

# ***Luzerne County Controller***



***Audit of the  
Office of Planning and Zoning  
For the Period  
January 1, 2013 to December 31, 2013***

**Fieldwork Performed by:  
Wendy Saxe**

**Michelle A. Bednar  
Luzerne County Controller**

**Objective:**

We have audited the Office of Planning and Zoning for the calendar year ended December 31, 2013. The purpose of the audit was to ensure that: receipts and disbursements are recorded and reported properly, adequate internal and administrative control over cash receipts and disbursements exists, and sufficient measures are in place to thwart fraud and/or waste.

**Methodology:**

The audit included examining, on a sample basis, evidence supporting revenue amounts as they pertained to the collection and processing of subdivision land development fees, zoning permit fees, and zoning application fees. In addition, the audit included the review of a sample of evidence supporting expense amounts. We met with the Office of Planning and Zoning to obtain an understanding of the business practices and review the internal controls related to fee processing.

**Opinion and Conclusion:**

In our opinion, the funds collected and disbursed by the Luzerne County Planning and Zoning Office are received, recorded, and reported accurately with few exceptions. The testing performed in these audits revealed no material financial findings, misstatements, or other non-compliance activities. We did note one instance in which a clerical error was made; however, there is minimal financial impact.

**Review of Business Practices:**

Based on meetings with the Office of Planning and Zoning, we have formulated the following understanding of the permits processed by them and the fees associated with them.

**Subdivision Land Development Fees and Other Income:**

A handwritten spreadsheet is maintained, which lists each applicant who has applied for a subdivision, date filed, location, number of lots, and the appropriate LCPC (Luzerne County Planning Commission) and LCR&B (Luzerne County Road and Bridge) fees. Only the LCPC fees are deposited by the Office of Planning and Zoning. The LCR&B fees are calculated and collected by the Office of Planning and Zoning; they are then verified by and the checks sent to Road & Bridge/ Engineering.

These fees are charged to businesses and individuals. The amount of the fee(s) is dependent upon several different factors, and the Luzerne County Subdivision and Land Development Ordinance Text Amendment Subdivision/Land

Development Fee Schedule Effective January 1, 2013 is used to determine the proper fees charged.

The Office of Planning and Zoning oversees subdivisions for 29 of 76 municipalities within Luzerne County. When a subdivision plot plan is signed and approved for one of those municipalities, the surveyor or the applicant brings triplicate copies of the approval, which are distributed as follows: one copy is filed in the Office of Planning and Zoning, one copy is sent to the municipality with an approval letter, and one copy is given to the applicant with an approval letter. Additionally, the surveyor or the applicant takes a copy to the Recorder of Deeds. Each subdivision is filed in a unique folder in the Office of Planning and Zoning, along with any comments from the County engineer.

The month's activity is summarized on the Money Turned Over to the Luzerne County Treasurer excel spreadsheet, which shows the breakdown of Subdivision, Ordinances, AG Program, Watershed Plan, Maps & Statistical, and Other Fees, and is completed by the Secretary. In our review, we only saw amounts listed for Subdivision Fees and Other Fees. When completing this sheet, the individual amounts of the monthly payments received are entered from the checks. No cross reference to the corresponding receipt number is shown on this spreadsheet; however, the cross reference is made manually during the preparation of the monthly spreadsheet.

The monthly Luzerne County Planning Commission Deposit Instructions memo is then sent to the Treasurer's Office, with a breakdown of the fees received for subdivision/land development and other fees. There is also a cross check included that shows the amount of the deposit that is in the form of checks and the amount in the form of cash. This memo and the corresponding deposits (cash and checks) are sent to the Treasurer's Office on a monthly basis.

#### **Zoning Permit Fees, Zoning Application Fees, and Other Zoning Income:**

A handwritten spreadsheet is maintained, which lists the name of each applicant and the permit and/or case number(s) assigned. Permits are immediately issued, upon payment, in person to the applicant, with a copy being retained by the Office of Planning and Zoning and a copy being sent to the Assessment Office. The fees are collected by the Office of Planning and Zoning.

Fees are determined according to a number of factors and dictated by the Luzerne County Planning Commission Text Amendment Zoning Fee Schedule Effective January 1, 2013. This schedule determines the fees collected for the following permits: New and accessory structures (residential, commercial, or industrial); Signs, including outdoor advertisements (billboards); Certificates of Occupancy (residential, commercial, or industrial; this includes junkyards, gas and oil storage, and compressor stations); Applications for Zoning Hearing Board cases; and Applications for Re-Zoning cases.

Each month, details of the zoning permits issued are filed alphabetically in an Index Book, where the applicant name, permit number, and date are listed. Additionally, a copy of the actual permit is filed according to municipality in a Municipality Book, which formerly was used by field staff who monitored ongoing projects and verified if a permit had been issued. Finally, the Hearing Board Book lists alphabetically the name, case number, and approval date of those cases that involved a zoning or re-zoning hearing board.

The month's receipts are summarized on the Luzerne County Planning Commission Deposit Instructions memo, which lists the total monies received for permits, applications, and other. There is also a cross check included that shows the amount of the deposit that is in the form of checks and the amount in the form of cash. This memo and the corresponding deposits (cash and checks) are sent to the Treasurer's Office on a monthly basis.

### **Testing Methodology:**

We reviewed 100% of receipts for the months of January, June, July, and December 2013. These receipts represented all revenues received in the Office of Planning and Zoning for those months. Further, a much more extensive examination was conducted on a random sample of 35 receipts out of 225, or 15.56% of the total, which included verifying that the correct fees were charged. Deposits for those months were also confirmed in New World to have been accurately recorded, according to the Revenue Ledger Summary Listing. There were no exceptions noted between revenues received and revenues posted. With the exception of one very minimal clerical error (\$10), there were no exceptions between fees charged and fees chargeable.

