



LUZERNE COUNTY CONTROLLER'S ANNUAL REPORT MARCH 24, 2015



County of Luzerne
Established 1786

Michelle Bednar
County Controller

County Controller's Annual Report

Duties of the Controller - Section 3.08

- Prepare and present an annual report to the people of Luzerne County at a Council meeting
- Highlight the operations and finances of the Controller's office during the prior year
- Identify audits completed, major findings, corrective actions taken by appropriate parties, and significant issues not fully addressed

Powers and Duties of the Controller

3

The County Controller shall:

- Serve as an independent watchdog over County fiscal and management activities
- Monitor and examine the County government and its operations
- Have the authority to conduct fiscal, performance, management, contract, grant, compliance, and/or related audits

Controller's Office Staff

4



- Aaron Hojnowski, BSBA, MSF - *Deputy Controller*
- Wendy Saxe, AS, BS, MBA, EA - *Senior Auditor*
- Marty Moughan, ASB, 39 yrs. experience- *Magistrate Auditor*
- Nancy DeFluri, 20+ yrs. experience - *Internal Auditor*
- Flo Miller, *Support Staff (grant funded by Area Agency on Aging)*

Controller's Office Finances

5

2014

2014

2015

<u>Account</u>	<u>Account Description</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Budget</u>
510.10	Wages Elected Officials	64,999.00	64,998.00	64,999.00
510.15	Wages Non-Represented	125,000.00	118,652.94	125,000.00
510.20	Wages Represented	41,342.00	41,342.28	41,342.00
510.50	Wages Longevity	1,000.00	1,000.00	1,000.00
520.10	Payroll Taxes Social Security - FICA	14,498.00	13,910.69	14,592.00
520.15	Payroll Taxes Medicare	3,391.00	3,253.29	3,414.00
520.20	Payroll Taxes Unemployment	2,400.00	2,759.86	2,400.00
530.10	Benefits Health Care Opt Out	1,500.00	2,625.00	3,000.00
530.30	Benefits Health Insurance	53,220.00	53,220.00	35,526.00
530.40	Benefits Life Insurance	575.00	.00	700.00
530.45	Benefits Retirement	34,273.00	34,273.00	36,438.00
540.14	Office Supplies	1,462.50	493.19	1,450.00
540.16	Material & Supply Requisition	.00	16.49	.00
540.70	Small Tools and Minor Equipment	500.00	77.97	500.00
540.73	Postage	100.00	47.91	350.00
550.17	Management / Consulting Services	29,460.00	.00	4,750.00
550.19	Special Legal Services	2,500.00	.00	2,500.00
550.22	Telephone	200.00	.00	200.00
550.27	Travel Expense	2,000.00	2,145.20	3,850.00
550.29	Mileage Reimbursement	950.00	117.60	1,250.00
550.30	Advertising	200.00	92.46	200.00
550.32	Printing	200.00	212.00	200.00
550.47	Repairs / Maintenance - Machinery & Equipment	500.00	385.00	500.00
550.48	Repairs / Maintenance - Misc	300.00	.00	.00
560.23	Background Check	100.00	.00	80.00
560.60	Dues / Memberships	600.00	600.00	600.00
560.61	Subscriptions	100.00	.00	100.00
560.64	Meeting / Conference/ Training Fees	3,590.00	3,581.31	5,500.00
599.46	Machinery and Equipment > \$5000.00	5,100.00	4,422.19	5,100.00
EXPENSE TOTALS		\$390,060.50	\$348,226.38	\$355,541.00

2015 Audits

6

<u>Description</u>	<u>Goals</u>
Veterans Affairs Real Estate Tax Exemption <i>(Completed)</i>	<ul style="list-style-type: none">▪ Honorably discharged PA Veterans (or qualifying widow(er)) with financial needs may be exempt from paying real estate taxes▪ Canvassed 450 records; The information allowed the Veterans Affairs Department to isolate cases that no longer qualify but are still receiving the exemption
Magisterial District 11-1-01—2014 <i>(Judge Cronauer)</i> <i>(Completed)</i>	<ul style="list-style-type: none">▪ No findings
Homestead/Farmstead Property Tax Exemption <i>(In Process)</i>	<ul style="list-style-type: none">▪ Identify properties which were incorrectly identified as eligible▪ Determine the total dollar amount of exclusion granted to each▪ Identify all property owners affected
Children and Youth Services & Budget and Finance Dept. <i>(In Process)</i>	<ul style="list-style-type: none">▪ Determine amount owed to/from the County to/from CYS

