



COUNTY OF ERIE
DEPARTMENT OF FINANCE
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**COUNTY RESPONSE TO COMMENTS IN THE
COUNTY OF ERIE CONTROLLER'S AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015**

2015 Current Comments

Comment #1: Remittance of License Fees

Funds collected for the sale of dog licenses were not being remitted to the State on a timely basis.

Response: The revenue department did not remit the 2015 proceeds from the sale of dog licenses to the State in a timely manner. Effective April 1, 2016, procedures are in place to insure payments are made timely. The Director of Tax Claim/Revenue will report the date of the monthly payments to the Finance Director, as well as the reasons for any delay in payment should it occur.

Comment #2: State Account Outstanding Reconciling Items

There are many unresolved reconciling items on the December 2015 bank reconciliation totaling \$2,617.83 including three deposits of checks that never were credited to the account. The reconciling items were not discovered timely because the bank statements were not reconciled timely.

Response: The checks in the deposits that did not get credited to the account are too old to re-deposit. The County will send out letters to those who issued the checks requesting a new check. Any amounts that cannot be collected will be written off and the General Fund will reimburse for any shortages. New procedures have been put into place so staff will reconcile daily the deposits made with the deposits recorded in the bank. The Director of Tax Claim/Revenue will immediately report any problems to the Finance Director.

Comment #3: Edmund L. Thomas Center and Shelter Food Service

In the past, Pleasant Ridge Manor East provided food service to the Edmund L. Thomas Detention Center and Shelter. When Pleasant Ridge Manor closed, initially Purchasing invoked the Emergency Purchasing portion of the Purchasing Code instead of bidding out the service. The Controller's also questioned the long standing practice of providing meals to the third shift staff. The Controller also questioned why two commercial refrigerators were purchased if meals are contracted out. Finally, a request was made to reapply for acceptance into the National School Lunch Program to reduce costs.

Response: Food services for ELT were properly bid out later in the year once it was brought to the attention of the Administration at the same price that was being paid when Pleasant Ridge Manor closed. While the food service provider sends meals in, milk, bread, drinks and snacks need to be refrigerated. ELT was previously using commercial refrigerators at PRM East and needed to purchase refrigerators after PRM East closed. The management at ELT is working on applying for inclusion into the National School Lunch Program. The PSSU labor contract states meals must be provided to staff during regular meal periods. The County discontinued the practice of providing meals to third shift staff.

Comment #4: County Leases

The Controller believes that county leases for office space at the RCWE building adjacent to the County department of Human Services Building for Drug & Alcohol Abuse and Child Care Information are not reasonable and did not sign off on the leases.

Response: The Administration carefully reviewed the leases for both Drug & Alcohol and CCIS in the RCWE building. The Administration believes that the terms of the lease are fair and reasonable.

Prior Year Unresolved Comments

Comment #5: State Account Bank Reconciliation

In prior years as well as 2015, the bank statement for the state revenue bank account was not reconciled timely.

Response: The Director of Tax Claim/Revenue is now reviewing and signing off on the bank reconciliations for the state account. Monthly trust and agency reports will be submitted within 30 days after the end of the month. If there are problems that will delay the completion, the Director of Tax Claim and Revenue will notify the Director of Finance.

Comment #6: Inadequate Audit Coverage Due to Budget Restrictions

In 2009 County Council eliminated xx county positions, including a senior auditor in the Controller's Office. The Controller advocates for the restoration of the position to complete the mandated duties of the office.

Response: The current County Executive has included in the last two budget proposals the restoration of the position. County Council did not include the position in the final budgets.

Comment #7: Working Maintenance Supervisor Contract

The Controller recommended the Administration review a ten year maintenance supervisor contract which commenced after the County's maintenance supervisor retired in 2014.

Response: Under the previous Administration, a 10 year working maintenance supervisor contract was properly bid and approved by County Council. The reporting by the contractor is now more detailed.

Comment #8: County Financial Management System

The Controller believes that the current financial management system is cumbersome and not user friendly. The system is down frequently. The upgraded Purchasing System still does not contain invoices and back up documentation. Attempts to upgrade the original system have resulted in additional cost for each upgrade as well as extensive training time for all departments during regular work hours.

Response: Many upgrades to the County's financial management system have been made. Upgrades are included in the cost of the annual maintenance contract. Additional costs have been incurred when the County adds new functionality to the system such as adding a Purchasing ledger, updating the test ledger, contracting with the vendor for custom reporting or installation of software. The County's IT Director stated that in the last two years, the system has never been down. We believe that the Controller is referring to requests from IT to exit the system for a few minutes when batches need to be reset. The Administration is committed to training employees who use the system when upgrades occur or new applications are installed, such as the purchasing module. Purchasing users can scan quotes received and attach them to requisitions. Scanning invoices and attaching them to documents is a future enhancement to the accounts payable module. This will occur after the County completes the RFID inventory project.

Comment #9: Review of County Purchasing

The Controller made several recommendations including the avoidance of open purchase orders, the use of bulk discounts through the State, COG and other government sources, documentation of quotes and sole source providers and re-evaluation of thresholds for quotes and bidding to a lower dollar amount. She also addressed splitting the responsibilities for Procurement and Facilities and Operations. In 2016 open purchase orders exist for amounts over the \$25,000 bid limit.

Response: The Administration has greatly reduced the number of open purchase orders and will examine their use annually. However, open purchase orders are allowable under the Purchasing Code. While the Administration is open to joint purchasing for bulk discounts, we have not seen opportunities to utilize this. Letters are attached for sole source vendors. The Administration does not plan to change thresholds at this time. The Administration separated Purchasing and Operations and Facilities by creating only one position, the Director of Purchasing, to allow more time to be spent on purchasing activities. Open purchase orders for amounts in excess of the \$25,000 bid limit are allowable since they represent numerous invoices for separate purchases over a one year period.