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Comptroller

COUNTY OF ONONDAGA

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October 5, 2012

The Honorable County Executive  
The Chair of the County Legislature  
The Chair of the Ways and Means Committee  
The Deputy County Executive for Physical Services  
The Chief Fiscal Officer  
The Commissioner of Parks  
The Clerk of the County Legislature  
The Honorable Onondaga County Sheriff

An audit of the Parks and Recreation Department has been completed. The period of the audit covered was January 1, 2010 thru July 31, 2011. This audit covered the following areas:

- I. General Fund
- II. Special Events
- III. Grants Fund
- IV. Capital Projects Fund

We conducted our audit in accordance with generally accepted auditing standards in the United States and the applicable standards contained in Government Auditing Standards, issued by the Comptroller General of the United States. This audit includes assessing the accounting principles and significant estimates used by management, as well as, evaluating compliance with established policies and procedures. It is the responsibility of the Department to ensure the financial records are accurate, complete and that established policies are appropriately adhered to.

Of significant interest to the Legislature, in reviewing our forty one recommendations, are items involving purchase card purchases and services to special events provided by Sheriff's Office.

Our office plans on expending examination of the purchase card system county wide, based on our findings herein.

We recommend the Parks and Recreation Department work together with the Sheriff's Office to capture costs for providing extra services to special events that rely on police protection.

The Audit Division noted the Department transferred money from the general fund to the capital projects fund and did not spend the money timely. It is recommended the Legislature should have the option to appropriate funds left at the end of each fiscal year prior to assigning any additional funds from the general fund to the capital projects fund. Therefore, any unused monies should be returned to the general fund on an annual basis. Although, during the audit, the Department did provide a list of projects they were planning to complete which accounted for all unused amounts.

The Audit Division discovered several issues with internal controls surrounding inventory/fixed asset tracking. It was recommended the Department complete a full inventory count of all fixed asset items. Several weaknesses were also observed within cash receipt internal controls at several Department locations, such as not making deposits in a timely fashion or balancing cash draws in an appropriate manner.

Regarding Special Events, we recommend the Parks Department and the Sheriff's Office capture the cost of traffic and security details being provided to festivals currently at no cost to the festivals.

Our report enclosed includes further details of the audit testing completed along with additional findings and recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert E. Antonacci II CPA', written over a horizontal line.

