

**County of Lackawanna
Transit System Authority
A Component Unit of Lackawanna County**



**Single Audit Report
June 30, 2017**



County of Lackawanna Transit System Authority
A Component Unit of Lackawanna County

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June 30, 2017

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County of Lackawanna Transit System Authority
A Component Unit of Lackawanna County

Report Distribution List
June 30, 2017

Board of Directors
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Scranton, PA 18504

Federal Audit Clearinghouse
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Jeffersonville, IN 47132

U.S. Department of Transportation
Federal Transit Administration
1200 New Jersey Avenue, SE
Washington, DC 20590

Commonwealth of Pennsylvania
Bureau of Audits
Special Audit Services Division
Forum Place, 8th Floor
555 Walnut Street
Harrisburg, PA 17101

U.S. Department of Transportation
Federal Transit Authority
Region 3 Office
1760 Market Street
Suite 500
Philadelphia, PA 19103

Lackawanna County
Planning Department
Attention: Steven Pitoniak
Lackawanna County Gateway Center
135 Jefferson Avenue
Scranton, PA 18503



Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and the Audit Requirements of the Pennsylvania Department of Transportation

Independent Auditor's Report

To the Board of Directors
County of Lackawanna Transit System Authority
Scranton, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements of the Pennsylvania Department of Transportation, the financial statements of the County of Lackawanna Transit System Authority, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County of Lackawanna Transit System Authority's basic financial statements, and have issued our report thereon dated March 19, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Lackawanna Transit System Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Lackawanna Transit System Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Lackawanna Transit System Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, as described in the accompanying schedule of findings and questioned costs as findings 2017-001, 2017-002 and 2017-003, we identified deficiencies in internal control that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Lackawanna Transit System Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. The results of our testing disclosed an instance of noncompliance or other matters that are required to be reported under the audit requirements of the Pennsylvania Department of Transportation, and which is described in the accompanying schedule of findings and questioned costs as findings 2017-004 and 2017-005.

County of Lackawanna Transit System Authority's Response to Findings

The County of Lackawanna Transit System Authority's response to the findings identified in our audit are described in the accompanying corrective action plan. The County of Lackawanna Transit System Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the audit requirements of the Pennsylvania Department of Transportation in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in black ink that reads "RKL LLP". The letters are cursive and somewhat stylized.

March 19, 2018
Lancaster, Pennsylvania



Report on Compliance for Each Major Federal and DHS Program; Report on Internal Control over Compliance; and Report on the Schedules of Expenditures of Federal Awards and DHS Expenditures as Required by the Uniform Guidance and the Pennsylvania Department of Human Services

Independent Auditor's Report

To the Board of Directors
County of Lackawanna Transit System Authority
Scranton, Pennsylvania

Report on Compliance for Each Major Federal and DHS Program

We have audited the County of Lackawanna Transit System Authority's compliance with the types of compliance requirements described in the OMB, *Compliance Supplement*, and the Pennsylvania Department of Human Services (DHS), *Single Audit Supplement* (the Supplement), that could have a direct and material effect on each of the County of Lackawanna Transit System Authority's major federal and DHS programs for the year ended June 30, 2017. The County of Lackawanna Transit System Authority's major federal and DHS programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards and DHS expenditures applicable to its federal and DHS programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Lackawanna Transit System Authority's major federal and DHS programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) and the Supplement. Those standards, the Uniform Guidance, and the Supplement require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or DHS program occurred. An audit includes examining on a test basis evidence about the County of Lackawanna Transit System Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Auditor's Responsibility (continued)

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and DHS program. However, our audit does not provide a legal determination of the County of Lackawanna Transit System Authority's compliance.

Opinion on Each Major Federal and DHS Program

In our opinion, the County of Lackawanna Transit System Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and DHS programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the County of Lackawanna Transit System Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Lackawanna Transit System Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and DHS program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and DHS program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Supplement, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Lackawanna Transit System Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or DHS program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or DHS program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or DHS program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

County of Lackawanna Transit System Authority's response to the internal control over compliance findings identified in our audit are described in the accompanying corrective action plan. County of Lackawanna Transit System Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance (continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and DHS. Accordingly, this report is not suitable for any other purpose.

