



Introduction

As part of regular year-end audit work, the Audit Division (AD) performed Cash Disbursements testing for the year 2013.

Scope

AD reviewed Cash Disbursements to ascertain compliance with Sole Source, Purchase Contract, Public Works Contract, RFP (Request for Proposal) and Bid guidelines and procedures set by New York General Municipal Law §103 and 104b, Onondaga County Legislative Resolution No. 361, Onondaga County Administrative Code and the Division of Purchase RFP Training Manual dated March 2010. AD then determined the purchase was properly approved, budget checked and account coded in the PeopleSoft Financial Accounting System. A total of 40 cash disbursements were tested.

Findings

The following is a summary of findings:

1. **Criteria:**

Segregation of duties is critical to effective internal control; it reduces the risk of both erroneous and inappropriate actions. In general, the approval function, the accounting /reconciling function and the asset custody function should be separated among employees. When these functions cannot be separated, a detailed supervisory review of related activities is required as a compensating control activity. Segregation of duties is a deterrent to fraud because it requires collusion with another person to perpetrate a fraudulent act.

Finding:

There were 6 instances where the requester of the requisition, the approver of the requisition, and the person who entered the corresponding voucher were the same individuals. This is a segregation of duties issue. The Requisition is also approved by Comptroller's claims division and Purchasing. The Voucher was also approved by Comptroller's for payment.

Note: This was previously discussed with Administration after a County wide review of the approval process. It is AD's understanding they are working to strengthen internal controls over the approval process.

2. **Criteria:**

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Finding:

There were two instances where the requester of the requisition and the approver of the requisition were the same. This is a segregation of duties issue.

3. **Criteria:**

A purchase requisition is owned and approved by the originating department requiring goods or services.

Finding:

There was one instance where the approver of the requisition and the requisition from which the Department came from was different. Someone in the Personnel Department approved a requisition for the Law Dept.

Note: Per the Director of Purchase, this weakness in PeopleSoft has been subsequently remedied where orders are no longer combined across Departments.

4. **Criteria:**

According to the Instructions to Bidders/General Conditions, Section 1. Submission of bids, 1.2, "Bids must be date and time stamped by the Division of Purchase prior to the specified time of the opening."

Finding:

There were eleven instances where AD could not locate the date bid documents were received on the responses to the bids, in spite of the fact in the solicitation of bid paperwork indicated responses would be date stamped.

Note: Per the Director of Purchase, the Department is working on date stamping envelopes and scanning them in.

5. Criteria:

The Administrative Directive Manual, Pages 703.00-703.01, Subject: Request for Proposal (RFP) Process Directive, states “by Resolution No. 361-1991, the Onondaga County Legislature established policies and procedures for the procurement of goods and services which are not required to be made pursuant to the competitive bidding requirements of New York State General Municipal Law, §103. This directive is issued in furtherance of those policies and procedures. County contracts that fall within the professional services exception to the competitive bidding requirements may be procured through a Request for Proposal. Generally, professional services involve specialized skill, training and expertise, use of professional judgment or discretion, or a high degree of creativity.

The County discourages prolonged extensions and amendments to professional service contracts. The Purchasing Director will review requests to amend or extend professional service contracts and may refer these requests to the department’s Deputy County Executive and/or RFP evaluation committee for review. Requests to extend a professional service contract beyond three (3) years must be submitted for review by the RFP evaluation committee.”

Finding:

There was one instance where no RFP information was provided. The service was contracted in 2004 and has not been re-bid since then.

6. Criteria:

Per Onondaga County Legislative Resolution No. 361-1991, Purchase Contracts over \$3,000 to \$19,000 require a minimum of 3 written quotes.

Finding:

There were two instances where 3 written quotes were not provided.

7. Criteria:

Per Onondaga County Legislative Resolution No. 361-1991, Purchase Contracts over \$3,000 to \$19,000 require a minimum of 3 written quotes.

Per the Administrative Directive Manual, Pages 703.00-703.01, Subject: Request for Proposal (RFP) Process Directive, the department head should solicit a minimum of three vendors and the RFP Evaluation Committee will review all RFPs where the cost of the professional services equals or exceeds \$50,000.

Per Onondaga County Legislative Resolution No. 361-1991 Section 4C- An exception to formal bidding is sole source when there is only one possible source from which to procure goods and/or services indicating that there is no possibility of competition.

Finding:

There were two instances where Purchasing declared sole source and there was no documentation to justify that determination.

8. Criteria:

The Onondaga County Administrative Code (Revised 1/2010), Article VI-Financial Procedure, Section 6.17A (5)-Procurement Where Advertisement For Bids Waived- Replacement Parts states, “Public advertisement may be waived when machinery, equipment or other apparatus shall become disabled or worn and shall require immediate repair or replacement. The head of any unit of County government so affected shall notify the Purchasing Director in writing of such condition and certify to the necessity of immediate repair. Public advertisement shall not be waived, however, unless such certificate of necessity shall be approved in writing by the County Executive.”

Finding:

There was one instance where Purchasing waived the bid requirement under replacement parts provision of County Administrative Code 6.17A (5). However, the section of the code requires specific documentation which was not provided.

Note: Per discussion with Director of Purchase, there is a gap in the resolution covering items under \$20,000, which will be discussed with the Law Department

9. Criteria:

Per Onondaga County Legislative Resolution No. 361-1991, Purchase Contracts over \$1,000 to \$2,999 require a minimum of 2 telephone quotes.

Finding:

There was one instance where no telephone quotes were documented.

10. Criteria:

The Administrative Directive Manual, Pages 703.00-703.01, Subject: Request for Proposal (RFP) Process Directive, states “by Resolution No. 361-1991, the Onondaga County Legislature established policies and procedures for the procurement of goods and services which are not required to be made pursuant to the competitive bidding requirements of New York State General Municipal Law, §103. This directive is issued in furtherance of those policies and procedures. County contracts that fall within the professional services exception to the competitive bidding requirements may be procured through a Request for Proposal. Generally, professional services involve specialized skill, training and expertise, use of professional judgment or discretion, or a high degree of creativity.

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Finding:

There was one instance where no documentation regarding an RFP was received from the Purchasing Department. However, when requested from the Health Department, I/A received some documents, but not all of the required documentation.

Recommendations/Conclusion

The Audit Division recommends the segregation of duties issued be addressed in PeopleSoft. The Audit Division's understanding is County Administration is aware of the issue and is working to correct it.

The Audit Division also recommends the Purchasing Department improve on the documentation of the actions taken regarding the procurement process. In discussions with the Director of Purchase, a new module is being tested in PeopleSoft which would allow for documentation of actions taken, where applicable, to be stored in PeopleSoft as part of the requisition/process.