We generally reviewed all expenses for the year and specifically reviewed 100% of expenses for June 2013 using the Expense Ledger Summary Listing in New World. This extensive review of June 2013 included obtaining backup support for 100% of those expenses. In addition, an in-depth review was made of Contractual Services expenses paid in 2013, Engineering/Architectural expenses paid in September, November, and December 2013, and Agricultural Program expenses paid in May and November 2013. There were no exceptions between expenses due and expenses paid.

All contracts in effect in June 2013 were also reviewed in detail. In particular, the contract between the Office of Planning and Zoning and Luzerne County Transportation Authority (LCTA) was scrutinized. There were no issues of non-compliance or overpayment found in the review. However, the contract held between the Office of Planning and Zoning and LCTA is minimal in comparison to other amounts paid to LCTA by the County.

## **General Observations:**

The Office of Planning and Zoning keeps thorough and detailed records of Subdivision, Land Development, and Zoning activities in several formats. Additionally, all backup support for expenses is retained in the office.

Generally, one person calculates and collects the fees and another person records and processes the payments for deposit.

Both cash and checks are received as payment. Deposits are sent to the Treasurer's Office on a monthly basis. Records were found to be accurate; however, tracking receipts is cumbersome, since deposit support does not include receipt numbers. Also, receipts are not necessarily sequential, since packets of three sequential receipt books are bought, but the next purchase does not provide receipt numbers that start where the last batch ended.

Permits are issued using an electronic template, where the permit number is manually typed in. If the permits were pre-printed, it would help safeguard against someone issuing an illegitimate permit and pocketing the money. There were two instances of a permit being issued with an "A" added to the end. In other words, a permit number was issued as 12345 and the next permit issued was 12345A, instead of the proper 12346.

## **Recommendations:**

1. Prior to the retirement of the Office of Planning and Zoning's Director, a system was in place to verify in New World that deposits were properly credited to Planning's account. However, due to the resulting staff shortage in the department, that follow-up measure has been overlooked. We recommend that, at least on a quarterly basis, a staff member run the Revenue Ledger Listing to confirm the correct deposit amounts are reflected in New World. Likewise, we recommend the Expense Ledger Listing be run on a quarterly basis to monitor if recurring payments (like rent) are being processed accurately.
2. In the area of Subdivision and Land Management, there are occasionally overpayments made. This is usually seen when a developer sends a check with his representative to complete the paperwork. Sometimes the developer miscalculates the fee and cuts the check for the incorrect amount. Not wanting to delay the project, the representative pays with the check, thus knowingly and intentionally overpaying the fee. Currently, there is no mechanism by which to refund overpayments. We recommend that a) a procedure be developed by which refunds over ten dollars (\$10.00) be processed and sent to the payer, after an aging process of three weeks after deposit of overpayment, b) the same procedure writes off refunds less than or equal to \$10.00, and c) signs stating the new

procedure be placed and clearly visible in the Office of Planning and Zoning.

3. Currently, all Office of Planning and Zoning fees received are sent monthly for deposit. To expedite the aging of checks (i.e., confirming the deposit will not result in insufficient funds) and realization of revenues, we recommend the deposit occurs weekly.
4. As part of a Countywide centralization of payment processing, consideration is being given to relocating the site of fee collections from the Office of Planning and Zoning to another department. This would relieve the staff from the burden of processing payments and work toward the goal of payment processing centralization.

**Findings:**

There were no findings.

**Response:**

The Office of Planning and Zoning's response to Recommendation #1 is that the deposit verification will be made on a regular basis.

The Office of Planning and Zoning's response to Recommendation #2 is that they will consider a new procedure to refund overpayments in excess of \$10.00.

The Office of Planning and Zoning's response to Recommendation #3 is that they will consider revising their procedures to allow for more frequent deposits. They agree with the advantages of speedier deposits, but also note that it will involve more work for their short-staffed department.

The Office of Planning and Zoning's response to Recommendation #4 is that they are open to centralization of payment processing (i.e., the payments being made in an office with a cash register). However, while they are open to this change, they are not in favor of it, since the Office of Planning and Zoning has been handling money without incident since they became a County department in the 1960s. There has never been an incident of impropriety and, as the audit shows, the amounts deposited with the Treasurer's office have always been verified to be accurate.


Furthermore, they feel that to have a citizen come in for a permit, then go to another office to make payment, and then return to the Office of Planning and Zoning to finish the permitting process, is cumbersome and less efficient for both the citizen and their office.

It was further noted that if using the centralized payment method, the Office of Planning and Zoning would need to provide some type of fee verification to the collecting office, in order to ensure the correct fee was collected and to ensure there would be no need for the cashier to attempt to calculate the fee. Planning feels that this would create more work for them, but it would alleviate the certainty of errors.

The Office of Planning and Zoning would continue to keep records of all financial transactions in order to calculate the amount of revenue collected. This would also aid them in estimating the amount of revenue expected for the following year, for budget preparation reasons. Thus, Planning feels the financial accounting work would not be diminished if centralized payment processing were implemented.


**Signature Page**  
**Office of Planning and Zoning Audit**  
**January 1, 2013 to December 31, 2013**

**Controller's Office:**

  
Michelle A. Bednar, Controller

7/18/14

Date

  
Tim McCormack, Deputy Controller

7/15/14


Date

  
Wendy Saxe, Senior Auditor

7/15/14

Date

**Planning and Zoning:**

  
Nancy Snee, Planner and Acting Director

7/21/14

Date