



***Audit of the  
Luzerne County Diversity Task Force/  
Diversity Commission  
for the Period  
June 21, 2006 – August 17, 2012***

**Fieldwork Performed by:  
Patricia J. Llewellyn  
Supervised by:  
Walter L. Griffith, Jr.**

## **Objective and Scope:**

The Luzerne County Board of Commissioners adopted a resolution at their June 21<sup>st</sup>, 2006 regular meeting to establish a County Diversity Task Force. The objective of the task force was to bring together a cross section of Community Leaders to focus their attention on diversity issues in Luzerne County. The Board of Commissioners, at the March 26, 2008 regular meeting, passed a motion to approve the creation of a permanent Luzerne County Diversity Commission.

The Luzerne County Controller's Office has audited the transactions associated with the Luzerne County Diversity Task Force (Task Force) and Diversity Commission (Commission) from the resolution adoption through August 17, 2012. The Task Force and Commission provided documentation for the periods reviewed.

The purpose of the audit was to ensure the Task Force and Commission requested the funds properly, performed the requirements stated by the Commissioners and applicable statutes, maintained adequate documentation to support the expenditures and disbursed the funds for the appropriate purposes and within the budget requirements.

It should be noted that the Task Force utilized Misericordia University to deposit and disburse the funds provided by the County Commissioners from June 21<sup>st</sup> 2006 to December 3<sup>rd</sup> 2010. The funds were deposited into a bank account, under the University's EIN, and processed by the finance department using the same procedures under which University funds are managed. The University funds are audited annually by an external entity. The Task Force funds would be included in the annual audits and listed in the financial statements prepared for the University. On December 3, 2010 the Diversity Commission returned \$17,035.80 to the Luzerne County Treasurer's Office.

The audit was designed to review that the Task Force and Commission are acquiring, managing, protecting and using resources including but not limited to funds, personnel, property and equipment in an economic, efficient and effective manner consistent with goals established by the Commissioners. The audit is also designed to identify uneconomical practices as well as to determine if there are proper policies and procedures being followed in the transactions of the Commission.

The audit included examining controls and procedures used for documentation, collection, distribution and utilization of County and private fund donations. The audit was planned to obtain a reasonable assurance about whether the internal controls and procedures used, adequately document the revenue and expenses reported. However, because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities or illegal acts, including fraud and defalcations, may exist and not be detected by us. If any matters of that nature come to our attention, it will be reported directly to management and the County Council.

The Luzerne County Controller's office is governed by the Home Rule Charter of Luzerne County to conduct fiscal, performance, management, contract, grant, compliance and related audits of any County Division, Department, Bureau, Office, Agency, Board, Commission, Elective Office, the Judiciary, Office of Court Administration or other Administrative Office. This audit is an internal auditing function (hereinafter referred to as the audit) authorized under order of the Charter, therefore the Controller is required to submit a draft to the Commission for review and issue the final report to the Commission, County Council and the County Manager. The final audit report shall be posted for public inspection on the County website for 60 days following the issuance of this report.

Internal auditing is an independent function established within an organization to examine and evaluate the activities of the office under audit. In planning and performing our audit, we considered auditing standards generally accepted within the United States of America and Government Auditing Standards, issued by the Comptroller General of The United States. When applicable, these standards were applied to the objective of our audit.

Auditors assigned to the engagement are employed by Luzerne County under the Controller's Office and report directly to the Controller. The audit staff is considered organizationally independent to conduct and report on the audit.

**2011 Luzerne County Diversity Commission Members:**

- Dr. Linda Trompetter            *Co-Chairman*
- Mr. Arthur Breese            *Co-Chairman*
- Ms. Carmen Kahiu            *Secretary*
- Ms. Varsha Shitut            *Treasurer*
- Mr. Hisham Abu-Nabaa
- Dr. Ebrahim Almeky
- Mr. Amilcar Arroyo
- Dr. Mamoun Bader
- Mr. Greg Barrouk
- Rev. Michael Brewster
- Dr. Deborah Carr
- Mr. Leonard Cornish, At Large Executive Committee
- Dr. Charles Davis
- Mr. John Dawe
- Atty. Barry Dyller
- Mr. Ron Felton
- Mr. Rod Gereda
- Ms. Karla Porter
- Dr. Janis Wilson-Seely, At Large Executive Committee

**Current Commission Members are as follows:**

- Ms. Carmen Kahiu            *Secretary*
- Ms. Varsha Shitut            *Treasurer*
- Mr. Hisham Abu-Nabaa
- Dr. Ebrahim Almeky
- Mr. Amilcar Arroyo
- Dr. Mamoun Bader
- Mr. Greg Barrouk
- Rev. Michael Brewster
- Dr. Deborah Carr
- Mr. Leonard Cornish, At Large Executive Committee
- Dr. Charles Davis
- Mr. John Dawe
- Atty. Barry Dyller
- Mr. Ron Felton
- Mr. Rod Gereda

Ms. Karla Porter  
Dr. Janis Wilson-Seely, At Large Executive Committee

Dr. Trompetter resigned as Co Chair in August 2012  
Mr. Breese resigned as Co-Chair in February 2012

**Opinion and Conclusion:**

Our procedures included planning and performing the audit to obtain a reasonable assurance about whether the revenues and expenses of the Task Force and Commission are presented fairly, in accordance with established procedures and free of material misstatements. Our findings and conclusions are based on test work which included reviewing evidence supporting the amounts of revenues and expenses. We believe that the evidence obtained provides a reasonable basis for our opinion.