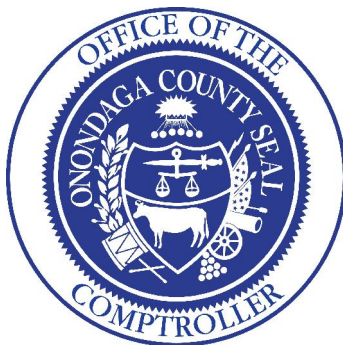
Robert E. Antonacci II, CPA

**Onondaga County Parks and  
Recreation Department**

**Audit Report**

**Period**

**January 1, 2010 - July 31, 2011**



# **Onondaga County Parks and Recreation Department**

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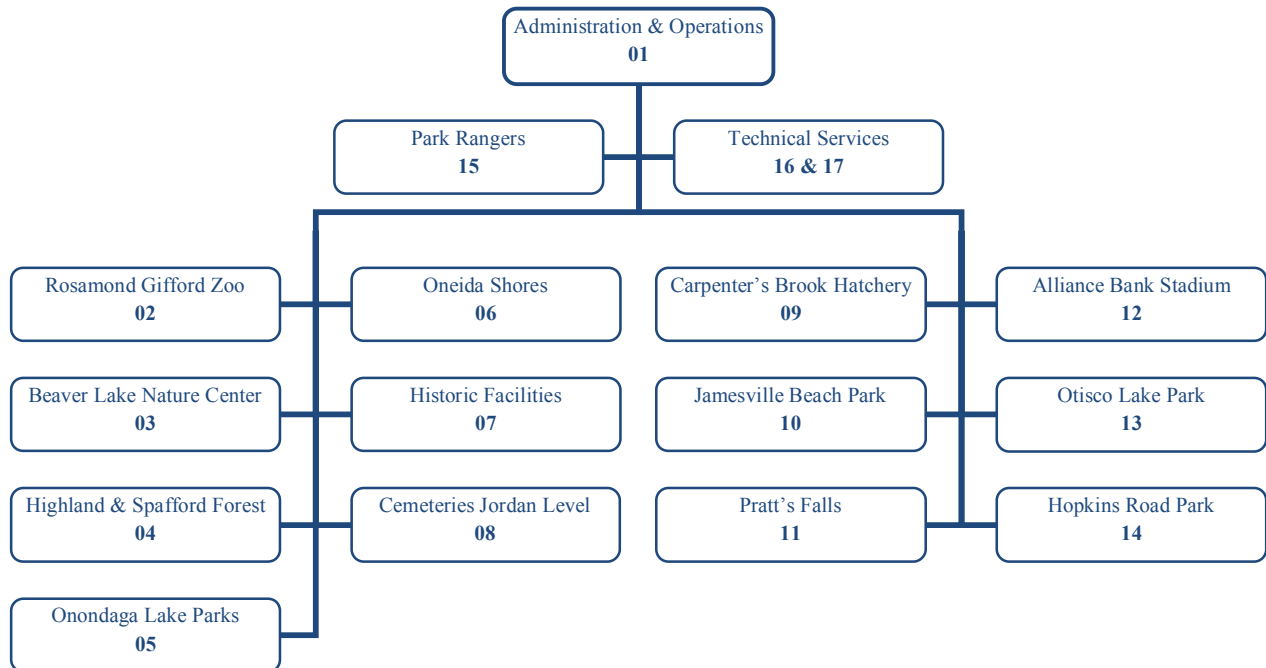
# Onondaga County Parks and Recreation Department

## Audit Report

### Introduction

The Office of the Onondaga County Comptroller's Audit Division performed an audit of the Onondaga County Parks and Recreation Department's General, Grant, Special Event and Capital Project Funds with a concentration on departmental internal controls over financial reporting. This audit was conducted in accordance with generally accepted auditing standards in the United States and the applicable standards contained in Government Auditing Standards, issued by the Comptroller General of the United States. This report is intended solely for the information and use of management and the Onondaga County Legislature and should not be used by anyone other than these specified parties.

The Onondaga County Parks and Recreation Department has 17 different cost centers. Revenues and expenditures are assigned various user codes to properly reflect the activity of each cost center on FAMIS, the County's accounting software. The cost centers are as follows:



### Purpose

In planning and performing our audit, we considered the Onondaga County Parks and Recreation Department's internal control over financial reporting as a basis for designing our audit procedures. Our consideration of internal control was limited to controls used during the predetermined audit period of January 1, 2010 through July 31, 2011 and may not detect all deficiencies. However, as discussed below, we identified certain deficiencies that we consider to be significant. A control deficiency 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 misstatements and fraudulent behavior on a timely basis.

## **Procedure**

The Audit Division developed an understanding of various Parks and Recreation Department (the Department) policies and procedures. Audit testing was conducted in accordance with various County policies and Legislative directives.

## **Summary of General Fund Audit Findings**

### **A. Planning Analytics**

The Audit Division performed analytic procedures comparing the revenue and expenses of 2009 to 2010 and January through July of 2010 to the same period for 2011 in order to develop a better understanding of departmental activities and to develop appropriate audit testing procedures. Each variance over the designated scope was investigated by the Audit Division and documented accordingly.

#### **Finding**

1. Upon discussion of variances existing in the Fees for Service account, it was brought to the Audit Division's attention certain expenditures may have been improperly excluded at year end December 31, 2010 and recorded in 2011.

