

# Luzerne County Controller's Annual Report

March 18, 2014



County of Luzerne  
Established 1786  
Michelle Bednar  
County Controller

# County Controller's Annual Report

- Section 3.08 – **Duties of the Controller** - Prepare and present 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.

# 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.

# Controller's Office Staff

- Tim McCormack, *Deputy Controller*
- Wendy Saxe, *Senior Auditor*
- Marty Moughan, *Magistrate Auditor*
- Nancy DeFluri, *Internal Auditor Clerk*
- Flo Miller, *Support Staff (grant funded by Area Agency on Aging)*

# Controller's Office Finances

Account	Account Description	2013 Budget	2013 Expenditures	2014 Budget
510.10	Wages Elected Officials	36,562.00	34,593.26	64,999.00
510.15	Wages Non-Represented	116,618.00	79,844.33	125,000.00
510.20	Wages Represented	41,342.00	41,757.72	41,342.00
510.45	Wages Holiday Pay	.00	(175.46)	.00
510.50	Wages Longevity	1,000.00	1,000.00	1,000.00
520.10	Payroll Taxes Social Security - FICA	12,433.00	9,486.58	14,498.00
520.15	Payroll Taxes Medicare	2,908.00	2,178.39	3,391.00
520.20	Payroll Taxes Unemployment	1,828.00	3,078.77	2,400.00
530.10	Benefits Health Care Opt Out	.00	500.00	1,500.00
530.30	Benefits Health Insurance	57,500.00	41,842.41	53,220.00
530.40	Benefits Life Insurance	575.00	527.12	575.00
530.45	Benefits Retirement	25,667.00	.00	34,273.00
540.14	Office Supplies	1,340.00	454.41	1,462.50
540.16	Material & Supply Requisition	.00	58.83	.00
540.64	Vehicle Fuel - Gas	250.00	.00	.00
540.70	Small Tools and Minor Equipment	1,900.00	.00	500.00
540.73	Postage	500.00	5.98	100.00
550.17	Management / Consulting Services	30,000.00	20,170.00	30,000.00
550.19	Special Legal Services	5,000.00	1,027.50	2,500.00
550.22	Telephone	200.00	.00	200.00
550.27	Travel Expense	2,000.00	1,775.90	2,000.00
550.29	Mileage Reimbursement	1,500.00	293.80	1,000.00
550.30	Advertising	300.00	74.91	200.00
550.32	Printing	500.00	108.00	200.00
550.47	Repairs / Maintenance - Machinery and Equipment	500.00	352.56	500.00
550.48	Repairs / Maintenance - Misc	300.00	.00	300.00
550.63	Insurance - Auto	335.00	305.51	.00
550.70	Surety & Fidelity	500.00	.00	.00
560.23	Background Check	100.00	.00	100.00
560.60	Dues / Memberships	600.00	600.00	600.00
560.61	Subscriptions	300.00	.00	100.00
560.64	Meeting / Conference/ Training Fees	4,000.00	865.00	3,000.00
599.46	Machinery and Equipment > \$5000.00	4,000.00	2,053.61	5,100.00
		<u>\$350,558.00</u>	<u>\$242,779.13</u>	<u>\$390,060.50</u>

# 2015 Budget Considerations

- CPE credit requirements
  - Government standards require 80 credits every two years for each employee
- Special legal services are needed for potential disputes between Controller's office and County Council and/or County Manager
- Management/Consultant services are necessary for more objective audits and reviews, as determined by Controller

# 2013 Audit Summary (Page 1 of 7)

## 2013 Audits Completed

Description	Findings/Recommendations
<b>County Cell Phones</b>	<p>Findings:</p> <ul style="list-style-type: none"><li>▪ Identified telephones not used during the 6-month audit period</li><li>▪ Employees used about one third of total cellular minutes available to them</li><li>▪ No written record was maintained of issuance of cell phones, as per personnel policy</li><li>▪ Phones with unlimited data and messaging plans were issued to employees who used relatively little of this service</li></ul>