2015 Audits

7

<u>Description</u>	<u>Goals</u>
County Vehicles <i>(In Process)</i>	<ul style="list-style-type: none">▪ Identify vehicle inventory and verify insurance
Bail Forfeiture <i>(In Process)</i>	<ul style="list-style-type: none">▪ Identify amounts of bail forfeitures and verify proper handling of monies
Luzerne County Tax Collection—2014 <i>(In Process)</i>	<ul style="list-style-type: none">▪ Reconcile each municipality▪ Identify any exceptions and notify the tax collection department for exception resolution

2015 Proposed Audits

8

<u>Description</u>	<u>Goals</u>
Dental Insurance	
Kronos and Employee Separation Payout	<ul style="list-style-type: none">▪ Follow up and update findings from 2014 audit
DA Drug Forfeiture Reporting/Equitable Sharing	<ul style="list-style-type: none">▪ Required annually
Correctional Facility Commissary Fund	<ul style="list-style-type: none">▪ Required annually
Coroner's Office	<ul style="list-style-type: none">▪ Verify 2014 information

2015 Proposed Audits

9

<u>Description</u>	<u>Goals</u>
Magisterial District Judge	<ul style="list-style-type: none">▪ Review internal controls and remittance to county
Budget and Finance Department	<ul style="list-style-type: none">▪ Accounts Payable process review▪ Bank account reconciliation review▪ Payroll process review▪ Mileage reimbursement process review
Treasurer's Office	<ul style="list-style-type: none">▪ License issuing review

2014 Audits

<u>Description</u>	<u>Findings/ Recommendations</u>
Magisterial District 11-3-05— 2013, partial 2014 (Judge Feissner)	<ul style="list-style-type: none">▪ No findings (<i>office closed in 2014</i>)
Magisterial District 11-3-07—2013 (Judge Dotzel)	<ul style="list-style-type: none">▪ No findings
Magisterial District 11-3-03—2013 (Judge O'Donnell)	<ul style="list-style-type: none">▪ No findings
Magisterial District 11-3-06—2013 (Judge Swank)	<ul style="list-style-type: none">▪ No findings
Luzerne County Correctional Facility Work Release	<ul style="list-style-type: none">▪ No findings

2014 Audits

<u>Description</u>	<u>Findings/Recommendations</u>
DA Equitable Sharing Funds 2013	<ul style="list-style-type: none">▪ Compliant
Office of the Coroner—2012, 2013	<ul style="list-style-type: none">▪ No findings
DA Drug Forfeiture Reporting 2013	<ul style="list-style-type: none">▪ Compliant
DA Equitable Sharing Funds 2014	<ul style="list-style-type: none">▪ Performed the audit as per DOJ (<i>Department of Justice</i>) guidelines
GIS/Mapping Department	<ul style="list-style-type: none">▪ Recommend development of a written policy to reflect current internal control framework

2014 Audits

12

<u>Description</u>	<u>Findings/ Recommendations</u>
Luzerne County Tax Collection—2013	<ul style="list-style-type: none">▪ Found the following:<ul style="list-style-type: none">A. Two similarly named municipalities were out of balance due to payments being posted to wrong accounts; corrections were madeB. Payment not credited for one municipality; Treasurer's office oversaw correction on accountC. One tax collector remitted too little; issued check for the difference upon notificationD. Three municipalities out of balance due to unprocessed abatements in RBA system; all three have been reconciled▪ Recommend regular monitoring of each municipality's remittance and its agreement with RBA reports

2014 Audits

13

<u>Description</u>	<u>Findings/ Recommendations</u>
Sheriff Real Estate Sales— October 2013, June 2014	<ul style="list-style-type: none">▪ One amount due remained open six months after transaction was recorded; payment has been received▪ Recommend more regular remittances of fees and commissions; Sheriff indicated these changes would be implemented▪ Recommend Sheriff explore new software which would ensure accuracy of cost sheets
Office of Planning and Zoning—2013	<ul style="list-style-type: none">▪ Recommend that correct deposit amounts and recurring payments be regularly verified in the New World system▪ Recommend establishment of a mechanism by which to refund overpayments▪ Recommend weekly, instead of monthly, deposits

2014 Audits

14

<u>Description</u>	<u>Findings/ Recommendations</u>
<p>LCCF Commissary Funds—2013</p>	<ul style="list-style-type: none">▪ Found a large number of intra-fund transfers between inmate fund, commission fund, and canteen fund, due to misinterpretation of prior recommendation from an independently commissioned audit ▪ Recommended the following:<ul style="list-style-type: none">A. The funds generated from prisoner misconducts be held in the canteen fundB. The prison fund be used to pay for inmate wages and basic daily items for inmates that are indigentC. The use of electronic means to aid in generating checks and reconciling bank accountsD. The segregation of duties and implementation of internal controls for bank accounts; no misuse of funds was foundE. Two signatures on Commissary Fund checks, as per the Home Rule CharterF. Inmates pay for bookkeeping services performed for them