#### **Recommendation**

While the variance in question was not material to Onondaga County's financial statements as a whole, this type of situation could reflect a larger problem with departmental understanding of accrual accounting in accordance with GAAP. The Audit Division suggests increased communication between the Department and the Accounting Division at year end to ensure all appropriate accruals are recorded.

### **B. Fraud Inquiries**

The Audit Division completed seven fraud inquiries with employees of varying levels during the course of the audit. The inquiries included but were not limited to the discussion of:

- Awareness of any actual or allegations of fraud or suspected fraud activity affecting the Department.
- Understanding of the risks of fraud within the Department, including any specific fraud risks the department has identified.
- How the Department communicates to employees the importance of ethical behavior and appropriate business practices.

#### **Findings**

1. The Audit Division noted all employees interviewed were unaware of the County's Whistle Blower Policy.

#### **Recommendation**

The Whistle Blower Policy should be effectively communicated to all County employees so they understand the definition of improper activity and how to appropriately report their concerns. A copy of the policy should be posted along with other required employee literature at each of the Department's locations.

2. Upon inquiry of past fraud it was brought to the Audit Division's attention, a few years ago an ex-employee broke into a park facility using the issued key which was not properly collected prior to termination. Current key tracking practices were discussed and two instances were discovered in which there was the absence of a current employee key list.

#### Recommendation

As County assets should be protected from potential theft and harm, a list of every employee with a key to any County facility should be kept and appropriately updated at the location level. Upon termination any keys should be collected prior to the exit interview and recorded as such on the corresponding list.

#### **C. Petty Cash Testing**

The Department has the use of one true petty cash account, which is located at the administrative office. The Audit Division tested one month of petty cash transactions to ensure proper controls have been put into place and are being followed.

#### Findings

1. The Audit Division noted two instances out of the fifteen tested in which the order was placed prior to the appropriate approval being granted.

#### Recommendation

The circumvention of the approval process can lead to misuse of the system and can obligate the County to purchase unneeded items. The Audit Division suggests nothing be purchased without attaining the proper approval first and appropriate action should be taken in the event the approval process is circumvented.

2. The Audit Division observed a payment for employee mileage reimbursement which was paid to the Commissioner. As the Commissioner is a Management Confidential employee and has access to his own county vehicle, it is the opinion of the Audit Division; this reimbursement should not have been paid out. There was also no approval signature on the employee reimbursement request.

#### Recommendation

The Audit Division suggests the Administrative Director of the Department approve any employee reimbursements going to the Commissioner so the appropriate check and balance exists.

#### **D. Inventory/Fixed Asset Testing**

Inventory/Fixed asset testing was completed at all locations visited by the Audit Division. A complete asset list for the Department was provided by the Division or Purchase. The Audit Division made ten selections at each location. Five selections were made from the list and traced to the asset. The remaining five selections were chosen from the asset and traced to the list. This was done to verify completeness of the asset list. All together, sixty selections were tested.

## Findings

1. The Audit Division noted fourteen occasions in which the item selected from the list could not be found at the location specified. Four of which were located at a different park. The remaining ten could not be found.
2. There were four instances where the list was incomplete and did not contain all the appropriate identification numbers.
3. Ten selections were chosen from the item and could not be located on the list.
4. It was noted, on six occasions, the item selected was not properly tagged. Two of which contained no tag and four instances where the tag number on the list was incorrect but the item was tied to the list via the serial or vehicle identification number.

## Recommendation

As there were sixty overall selections tested and thirty four total findings, this indicates a severe problem with inventory and fixed assets tracking. Some items on the list are obsolete and are no longer in service while others currently in service have never been added to the list. The Audit Division recommends a full inventory count of all applicable items be completed during the off season and the list updated accordingly.

## E. Cash Receipt Narratives and Testing

The Audit Division completed cash receipt narratives and testing at each location visited. The internal controls were evaluated on a location basis and tested accordingly.

