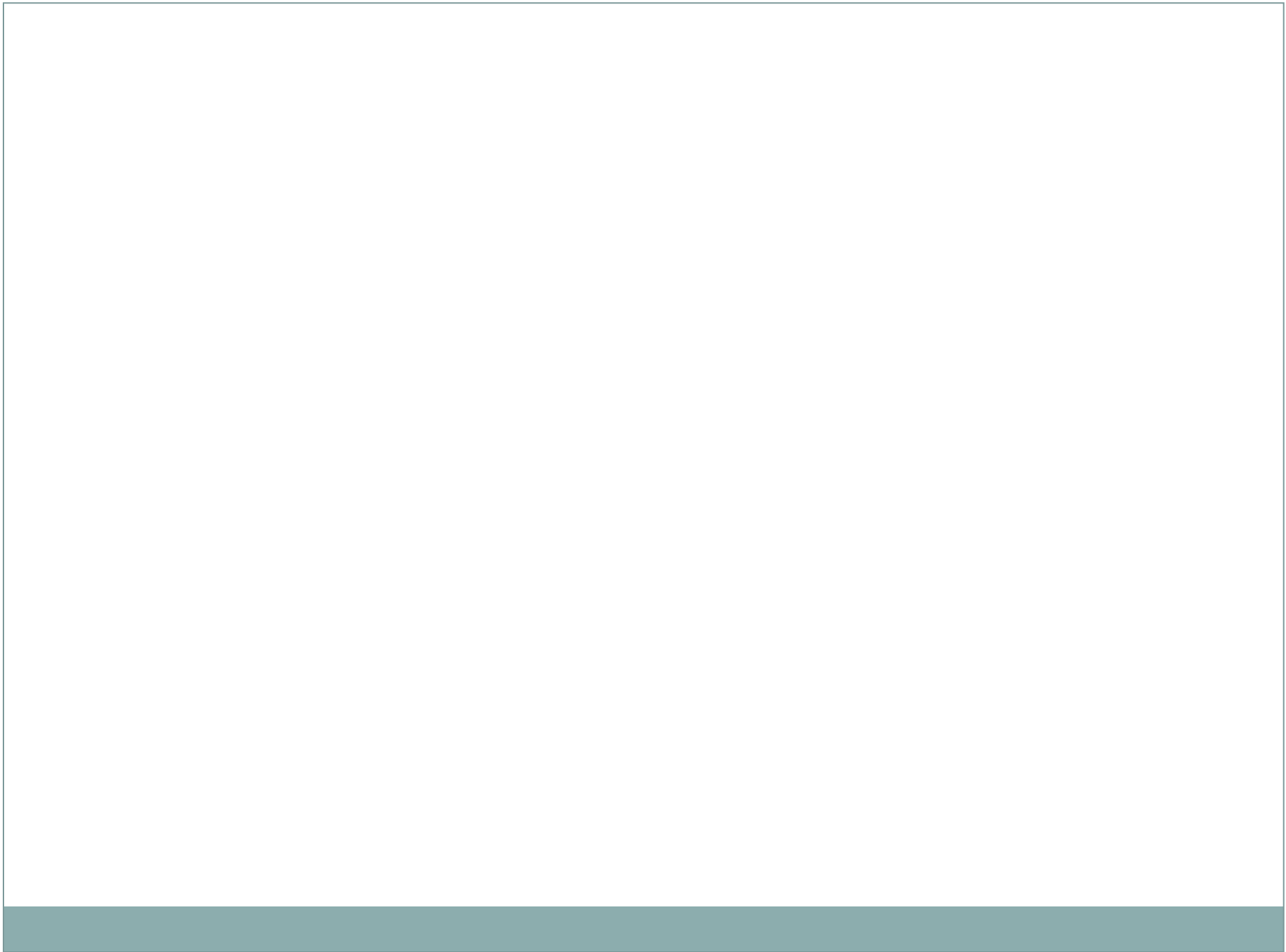
- Lack of power to require County Manager to respond to the Findings and Recommendations, Administrative Code needs to be revised to place timelines on the Administration to respond timely to Controllers Office Audits.
- Lack of Parking Garage Gate to provide much needed revenue to the County which generated \$88,100.00 in 7 years or \$12,500.00 per year.
- Recent report to have a \$ 1.00 per day rate is severely inadequate compared to daily rate of a Meter parking system in the City of Wilkes Barre at \$10.00 per day.
- Cell Phone usage by County Employees that do not comply to the County Policy.
- County Vehicle usage by county employees for private use to be compliant with IRS guidelines.
- The Bid process should be better regulated and have more oversight.
- The Diversity Commission funding that is currently not being used for the intended purpose.
- County Uniform Allowance Policy that does not comply to the IRS Accountable Plan.