In our opinion, the Luzerne County Diversity Task Force and Commission have not in all instances received, recorded, reported and reconciled all transactions related to their office accurately due to the lack of internal policies and procedures. The testing performed in this audit revealed minimal financial findings, misstatements or other non-compliance activities.

This opinion does not relate to the processing performed by Misericordia University or the Luzerne Foundation as they followed their own business practices as facilitators of the funds at the direction of the Task Force and Commission.

**Review of Business Practices:**

The Task Force and Commission are responsible for oversight of the funds and ensuring compliance with applicable regulations, policies and Commissioner Requirements. The Task Force and Commission did not operate under its own Federal EIN. Payments made to entities and individuals were done under the auspices of Misericordia University and the Luzerne Foundation and reporting requirements would be their responsibility.

It should be noted that the funds were co-mingled with other entities' funds, under separate EIN numbers. We performed our testing on financial documentation prepared by Misericordia University and Luzerne Foundation staff for our review. The Task Force/Commission funds would be included in annual audits and financial statements of these entities.

The County provided funds, \$49,360, to the Task Force/Commission as detailed below.

<b>Date</b>	<b>Amount</b>
2/13/07	\$29,360.00
5/7/08	\$10,000.00
6/2/09	\$10,000.00
Total	\$49,360.00

In addition, the Commission received a private donation during 2010 in the amount of \$250.00.

The County funds were deposited into a checking account maintained by Diversity Institute staff at Misericordia University. On December 3, 2010 the balance of \$17,035.80 was returned to the Luzerne County Treasurer's Office. Subsequently, the Commissioners adopted a Resolution for the funds to be remitted to and maintained by the Luzerne Foundation, for which the Foundation receives an annual fee.

The total funds received by the Commission from the County and other sources totaled \$49,610.00. The total amount expended was \$33,094.93. The remaining funds, \$16,515.07, are maintained by the Luzerne Foundation.

### **Testing Methodology:**

The audit included examination, of the entire population, the evidence supporting amounts as they pertained to the disbursement of the funds. *This testing was not related to processes performed by the University or Foundation.*

- 1) Identified applicable laws, policies, procedures and regulations established by Luzerne County Commissioners.
- 2) Tested transactions for compliance with internal controls, Commissioner Requirements and regulations established above.
- 3) Tested revenue collected and deposited.
- 4) Selected disbursements to determine if they were in compliance with budget requirements, supported by adequate documentation, authorized and completed accurately.
- 5) Reviewed the controls over funds received.
- 6) Ensured applicable IRS forms were generated accurately for the appropriate entities.

Our specific findings are listed below.

### **Findings:**

#### **Disbursement Testing:**

We noted that 13 transactions, totaling \$9,000, were not listed as being approved by the Commission in the meeting minutes according to the PA State Sunshine Law. The funds account for 100% of the overall disbursements made by the Commission during the period reviewed. The remaining expenses were made under the responsibility of the Task Force and those funds required no meeting approval. In addition, a disbursement in the amount of \$10,000, paid to the Northeast Pennsylvania Diversity Education Consortium (NEPDEC), was not properly authorized by the Commission. NEPDEC returned the entire amount to the Luzerne Foundation.

The Task Force was required to submit budgets to support the amounts requested from the County. We received budgets for 2006 and 2007, however, none were provided for subsequent years. We used the budgets and information provided by the Task Force to determine the funds were spent as reported to the Commissioners in the budget. We found that the amounts disbursed in 2007 exceeded the budget by approximately \$1,200.

**Recommendations:**

The Commission should explain the reason the expenses were not approved at a public meeting and take the appropriate action to correct the error according to the PA State Sunshine Law.

The Task Force should determine the reason for the over budget item. Future budgets should include realistic estimates and ensure overspending is prevented.

**General Review:**

We noted the Commission held meetings, however, did not advertise the meetings to the public as required by the PA State Sunshine Law.

We requested copies of the by-laws adopted by the Commission, however, none were adopted.

Discussions with Commission members noted activities were halted with the change in government in January 2012. In addition, the Commission currently has not had any meetings due to recent resignations of the Co-Chairpersons. There is currently no designated individual or Officer responsible for Commission activity or that can control the disbursement of the remaining funds provided by the County.

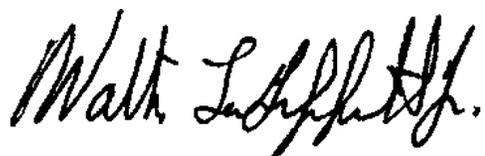
**Recommendations:**

The Commission should ensure all meetings are made known to the public by advertising in a local newspaper according to the PA State Sunshine Law. The notifications should also be posted on the Commission's website.

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.

County Council should review the objectives of the Commission and determine if the Commission is necessary under the new form of government. In the event the Commission is to continue, Council should identify the member vacancies and ensure individuals are appointed so activities can continue and the remaining funds can be utilized as intended. Officers should be designated, as well. If Council determines the Commission is no longer necessary, the funds maintained by the Luzerne Foundation should be returned to the County.

**Controller's Office:**



---

Walter L. Griffith, Jr., Controller



---

Patricia J. Llewellyn, Senior Auditor

**Luzerne County Diversity Commission:**

\_\_\_\_\_  
Dr. Linda Trompetter, Co-Chairman (Resigned)

\_\_\_\_\_  
Arthur Breese, Co-Chairman (Resigned)

No responses or signatures were provided as the Commission currently has no active Officers.