Report on the Schedules of Expenditures of Federal and DHS Awards Required by the Uniform Guidance

We have audited the financial statements of the County of Lackawanna Transit System Authority as of and for the year ended June 30, 2017, and have issued our report thereon, dated March 19, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and DHS expenditures are presented for purposes of additional analysis as required by the Uniform Guidance and DHS and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and DHS expenditures are fairly stated in all material respects in relation to the financial statements as a whole.

RKL LLP

March 19, 2018
Lancaster, Pennsylvania

**County of Lackawanna Transit System Authority
A Component Unit of Lackawanna County**

Schedule of Expenditures of Federal Awards
June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Transportation, Federal Transit Administration			
Transit Capital Grants Cluster			
Federal Transit Capital Investment Grants	20.500	PA-04-0066	<u>\$ 2,177</u>
Total Federal Transit Capital Investment Grants			<u>2,177</u>
Federal Transit-Formula Grants	20.507	PA-90-X615	457,181
Federal Transit-Formula Grants	20.507	PA-90-X701	79,589
Federal Transit-Formula Grants	20.507	PA-90-X733	19,381
Federal Transit-Formula Grants	20.507	PA-90-X740	234,800
Federal Transit-Formula Grants	20.507	PA-90-X780	1,103
Federal Transit-Formula Grants	20.507	PA-90-X800	-
Federal Transit-Formula Grants	20.507	PA-90-X852	<u>360,601</u>
Total Federal Transit Formula Grants			<u>1,152,655</u>
Total Federal Transit Grants Cluster			<u>1,154,832*</u>
Transit Services Programs Cluster			
Job Access and Reverse Commute Program	20.516	PA-37-X032	<u>80,254</u>
Total Transit Services Programs Cluster			<u>80,254</u>
Total U.S. Department of Transportation			<u>1,235,086</u>

**County of Lackawanna Transit System Authority
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Schedule of Expenditures of Federal Awards (continued)
June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Health and Human Services			
Passed through the Commonwealth of Pennsylvania, Department of Human Services			
Passed through Lackawanna County Medical Assistance Transportation Program	93.778	N/A	<u>430,822</u>
Total U.S. Department of Health and Human Services			<u>430,822</u>
Total Federal Awards Expended			<u>\$ 1,665,908</u>

* Denotes major programs as defined by the Uniform Guidance.

County of Lackawanna Transit System Authority
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Schedule of Pennsylvania Department of Human Services Expenditures
June 30, 2017

Program (as Defined in the Pennsylvania Department of Human Services, <i>Single Audit Supplement</i>)	Combined Federal/State Expenditures for Fiscal Year Ended June 30, 2017
Medical Assistance Transportation Program	<u>\$ 861,644*</u>

* Major Pennsylvania Department of Human Services program. The 2017 threshold for major programs under the federal definition is \$750,000 (the greater of 3% of total federal expenditures or \$750,000). The amount expended under major Pennsylvania Department of Human Services programs for the fiscal year ended June 30, 2017 was \$861,644 or 100% of total Pennsylvania Department of Human Services financial assistance.

County of Lackawanna Transit System Authority
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Notes to Schedule of Expenditures of Federal Awards and Schedule of Pennsylvania
Department of Human Services Expenditures
June 30, 2017

Note 1 - Significant Accounting Policies

The County of Lackawanna Transit System Authority (the Authority) maintains its accounting records in accordance with accounting principles generally accepted in the United States of America. The financial information contained in the schedules of expenditures of federal awards and DHS expenditures has been prepared on the basis of accounting practices prescribed under the terms of Operating Assistance, Planning, and Capital Grants with the Federal Transit Administration. The practices differ from accounting principles generally accepted in the United States of America as follows:

1. Depreciation is not allowed as a project cost.
2. Certain expenditures that would not normally be included in the determination of net income are either allowable or unallowable for project purposes.

Note 2 - Indirect Cost Rate

The Authority has elected not to charge the de minimis 10% indirect cost rate.