2014 Audits

<u>Description</u>	<u>Findings/Recommendation</u>
<p>Children & Youth Services— 2013, January - May 2014</p>	<ul style="list-style-type: none">▪ Recommended the following:<ul style="list-style-type: none">A. Coordination with Accounts Payable to input consistent comments in the Description/Project area of New World and attach a copy of invoice with paymentB. A policy be created stating no invoices will be paid without a current contractC. The above aforementioned current contract policy be mailed or emailed to every potential vendor and displayed on CYS webpageD. All future expense submissions be submitted for reimbursement in a timely mannerE. Copies of all CYS audits be available on CYS website

2014 Audits

<u>Description</u>	<u>Findings/ Recommendations</u>
Magisterial District 11-1-04 2012, 2013 (Judge Kokura)	<ul style="list-style-type: none">▪ Backlog of warrants and DL38's (<i>suspended driver's license</i>) to be issued, due to additional jurisdictions and reduced staffing levels
Adult Probation CPCMS 2010-2012	<ul style="list-style-type: none">▪ Found a large number of uncashed checks were carried from month to month in 2010; These checks were correctly voided and escheated in 2011
Vending Machine Commission Reconciliation—2013	<ul style="list-style-type: none">▪ Were receiving incorrect percentage of sales as commission▪ Retroactive payments have been received▪ Compliance is being monitored

2014 Audits

17

<u>Description</u>	<u>Findings/ Recommendations</u>
Administration of Dental Insurance—August 2014	<ul style="list-style-type: none">▪ Found the following:<ul style="list-style-type: none">A. Former employees on enrollment rosterB. Employees paying for one type of insurance but receiving anotherC. Employees having coverage but with no premium paidD. Employee paying for individual coverage but not enrolled▪ Recommend that Administration correct all areas of concern listed above▪ Recommended reconciliation with dental coverage as provided and billed by the insurance company

2014 Audits

18

<u>Description</u>	<u>Findings/ Recommendations</u>
Kronos and Employee Separation Payout	<ul style="list-style-type: none">▪ Recommended the following:<ul style="list-style-type: none">A. Immediate corrections for instances where the accrued time-off amount after year-end adjustment differs from allowed amount, per Personnel PolicyB. Non-represented employees be held to the Personnel Policy dated 1/1/2011, with no exceptionsC. Accruals of every employee who transitioned from a 6.5 hour/day to a 7.5 hour/day be reviewed and any errors be immediately correctedD. Corrections be made for any discrepancies in pay rate for sick time accrual

2014 Audits

<u>Description</u>	<u>Findings/ Recommendations continued</u>
Kronos and Employee Separation Payout Continued	<p>E. Payouts made to individuals separated from County employment be reviewed to ensure compliance with the Personnel Policy and any prevailing collective bargaining agreement</p> <p>F. Separation-pay payouts be made with physical checks only and require two signatures</p> <p>G. An investigation and a fix for why KRONOS continues to accrue time for former employees</p> <p>H. The review of KRONOS records for every employee separated from service and remove any post-separation accrued time off; implement measures to ensure post-separation accrued time accumulation does not occur in the future; and, furnish each KRONOS-tracked employee with a copy of a detailed KRONOS accrual statement on a quarterly basis</p>

Key Takeaways

20

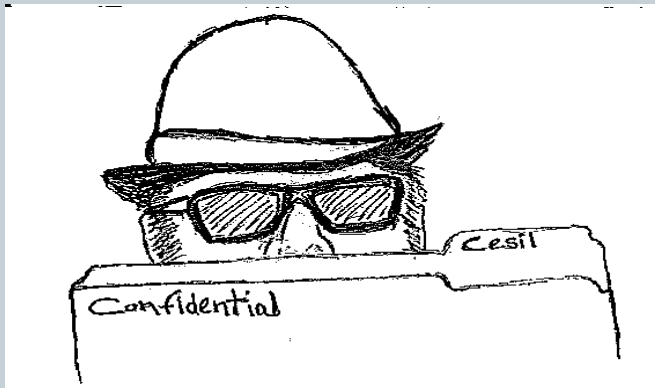
- Expenditures in 2014 were lower than budgeted amount
- Dental Audit :
 - Discovered inaccurate Countywide employee deductions/payments
- Kronos Audit:
 - Discovered a lapse in timekeeping accuracy causing excessive liability to the County
- Vending Audit:
 - Discovered incorrect commission payments to County, recouped miscalculated 2013 funds (*The County was paid 18% when should have been paid a 20% commission*)

CESIL

21

Citizen & Employee Suggestion & Idea Line

- Hotline- 570-830-5154
- Email- CESIL@luzernecounty.org



**All submissions are kept
Strictly Confidential**