



County of Lackawanna Pennsylvania
Office of the Controller

Gary A. DiBileo, Controller
Germaine Helcoski, Deputy Controller

March 23, 2016

To: Lackawanna County Commissioners:
Patrick M. O'Malley, Laureen A. Cummings, Jerry Notarianni
Lackawanna County Citizens and Taxpayers

In accordance with the Lackawanna County Home Rule Charter Section 1.4-402(g), I submit the Lackawanna County Controller's Annual Audit Activity Report for 2015.

This report is intended to be an informative presentation of the work performed by the Controller's office in 2015.

It is a pleasure to provide this report to the citizens of Lackawanna County who have entrusted me to be the chief internal auditor for the County.

I would like to extend the appreciation of the Controller's Office to all those within the County government who graciously cooperated with our auditors this past year.

I wish to thank the dedicated employees of the Controller's office for their hard work in helping to provide accountability for County taxpayer dollars.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Gary A. DiBileo", is written over the typed name.

Gary A. DiBileo
Lackawanna County Controller



**Controller
Gary A. DiBileo**

LACKAWANNA COUNTY OFFICE OF THE CONTROLLER

ANNUAL AUDITING ACTIVITY REPORT 2015

Controller's Office – Lackawanna County Gateway Center

135 Jefferson Avenue, Scranton, PA 18503

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Background Information

In accordance with the Controller's powers and duties set forth in Section 1.4-402 of the Lackawanna County Home Rule Charter, this report summarizes the audit activities made of Lackawanna County accounts for the year 2015.

During 2015, the Controller's Office performed numerous internal audits and reviews of various county departments and offices. Excluded from this list of audits are confidential and specially requested audits and reviews which were also done during the audit period.

In addition, the Controller's office audited more than 26,000 invoices in accounts payable prior to processing the payment and in accordance with the Home Rule Charter and PA County Code. These invoices were audited with established procedures for accuracy, correctness, and proper authorization.

In 2015, the Controller's office filed the most recent Annual Department of Community and Economic Development reports for 2013 and 2014 based primarily on audited financial statements provided by the County's external audit firm-Baker Tilly.

Controller Gary DiBileo and the entire Controller's office staff are grateful for the openness of the many county offices and departments while completing all audits. Without the cooperation of many dedicated County employees, this office could not have accomplished its work as mandated by the Home Rule Charter and the PA County Code.

Disclaimer: This report is not intended to imply that Lackawanna County is in compliance with the Home Rule Charter or the PA County Code with regard to the Controller's Office being involved with the auditing, adjusting, and settling of all the accounts of the County for the year ended 2015.

Internal Audits

An internal audit is an independent review of county operations and financial activities. During an audit the Controller's Office evaluates a department's internal control system and may suggest ways to improve the operational effectiveness and profitability of the area under review.

The Controller's Office performs audits of the county row offices as well as other areas within the county that may have a financial impact on the county.

Internal audits conducted by the Controller's Office during the year of 2015 included, but were not limited to the following:

- Lackawanna County Payroll 01/01/2012 through 12/31/2014. This was the first ever known audit performed by the County Controller's Office.
- Lackawanna County Prison Inmate Monthly Account Receipts and Expense Review and Bank Reconciliations through 11/30/2015
- Lackawanna County Prison Canteen Monthly Account Receipts and Expense Review and Bank Reconciliations through 11/30/2015
- District Attorney Drug Enforcement Petty Cash Account through 06/30/2015
- District Attorney Controlled Substance Asset Forfeiture Account through 06/30/2015
- District Attorney Terrorism Asset Forfeiture Account through 06/30/2015
- Lackawanna County Community Correction/Work Release 01/01/2014 through 12/31/2014
- Lackawanna County Prison Telephone Account Audit through 12/31/2014
- Lackawanna County Register of Wills/Orphans Court 08/01/2012 through 12/31/2013
- Lackawanna County Records Improvement Committee (CRIC) 08/01/2012 through 12/31/2013
- Lackawanna County Trolley Museum Receipts and Petty Cash 07/01/2013 through 08/31/2015

District Court Audits

Lackawanna County is comprised of ten magisterial district court offices.

Financial audits for year end 2012 were completed for all ten magisterial district court offices.