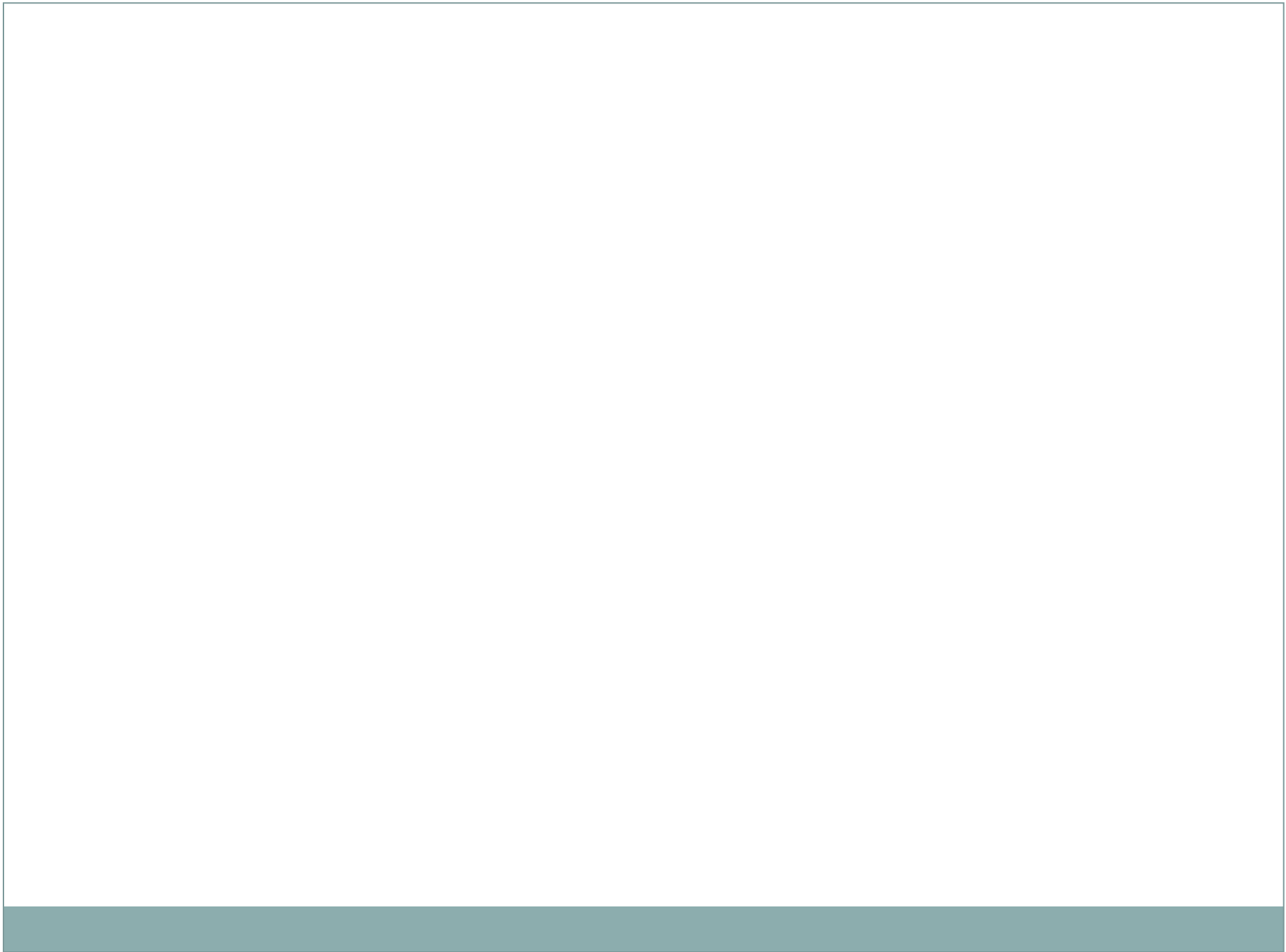
Watchdog of the County

- The ability of the County Controllers Office to be an effective Watchdog of County Government is severely limited due to staffing levels. The County Controller wishes to thank the County Council for approving the funding for a Deputy Controller. The importance of the Office of Controller to be an effective watchdog for the residents of Luzerne County is our primary concern and ultimate goal.



Questions from County Council





Department Audited	Recommendations & Comments Synopsis
<p style="text-align: center;"> Luzerne County Diversity Commission 2006 -2011 </p>	<ul style="list-style-type: none"> • The Commission should develop by-laws, rules of order and other policies, as necessary. The documents should be made public and adopted at a public meeting. • The remaining funding that is at the Luzerne Foundation should be returned to the County and redistributed.
<p style="text-align: center;"> Luzerne County Convention & Visitors Bureau Jan 2011 to Dec 2011 </p>	<ul style="list-style-type: none"> • The County should move the Bureau to a County owned facility to save expense. • The ability to pay an additional \$3500.00 for processing the expenses to an County Accounts Payable employee be immediately eliminated. • The Convention Bureau needs to have better control over employee reimbursements for travel expenses. • Segregation of Duties were compromised with regard to processing membership dues in the Bureau.