# 2013 Audit Summary (Page 2 of 7)

2013 Audits Completed	
Description	Findings/Recommendations
<b>County Health Care Plan</b>	<p>Findings:</p> <ul style="list-style-type: none"> <li>▪ Identified need for formal agreements regarding healthcare between County and Penn State Cooperative Extension and Wilkes-Barre/Scranton International Airport</li> <li>▪ Identified need for a review of policy relating to donated sick leave by management employees</li> </ul> <p>Recommendations:</p> <ul style="list-style-type: none"> <li>▪ Periodical re-affirmation of family beneficiary information by employees</li> </ul>
<b>DA Forfeiture</b>	<p>Findings:</p> <ul style="list-style-type: none"> <li>▪ Compliant in all respects with items tested</li> </ul>
<b>DA Equitable Sharing Funds</b>	<p>Findings:</p> <ul style="list-style-type: none"> <li>▪ Compliant in all respects with items tested</li> </ul>



# 2013 Audit Summary (Page 3 of 7)

2013 Audits Completed	
Description	Findings/Recommendations
<b>Legal Fee Invoices</b>	<p>Findings:</p> <ul style="list-style-type: none"> <li>As requested by Chief Solicitor, examined invoices presented to the Court in order to identify items deemed ineligible according to County's billing policy</li> </ul>
<b>Magistrate 11-3-05 (2012, Judge Feissner)</b>	<p>Findings:</p> <ul style="list-style-type: none"> <li>Compliant in all respects with items tested</li> </ul>
<b>Register of Wills (2011, 2012)</b>	<p>Recommendations:</p> <ul style="list-style-type: none"> <li>Open new bank account to deposit PA inheritance tax proceeds daily</li> <li>Register of Wills should prepare deposit slips daily for all revenues and deliver to County Treasurer</li> <li>County Treasurer should make actual deposits, issue receipt to Register of Wills, reconcile bank account, and follow up on NSF returned checks</li> </ul>

# 2013 Audit Summary (Page 4 of 7)

## 2013 Audits Completed

Description	Findings/Recommendations
<b>Sheriff's Gun Permit</b>	<p>Findings:</p> <ul style="list-style-type: none"><li>▪ Sheriff has procedures in place to uncover misappropriation of funds</li></ul> <p>Recommendations:</p> <ul style="list-style-type: none"><li>▪ Open new bank account</li><li>▪ Require dual signatures on disbursement checks</li><li>▪ Require segregation of duties in making deposits and reconciling bank account</li></ul>
<b>Shickshinny Borough Tax Collection (2013 Tax Collector Deceased)</b>	<p>Findings:</p> <ul style="list-style-type: none"><li>▪ 2013 taxes billed and paid were in agreement with those collected</li><li>▪ 2013 taxes billed and unpaid were in agreement with those outstanding</li></ul>

# 2013 Audit Summary (Page 5 of 7)

## 2013 Audits Completed

### Prison Food Procurement

#### Findings:

- Identified instances of items awarded to one vendor but purchased from another
- Identified instances of higher or lower prices paid for items than stated in contract
- Identified items purchased but not served on menu
- Identified items not placed for bid that should have been competitively bid, as stated in the Home Rule Charter
- Identified items awarded to vendor who was not lowest bidder
- Identified items placed for bid, awarded to vendor, and not purchased.

# 2013 Audit Summary (Page 6 of 7)

## 2013 Audits Completed

### Prison Food Procurement

#### Recommendations:

- Approve and implement procedures to ensure bidding, purchasing, and purchase ordering processes cannot be circumvented
- When items are purchased from a vendor other than the awarded vendor, prison should notify Office of Procurement
- If vendor is unable to provide an item, County should be reimbursed through vendor's performance bond
- County Manager should not permit ordering of items not served to general prison population
- Restrictions and penalties should be imposed for ordering items not for general prison population

