



County of Onondaga
Office of the County Executive

John H. Mulroy Civic Center, 14th Floor
421 Montgomery Street, Syracuse, New York 13202

Phone: 315.435.3516 Fax: 315.435.8582

www.ongov.net

Joanne M. Mahoney
County Executive

Ann Rooney
Deputy County Executive, Human Services

William P. Fisher
Deputy County Executive

Mary Beth Primo
Deputy County Executive, Physical Services

May 2, 2017

Onondaga County Legislature
401 Montgomery Street, Room 407
Syracuse, NY 13202

Re: County Comptroller letter of May 1, 2017 Re: *Dannible & McKee, LLP Review*

Dear Legislators,

On Friday, April 28, you were provided with complete copies of the Dannible & McKee "Independent Accountant's Report" to the Management of County of Onondaga, dated March 21, 2017. You were also provided with a memorandum from the County's chief fiscal officer, Steve Morgan, describing plans to implement each and every recommendation made by the Independent Accountant.

I would urge you to read the Independent Accountant's Report and the County CFO's response prior to the May 22 meeting of the Ways & Means committee, when Mr. Morgan will present the Report and his response for legislative review and discussion.

I would also urge you to read the County Comptroller's letter of May 1 after reading the Report, so that you may understand the gross distortions contained in the Comptroller's letter. His letter claims that "...the Mahoney Administration directed the Information Technology Department (IT) to modify a department's decision." This conveniently overlooks the finding that "The job responsibility of a payroll clerk requires the ability to make changes to payroll data only within their respective department. To ensure a proper segregation of duties, and in keeping with best internal control practices, the executive secretary and payroll clerk for the Office of the Comptroller should not have the capability to make changes to the payroll master file for employees of departments outside of the Office of the Comptroller".

The only reason that the IT department was directed to make changes to payroll data was to undo the improper changes to payroll data made by the Comptroller's executive secretary and payroll clerk for the Office of the Comptroller.

Given the vivid memory of having to pay over \$500,000 in attorney fees to defend the County against the County Comptroller in *Antonacci v. Mahoney at al.*, it should not be difficult to recall that the Comptroller sought to, in the words of Judge Spencer Ludington, "enjoin the (Personnel

Commissioner) from changing, altering, or otherwise modifying what the (comptroller) argues are the 'comptroller's official records'.

The Judge's decision on October 20, 2016 clearly found against Mr. Antonacci and for Mr. Troiano. In his decision, Judge Ludington stated that, "In Onondaga county, the officer given the responsibility of the Onondaga County Charter for disbursements of, quote, all fees, revenues and other funds of the county is the chief fiscal officer".

The Court's decision also states that "In addition, the County of Onondaga Administrative Code Section 13.05 entitled Certification (of) Payrolls cannot be approved, quote, unless it shall bear the certificate of the commissioner of personnel", which the Judge stated as "a necessary component in the approval of the biweekly payroll for the county."

The judicial decision goes on to state that "The payroll for the various employees of the county legislature and the Executive is modified, reviewed, amended and finalized through the cooperation of the I.T. Department, the Division of Management and Budget, Personnel Department, departments whose budgets are used to draw funds to pay county employees and the comptroller's department".

The Judge ruled that "The plaintiff has failed to comply with the statutory construction of Section 3107(b) of the CPLR and is not entitled to declaratory judgment on those issues raised for the first time in this motion. Even if the court were to consider such request, they fail to create a justiciable controversy as required by CPLR 3001. Courts do not have supervising authority over the acts of appointed and elected officials involving questions regarding their judgment, discretion, allocation of resources and priorities. **In light of the foregoing, the plaintiff's motion for summary judgment on its cause of action number nine is denied. Defendant Troiano's cross-motion for summary judgment is granted.**" (emphasis added)

With respect to the Report's findings about the Comptroller's activities during the 1st Payroll Period in 2016, the Comptroller is flat out wrong when asserting that "The comptroller's office did NOT do anything different than it has done repeatedly." In fact, Personnel Commissioner Troiano states in a sworn affidavit (see attached) that "The unilateral changes by the Comptroller had been made after the final test run, a time when changes are no longer able to be made to the employee salary records. Instead, the 18 changes were made as 'miscellaneous adjustments' that would apply only to the payroll period. This is not the established manner for making changes to biweekly salary data. This controverted the normal practice of changing employee salary records and making such changes available for review by other County departments and bypassed the County's framework of internal controls". Commissioner Troiano's affidavit goes on to add, "The highly unusual negative adjustments made at the direction of the comptroller violated County practices and protocols for processing payroll. The County practices and procedures outlined above, which require that changes made to payroll records are submitted to the departments employing such persons and to the Personnel department for review, are designed specifically to guard against such unilateral changes made by any department without being reviewed by any other department, in conformance with the segregation of duties that is an essential component of the county's internal control framework."

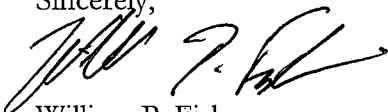
Judge Ludington's decision ruled for Commissioner Troiano and against Comptroller Antonacci. The Independent Accountant's Report likewise finds that "the executive secretary and payroll clerk for the Office of the Comptroller should not have the capability to make changes to the payroll master file for employees of departments outside the Office of the Comptroller".

The Comptroller's letter also conveniently overlooks the Independent Accountant's finding that, "The ability of payroll auditors to also enter and modify payroll data that they are then responsible for auditing **removes the independence needed for an auditor to appropriately audit information leading to an increased potential for the risk of fraud.**" (emphasis added)

The Comptroller also overlooks the Independent Accountant's recommendation that, "We recommend that the County consider revisiting security level access for payroll auditors **in order to remove or greatly restrict their ability to modify data within the payroll system** in order to provide for appropriate segregation of duties between those employees actively involved with the payroll processing function and those responsible for independently auditing the payroll data to ensure its accuracy." (emphasis added) The CFO's letter of May 26 describes Management's plan to implement this recommendation.

Finally, the Management of the County of Onondaga, to whom the Independent Accountant's Report was addressed, accepts the finding that Department of Information Technology employees "should not have the ability to make changes to individual payroll data for any County employee, as this would be considered outside of the normal job function for this position." As the Report makes clear, however, this action was taken only after the Comptroller had exploited a weakness in the design of the internal control structure by directing a Comptroller office employee to change payroll data without subjecting these changes to the "review, approval and oversight procedures by responsible members of the County's senior management". The Management of the County of Onondaga intends to follow this recommendation by adding a control that will implement stringent review, approval and oversight procedures by members of the County's senior management.

Sincerely,



William P. Fisher

Deputy County Executive