County of Lackawanna Transit System Authority
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Summary Schedule of Prior Audit Findings
June 30, 2017

Section II - Financial Statement Findings

Finding	Significant Deficiency	Questioned Costs
2016-001	<p data-bbox="446 516 1253 621">Preparation of financial statements under accounting principles generally accepted in the United States of America (U.S. GAAP).</p> <p data-bbox="446 653 586 684">Condition</p> <p data-bbox="446 716 1253 821">The authority does not have adequately trained and experienced staff to prepare a complete set of U.S. GAAP based financial statements.</p> <p data-bbox="446 852 786 884">Corrective Action Taken</p> <p data-bbox="446 915 1253 1146">Management will continue to take responsibility for the financial statements and also attend educational conferences and trade shows to remain current on accounting changes which will impact financial reporting. Management will also emphasize the roles of all employees within the function so that all staff understand how their particular jobs impact the financial reporting.</p> <p data-bbox="446 1178 688 1209">Status of Finding</p> <p data-bbox="446 1241 1253 1312">The finding has not been remediated for the year ended June 30, 2017. See finding 2017-002.</p>	N/A

County of Lackawanna Transit System Authority
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Summary Schedule of Prior Audit Findings (continued)
June 30, 2017

Section II - Financial Statement Findings (continued)

		<u>Questioned Costs</u>
Finding 2016-002	<p>Significant Deficiency</p> <p>The Authority does not have sufficient resources within the accounting function to be able to produce financial reports on a timely basis.</p> <p>Condition</p> <p>The accounting department lacked the resources to be able to meet financial reporting deadlines.</p> <p>Corrective Action Taken</p> <p>Management will continue to actively monitor upcoming deadlines and review staffing levels to ensure that the future reporting deadlines are met.</p> <p>Status of Finding</p> <p>The finding has not been remediated for the year ended June 30, 2017. See finding 2017-003.</p>	N/A

County of Lackawanna Transit System Authority
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Summary Schedule of Prior Audit Findings (continued)
June 30, 2017

Section II - Financial Statement Findings (continued)

		<u>Questioned Costs</u>
Finding 2016-003	Commonwealth of Pennsylvania Act 44 Funds The audit requirements of the PennDOT Bureau of Public Transportation require that the financial statement audit be submitted to PennDOT by December 31, 2016. The required reporting was not submitted until January 17, 2017. Condition The Authority missed the December 31, 2016 deadline for submission of the financial statement audit and related reports. Corrective Action Taken Management is aware of the reporting deadlines, but due to funding constraints and limited personnel the reports were not completed timely. Management will continue to actively monitor upcoming deadlines and review staffing levels to ensure reporting deadlines are met. Status of Finding The 2017 financial statement audit was not submitted to PennDOT until March 19, 2018. See finding 2017-004.	N/A

**County of Lackawanna Transit System Authority
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Summary Schedule of Prior Audit Findings (continued)
June 30, 2017

Section III - Federal Award Findings and Questioned Costs

None.

County of Lackawanna Transit System Authority
A Component Unit of Lackawanna County

Schedule of Findings and Questioned Costs
 June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the Uniform Guidance? Yes No

Identification of Major Programs

CFDA Numbers	Name of Federal Program	Amount Expended
20.500 and 20.507	Federal Transit Grants Cluster	\$ 1,154,832
Dollar threshold used to distinguish between Type A and Type B programs:		\$ 750,000
Auditee qualified as low-risk auditee?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**County of Lackawanna Transit System Authority
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Schedule of Findings and Questioned Costs (continued)
June 30, 2017

Section II - Financial Statement Findings

Finding 2017-001	Significant Deficiency	Questioned Costs
	<p>Various general ledger accounts were not timely reconciled to subsidiary ledgers on a periodic basis and the books were not properly closed as of fiscal year end.</p>	N/A
	Condition	
	<p>Various general ledger accounts were not properly closed and reconciled to the subsidiary ledgers and supporting schedules on a periodic basis during the year and at year end.</p>	
	Criteria	
	<p>An effective system of internal accounting control necessitates adequate supervision of financial functions to ensure that all general ledger accounts are reconciled and reviewed on an on-going basis.</p>	
	Cause	
	<p>Lack of experience and resources within the accounting function.</p>	
	Effect	
	<p>The internal control system is more susceptible to errors and other irregularities, either intentional or unintentional, not being discovered.</p>	
	Recommendation	
	<p>Management should review staff responsibilities and implement policies and procedures to ensure that all general ledger accounts are reviewed, reconciled, and closed in a timely manner.</p>	