# 2013 Audit Summary (Page 7 of 7)

## 2013 Audits Completed

### Prison Food Procurement

#### Recommendations (continued):

- Items not on menu should be removed from bidding process
- Only items used, served, and consumed by inmates should be purchased
- Correct quantities of items should be verified
- Office of Procurement should verify inclusion of all items that necessitate the bidding process
- Controller's Office, in conjunction with Office of Procurement, should open all bids and tabulate all totals to ensure separation of duties
- Competitively bid items that are awarded should be purchased
- Vendors should be contacted at end of contract and bid sheets should be modified to avoid overstating amounts of bid and performance bonds required

# 2014 Audits completed (Page 1 of 2)

## 2014 Audits Completed

Description	Year Started	Findings
<b>Adult Probation CPCMS— 2010, 2011, 2012</b>	2013	<ul style="list-style-type: none"><li>▪ A large number of uncashed checks carried month to month in 2010</li><li>▪ These checks were correctly voided and escheated in 2011</li></ul>
<b>DA Equitable Sharing Funds</b>	2014	<ul style="list-style-type: none"><li>▪ Ending DA Equitable Funds balance was properly accounted for and is in compliance with Federal Equitable Sharing Agreement</li></ul>
<b>GIS/Mapping Department</b>	2014	<ul style="list-style-type: none"><li>▪ Policies and procedures are properly implemented to enhance security and accountability</li><li>▪ Need for written policy to reflect current internal control framework</li></ul>

# 2014 Audits completed (Page 2 of 2)

<b>2014 Audits Completed</b>		
<b>Description</b>	<b>Year Started</b>	<b>Findings</b>
<b>Magisterial District 11-1-04— 2012, 2013</b>	2014	<ul style="list-style-type: none"> <li>▪ Backlog of warrants and DL38's (suspended driver's license) to be issued, due to additional jurisdictions and reduced staffing levels</li> </ul>
<b>Vending Machine Commission Reconciliation— 2013</b>	2014	<ul style="list-style-type: none"> <li>▪ Incorrect remittance of 18% for contract that states 20%</li> <li>▪ Retroactive payments are being received, as underpayments are identified</li> <li>▪ Prospective payments of 20% for compliance with contract</li> </ul>

# 2014 Audits Current

- Coroner 2012, 2013
- Elected Tax Collectors
- Magistrate 11-3-05 - 2013 /2014  
*(Judge Gerald Feissner)*

*(resigning District Court, eliminated as part of PA Supreme Court redistricting)*



# 2014 Audits Proposed

2014 Audits Proposed	
Description	Reason for Audit
Bail Forfeiture	Feasibility of hiring collection agency
Bureau of Elections	Filing fees and Election payments
Computer & Technology	Inventory
Correctional Facility Commissary Fund	Required annually
Kronos	Feasibility study
DA Drug Forfeiture Reporting	Required annually
Fuel Log Usage	Verify business usage
Human Services	Contract Compliance
Magisterial District Judges	Review internal controls and remittance to county
Periodic Petty Cash	Ensure accurate cash on hand
Telephone & Internet	Contract Compliance

# Best Practices

- Work with other counties to establish “best practices” for Controller’s office
- Two-way communications focused on determining the most efficient ways to accomplish tasks of Controller
- Meetings already held:
  - Lackawanna County
- Meetings to be held:
  - Lehigh County (scheduled)
  - PA Auditor General’s Office (tentative)

# Controller's Vision

- Provide questionnaire upon audit completion to gain feedback and insight
- Collaborate with local colleges to begin internship program
  - Student gains work experience and credits
  - County gains additional help
- Employee training program (*MS Office*)
- Launch *CESIL* to create avenue for employees or residents to more easily have a voice

# CESIL = Citizen and Employee Suggestion and Idea Line

- **Steps Needed to Implement**
- Ensure phone line and email address are set up and staffed
  - Phone line can go to current hotline
  - Email can come to Controller's office
- Promote this new service
  - Internally, to employees
  - Externally, to resident citizens
- Determine procedure for processing a report
  - Both calls and emails can be entered into same spreadsheet
  - Review sheet monthly
- Determine who will receive these results
  - Fraud—Controller's office
  - Other—Send to appropriate/relevant department