



**COUNTY OF ERIE**  
**DEPARTMENT OF FINANCE**  
**GENERAL ACCOUNTING**  
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**CORRECTIVE ACTION PLAN**  
**FOR THE COUNTY OF ERIE CONTROLLER'S AUDIT REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

Finding #1: Outstanding Checks

Recommendation: During the review of the 2014 bank reconciliations, several bank accounts had old checks listed as outstanding. We recommend that the Director of Finance ensure that outstanding checks are voided after 180 days. If the payee cannot be located to have a new check issued, the funds should be turned over to the County's unclaimed property account.

Response: We agree with the recommendation. In May of 2014, the cash accountant responsible for these duties left employment. The Accounting Department is actively addressing this issue.

Steps to be Taken: The Accounting Department's stale dated check and unclaimed property policy has been updated and explained to the cash accountant. After electronically submitting our unclaimed property report this year, we are in the process of sending out letters to all vendors with checks long outstanding. Checks written to vendors who do not respond will be reclassified to unclaimed property. Sending letters to vendors with stale dated checks has been added to the monthly duties to the cash accountant.

Finding #2: Reconciling Items

Recommendation: The 2014 bank reconciliations for Children & Youth, Public Health, General Fund and Library listed several old reconciling items dating back to 2013. These include NSF payments and bank clearing errors. Discrepancies should either be corrected by the bank or recorded in the book balance. In February of 2015, NSF payments made to the Library were written off and the cash balance was adjusted.

Response: We agree with the recommendation.

Steps to be Taken: In 2014 staff changes and training did put us behind in clearing up reconciling items on the accounts listed above. The Accounting Specialist will investigate reconciling items and take action to either notify the bank or instruct the cash accountant to write journal entries and record the items on the cash ledger promptly. During 2014 there were times where we submitted corrections to the bank and it took some time to get them corrected.

Finding #3: State Account Bank Reconciliation

Recommendation: In the 2013 Controller's Report, it was noted that bank reconciliations for September of 2013 – December of 2013 for the state account were not completed until March of 2014. We recommend that the Revenue Department complete the bank reconciliation within 30 days of the receipt of the bank statement. The Director of Revenue should review and initial the bank reconciliations to ensure they are completed timely and old discrepancies resolved. Bank reconciliations still are not being completed within 30 days of the receipt of the bank statement. We continue to recommend the Director of Revenue ensure that bank reconciliations are completed with 30 days of the receipt of the bank statement.

Response: We agree with the recommendation.

Steps to be Taken: Staffing shortages and turnover impacted past reconciliations. The tax claim accountant is now taking the lead in the state account trust and agency reporting. A thirty day turnaround is problematic during "peak seasons", but efforts will be made to achieve this goal.

Finding #4: Erie County Retirement Fund

Recommendation: The Controller continues to recommend that the Erie County Retirement Board reduce costs by re-examining relationship fees paid in addition to the money manager fees. The 2014 relationship fees cost to the pension was \$170,022 in addition to the money manager fees of \$704,957.

Response: Only the Retirement Board is able to investigate and respond to the Controller's comment.

Finding #5: Inadequate Audit Coverage Due to Budget Reductions

Recommendation: With the elimination of a Senior Auditor position in 2009, the staffing levels of the Controller's Office are not sufficient to meet the requirements of the mandated duties of the County Home Rule Charter to ensure the taxpayers that the internal controls are functioning properly. In order for the County Controller's office to fulfill the duties outlined in the Administrative Code, as well as meet the State mandated schedule for the District Magisterial Audits, we recommend that the Senior Auditor position be restored.

Response: The Controller, along with many departments did lose staffing in 2009. For several years, the County Executive has included the restoration of the position in the budget proposal. However, County Council has not agreed to restore the position.