County of Lackawanna Transit System Authority
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Schedule of Findings and Questioned Costs (continued)
June 30, 2017

Section II - Financial Statement Findings (continued)

Finding	Significant Deficiency	Questioned Costs
2017-002	<p data-bbox="446 514 1258 619">Preparation of financial statements under accounting principles generally accepted in the United States of America (U.S. GAAP).</p> <p data-bbox="446 651 584 682">Condition</p> <p data-bbox="446 714 1258 819">The authority does not have adequately trained and experienced staff to prepare a complete set of U.S. GAAP based financial statements.</p> <p data-bbox="446 850 552 882">Criteria</p> <p data-bbox="446 913 1258 1018">An effective system of internal accounting control is necessary to prepare an entity's U.S. GAAP financial statements including footnote disclosures.</p> <p data-bbox="446 1050 535 1081">Cause</p> <p data-bbox="446 1113 1258 1218">The Authority's staff is not adequately experienced and trained to prepare U.S. GAAP based financial statements and footnote disclosures.</p> <p data-bbox="446 1249 535 1281">Effect</p> <p data-bbox="446 1312 1258 1417">The Authority is still responsible for its financial statements; however, the Authority must rely on a third party to prepare its financial statements.</p> <p data-bbox="446 1449 698 1480">Recommendation</p> <p data-bbox="446 1512 1258 1638">Management should continue to take responsibility for the financial statements and consider trainings to help staff become more knowledgeable about preparing U.S. GAAP based financial statements and footnote disclosures.</p>	N/A

County of Lackawanna Transit System Authority
A Component Unit of Lackawanna County

Schedule of Findings and Questioned Costs (continued)
June 30, 2017

Section II - Financial Statement Findings (continued)

Finding	Significant Deficiency	Questioned Costs
2017-003	<p>The Authority does not have sufficient resources within the accounting function to be able to produce financial reports on a timely basis.</p> <p>Condition</p> <p>The accounting department lacked the resources to be able to meet financial reporting deadlines.</p> <p>Criteria</p> <p>The accounting department should have enough personnel to be able to close the books, provide assistance to the external auditors, and meet required reporting deadlines on a timely basis.</p> <p>Cause</p> <p>The Authority's accounting function was not adequately staffed.</p> <p>Effect</p> <p>The June 30, 2017 audit was not complete until March 2018.</p> <p>Recommendation</p> <p>Management should review the staffing needs for the accounting function and determine the appropriate level of staffing needed to comply with the regulatory reporting requirements.</p>	N/A

**County of Lackawanna Transit System Authority
A Component Unit of Lackawanna County**

Schedule of Findings and Questioned Costs (continued)
June 30, 2017

Section II - Financial Statement Findings (continued)

		<u>Questioned Costs</u>
Finding 2017-004	<p>Commonwealth of Pennsylvania Act 44 Funds</p> <p>The audit requirements of the PennDOT Bureau of Public Transportation require that the financial statement audit be submitted to PennDOT by December 31, 2017. The required reporting was not submitted until March 2018.</p> <p>Condition</p> <p>The Authority missed the December 31, 2017 deadline for submission of the financial statement audit and related reports.</p> <p>Criteria</p> <p>All transit agencies are required to have an annual State Grant Compliance Review performed by a certified public accounting firm at the end of each fiscal year. The audit shall be submitted to PennDOT within six months of the conclusion of each fiscal year and shall be submitted with the annual financial statement audit.</p> <p>Cause</p> <p>The Authority did not have adequate staffing within the accounting function to be able to produce financial reports on a timely basis.</p> <p>Effect</p> <p>The Authority's personnel were unable to provide the assistance needed to complete the financial statement audit in a timely fashion.</p> <p>Recommendation</p> <p>The Authority should review job descriptions and personnel levels to ensure the Authority's staff is able to comply with the Pennsylvania Department of Transportation, Bureau of Public Transportation, and audit requirements.</p>	N/A