The purpose of a magisterial district court office audit is:

- To verify the county share of costs and fines collected and remitted
- To verify monthly bank account reconciliations
- To verify the timely processing of escrow monies
- To verify the accuracy of completed files
- To review voided transaction reports for appropriateness
- To review the proper issuance of marriage licenses

Magisterial District Court Audits were completed through 12/31/2012 for the following:

District Court 45-1-03- Magistrate Corbett
District Court 45-1-02- Magistrate Farrell
District Court 45-1-05- Magistrate Gallagher
District Court 45-3-01- Magistrate Gibbons
District Court 45-1-01- Magistrate Giglio
District Court 45-3-03- Magistrate McGraw
District Court 45-3-02- Magistrate Mercuri
District Court 45-1-08- Magistrate Pesota
District Court 45-1-06- Magistrate Ware
District Court 45-3-04- Magistrate Turlip

Limited Scope Reviews

An audit of limited scope is limited in time span or confined to particular accounts or processes within a department. A desk audit is a limited scope examination of documents and records away from the place of action. The Controller's Office performed limited scope audits in particular areas. Desk audits are performed on the monthly clerical records of various departments and are spot checked and analyzed. The monthly review of reports can determine trends as to increases and decreases in financial activity. The monthly review can highlight and detect any unusual situations that may require further attention by Controller's Office or the auditee.

The limited scope reviews conducted by the Controller's office during 2015 included the following:

- Lackawanna County Audited Financial Statements for 2014
- Lackawanna County Retirement Fund Single Audit and the Corresponding General Ledger Accounts for 2014
- Wilkes-Barre/Scranton International Airport Single Tax Audit for 2014
- Lackawanna County Monthly Workers Compensation Bank Account Reconciliations through 11/30/2015
- Monthly row office and department receipts and disbursements reports through November 2015 (prepared by the Controller's office for the purpose of reviewing activity):
 - Register of Wills/Orphans Court
 - Tax Claim Office
 - Tax Claim Delinquent Escrow Review
 - Recorder of Deeds
 - Sheriff's Office
 - Clerk of Judicial Records, Civil Division
 - Clerk of Judicial Records, Criminal Division
 - Lackawanna County Home Detention Account/Work Release
- Monthly receipts of the Hotel Room Rental Tax through November 2015
- Lackawanna County Employee's Retirement Fund monthly reconciliations through November 30, 2015

FRAUD, WASTE AND ABUSE HOTLINE

The Controller's Office maintains a Fraud, Waste and Abuse Hotline, which offers the public and county employees a confidential avenue for reporting suspected fraud, waste and abuse within the County including boroughs, townships, and municipalities.

Tips can be communicated confidentially in three ways:

- Individuals may call a secure, confidential phone number (570-963-6600).
- Individuals can send a letter to a secure, confidential address at P.O. Box 254, Scranton, PA 18501.
- Individuals can send a secure, confidential email to the hotline via a link provided on the Lackawanna County Homepage via the internet at www.lackawannacounty.org.

The Controller's Office received and processed 13 Fraud, Waste, and Abuse tips for 2015. All tips were given to the Lackawanna County District Attorney's office, in accordance with the hotline's by-laws. Also in accordance with the by-laws and as needed, some tips were forwarded to the Human Resources department to be resolved.

The Controller's Office welcomes the public to use this confidential means for reporting Fraud, Waste, and Abuse of all suspected instances within Lackawanna County.

Other Activities

Invoice Processing

As stated earlier in this report, the Controller's Office processed in excess of 26,000 invoices for 2015. Prior to the approval of any invoice, the Controller's Office staff examines contracts, purchase orders, signed resolutions and any other appropriate documents prior to payment which would result in financial obligations against the county government.

Bid Control

The Controller's Office receives and secures publically advertised bids issued by the Purchasing office and The Office of Economic Development. The Controller's office opens bids in a public setting and monitors bid tabulation to ensure the integrity of the process.

Budget

During the preparation of the county's 2016 budget, the Controller's Office attended the budget hearings for each department to stay apprised of the financial obligations affecting the county finances. The Controller's Office also attended the four public hearings on the presentation of the 2016 county budget.

Training

To maintain the professionalism of the Controller's Office and to stay apprised of changes in laws, regulations, and legislation requires continuing education for the staff regarding Controller's office activities.

Members of the Controller's Office staff attended continuing education conferences presented by the Pennsylvania State Association of County Controllers (PSACC) and received updates on current federal and state legislation and audits performed by various county controllers across the Commonwealth that effects county government.

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Efficiencies

The Controller's Office, in cooperation with various departments, was able to streamline some processes to add efficiencies and cost and time savings not only for the Controller's office but other departments as well (Purchasing - Purchase Orders, Tax Claim - Hotel Tax).

External Auditors

The Controller's Office cooperated and complied with the various external auditor's requests in reviewing and testing invoices and payments within the Controller's office.

Boards

The Controller, Gary A. DiBileo is a member of the pension, prison, salary, and Wilkes-Barre/Scranton Bi-County Airport Boards. As a member of these boards he ensures a watchful eye over the financial activities of the county

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Janice Grzybowski – Data Entry Clerk

Lindsey Holland – Audit Assistant

Elaine Kingsley – Auditor

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Ronald Simonetti – Internal Auditor

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