<p style="text-align: center;">Department Audited Department Audited</p>	<p style="text-align: center;">Recommendations & Comments Synopsis</p>
<p style="text-align: center;">Luzerne County Tax Collection Jan 2011 to Dec 2011</p>	<ul style="list-style-type: none"> • Tax Collectors require a written policy and procedure from the County in order to make collection of County Taxes more consistent regarding Collection and Reconciliation of collection of County taxes.
<p style="text-align: center;">Luzerne County Tax Assessment Jan 2011 to Dec 2011</p>	<ul style="list-style-type: none"> • Lack of Written Policy and Procedures regarding PIN Certifications. • Lack of written Policy and Procedures regarding Abatements and Additions. • Lack of oversight on staff regarding the Assessment value changes. • Lack of adequate documentation regarding Mileage Reimbursements for the Field Assessors.

**Department
Audited Department
Audited**

**Recommendations
&
Comments Synopsis**

Sheriff's Office Gun Permits
Jan 1, 2012 to Jun 30, 2012

- Need to change hours of operation
- There is a designated fee for renewals that should be allocated to a special account to offset expenses associated with this process.
- Need to be more accurate in visually scanning applications for accuracy.
- Segregation of Duties needs to be addressed regarding the collection and deposit of funds.

Sheriff's Office PFA Weapons Division
Jan 1, 2011 to Dec 31, 2011

- Need to ensure all weapons are logged & returned to owners timely
- Need to ensure authorized access and storage.
- Lack of Policy and Procedure in record keeping and inventory tracking of PFA Weapons.
- Confiscated weapons should be properly stored to prevent damage and County liability.

**Department
Audited Department
Audited**

**Recommendations
&
Comments Synopsis**

**Luzerne County Correctional Facility
Commissary
Jan 1, 2011 to Dec 31, 2011**

- Luzerne County Correctional Facility needs to reconcile funds monthly.
- Need to calculate correctly reimbursements to Canteen Fund.
- Need to develop Formal Policies & Procedures for the collecting and dispersing of Commissary Funds.
- Lack of monthly review of reports
- Segregation of Duties regarding the signing of checks. Checks should have two signatures to insure proper internal controls.

**Department
Audited Department
Audited**

**Recommendations
&
Comments Synopsis**

**Special Legal Fees Audit
Various- 2012**

- Lack of accurate billing documentation and miscalculations on bills.
- Large preparation charges to do bills
- County Manager needs to investigate

**Luzerne County Transition Committee
Jan 1, 2011 to Dec 31, 2011**

- Committee needs to ensure that expenses are approved at Public Meeting
- Committee needs to document Consultant fees.
- Committee needs to complete the final report under Appendix A/B

**Department
Audited Department
Audited**

**Recommendations
&
Comments Synopsis**

District Attorney Federal Equitable
Sharing Funds
Jan 1, 2011 to Dec 31, 2011

- Lack of oversight of bank reconciliation- DA needs to review and sign.
- DA's Office needs to review all incoming revenues, void outstanding checks after 90 days, and open an interest bearing checking account.
- Per Home Rule Charter Section 12:07(B) Expenditure Checking accounts need to be tracked on County Accounting System.

**Department
Audited Department
Audited**

**Recommendations
&
Comments Synopsis**

16 of 17 Magistrates
Mar 1, 2012 to Dec 28, 2012

•No Material Findings

Uniforms Expense for Luzerne County
Correctional Facility, Sheriff's Office and
Security Department
Ended Dec 31, 2011

- In all three Departments articles of clothing were purchased that were not in compliance with 62(a)(2)(A)- expenses must be for business only, account for receipts in reasonable period of time and excess refunded within 120 days.
- In all three departments articles of clothing were purchased that were not in compliance with IRS Regs. Section 1.62- must be worn as a condition of employment, are not suitable for every day wear.
- All three departments should ensure they purchase only approved items.

**Department
Audited Department
Audited**

**Recommendations
&
Comments Synopsis**

**Luzerne County Cell Phone Analysis
Jan 19, 2012 to Aug 18, 2012**

- All employees not using cell phones should return them to County Manager.
- County Manager should review the cell phone plans- to determine if they have enough voice minutes, available text messages, transfer of pictures, night and weekend minutes and if they were used for business purposes.
- County Manager needs to ensure they are in compliance with the County's personnel policy for cell phones.
- County Manager should ensure proper documentation is kept on all air cards.
- County Manager should do a cost benefit analysis to determine the most economical plan.