**County of Lackawanna Transit System Authority
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Schedule of Findings and Questioned Costs (continued)
June 30, 2017

Section II - Financial Statement Findings (continued)

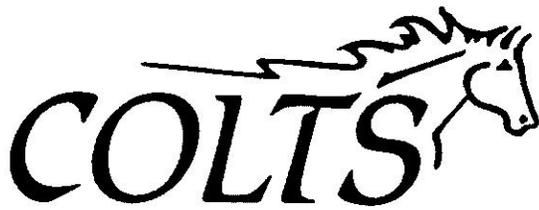
		<u>Questioned Costs</u>
Finding 2017-005	Shared-Ride Program The Authority overbilled PennDOT for the Shared-Ride Program, due to an error in the calculation of the reimbursement. Condition The Authority overbilled PennDOT for Shared-Ride Program funding. Criteria The Authority is required to bill PennDOT for the Shared-Ride Program based on actual trips times the shared-ride fare per trip. Cause Error in the calculation of the Shared-Ride Program reimbursement. Effect PennDOT was overbilled as a result of the error and funds are due back to PennDOT from the Authority. Recommendation The Authority should perform a detailed review over the Shared-Ride Program reimbursement calculation on a periodic basis.	N/A

County of Lackawanna Transit System Authority
A Component Unit of Lackawanna County

Schedule of Findings and Questioned Costs (continued)
June 30, 2017

Section III - Federal Award Findings and Questioned Costs

Finding	Significant Deficiency	Questioned Costs
2017-001	<p data-bbox="446 520 1255 621">Various general ledger accounts were not timely reconciled to subsidiary ledgers on a periodic basis and the books were not properly closed as of fiscal year end.</p> <p data-bbox="446 653 586 684">Condition</p> <p data-bbox="446 716 1255 816">Various general ledger accounts were not properly closed and reconciled to the subsidiary ledgers and supporting schedules on a periodic basis during the year and at year end.</p> <p data-bbox="446 848 553 879">Criteria</p> <p data-bbox="446 911 1255 1047">An effective system of internal accounting control necessitates adequate supervision of financial functions to ensure that all general ledger accounts are reconciled and reviewed on an on-going basis.</p> <p data-bbox="446 1079 537 1110">Cause</p> <p data-bbox="446 1142 1255 1205">Lack of experience and resources within the accounting function.</p> <p data-bbox="446 1247 531 1278">Effect</p> <p data-bbox="446 1310 1255 1411">The internal control system is more susceptible to errors and other irregularities, either intentional or unintentional, not being discovered.</p> <p data-bbox="446 1442 693 1474">Recommendation</p> <p data-bbox="446 1505 1255 1640">Management should review staff responsibilities and implement policies and procedures to ensure that all general ledger accounts are reviewed, reconciled, and closed in a timely manner.</p>	N/A



County of Lackawanna Transit System

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CORRECTIVE ACTION PLAN

- Finding 2017-001** **Reconciliation of general ledger accounts**
Management is aware of the need for timely reconciliation of general ledger accounts. The Authority has a third party bookkeeper to assist in the reconciliation process.
- Finding 2017-002** **Preparation of GAAP Based Financial Statements**
Management will continue to take responsibility for the financial statements and also attend educational conferences and trade shows to remain current on accounting changes which will impact financial reporting. Management will also emphasize the roles of all employees within the accounting function to that all staff understand how their particular jobs impact the financial reporting.
- Finding 2017-003** **Inadequate Staffing in Accounting Department**
Management will continue to actively monitor upcoming deadlines and review staffing levels to ensure that the future reporting deadlines are met.
- Finding 2017-004** **State Reporting Deadlines**
Management is aware of the reporting deadlines, but due to funding constraints and limited personnel the reports were not completed timely. Management will continue to actively monitor upcoming deadlines and review staffing levels to ensure reporting deadlines are met.
- Finding 2017-005** **Shared Ride Program**
Management is aware of the approved rate structure and methodology required to calculate reimbursements correctly. The error in the spreadsheet was corrected and to ensure revenue is calculated correctly.



Douglas Hein, Director of Finance