## Narrative Findings

1. During a discussion with the Account Clerk at the Rosamond Gifford Zoo, the Audit Division was informed when a drawer is over upon final count; the ticket booth staff has been collecting the overage in an envelope at the registers. They use this money to make up for negative discrepancies between the register report and actual cash in the drawer.

## Recommendation

This does not allow for the accurate interpretation of discrepancies as the electronic controls provided by the registers are being evaded. This practice should cease immediately and any overages or deficits should be track accordingly.

2. The Audit Division noted the following during a discussion with the Recreation Supervisor at Jamesville Beach:
  - a. All employees have access to the combination for the safe located in the ticket booth rendering any control to prevent internal fraud virtually useless.
  - b. When there is a shift change the existing employee does not close out their drawer, which makes it impossible to track discrepancies by employee.
  - c. At the end of the day, the employee running the register will close out the draw, count it out, fill out a Daily Cash Report, tie the Daily Cash Report to the register report, fill out a deposit slip and take the money to the bank to be deposited. This is a severe segregation of duties issue as the same person is performing all functions regarding cash which makes theft extremely easy to commit.



### Recommendation

The handling of and access to cash should be limited to a set number of key employees with the appropriate segregation of duties. A top loading safe would assist in making this a reality. Also, anytime there is a shift change the cash draw should be closed out properly to track any cash discrepancies. *It should be noted management at the park has agreed to meet with the Audit Division to devise practical solutions to the findings mentioned above.*

3. The Audit Division noted the following during a discussion with the Account Clerk at Beaver Lake Nature Center:
  - a. Currently, the amount of token notes in the gate machine, which are required in lieu of cash to leave the park, are not being tied out to any records from the front desk, who sells them to the public or give them to members of the Friends of Beaver Lake Organization at no charge.
  - b. There is no system in place to track discrepancies in cash receipts.
  - c. The register reports are not being utilized to track activity or tie out cash because the volunteers at the park, who run the registers, have not effectively learned how to use them or correct mistakes.

### Recommendation

The Audit Division recommends all token notes and discrepancies be tracked to ensure cash is received appropriately. Considering electronic controls assist in eliminating the human error inevitable with manual tracking and serve to saving time as well, all volunteers should be taught how to use the registers appropriately.

4. Beaver Lake Park was renting a house located on the Lake. In April 2011 the house was condemned and deemed in need of repair. Instead of making the appropriate repairs it was decided to shut the house down. The existing tenants were upset with this decision and left without paying the couple months of rent they owed, an issue which is currently being pursued by the Legal Department. There are currently no plans to renovate, demolish or use this property.

### Recommendation

As an abandoned property diminishes the value of the park, a plan detailing how to proceed with it should be developed. If the house is left to sit there its condition will surely worsen, making the situation more costly to repair in the future.

### Test Findings

5. The Audit Division noted two selections from cash receipts tested at Highland Park had no supporting documentation, as they were checks received via the mail and taken to the bank for deposit. There was not a copy of the check to view.

### Recommendation

The Audit Division suggests the park keep copies of all checks received or at least record checks received in a receipt book. Coupled with appropriate segregation of duties, this will help to ensure all checks are deposited accordingly and nothing is misplaced. It will also help to substantiate checks are deposited in a timely manner. There is currently no way to track when a check was received.

6. During cash receipt testing, the Audit Division documented both Beaver Lake Park and the Rosamond Gifford Zoo did not make all deposits in a timely manner. It was noted certain receipts took up to a week to deposit. The Rosamond Gifford Zoo held a check worth approximately \$190,000 for four days prior to its deposit. This amount should have been deposited the day it was received as it is the policy of the Rosamond Gifford Zoo not to have more than \$250 in the deposit safe at any time.

#### Recommendation

The Audit Division recommends all deposits be made in a timely manner. Large amounts should be deposited within a day of receipt and all others should be held for no more than two to three days. Along with depositing cash timely comes the reduction of exposure to theft or loss of funds. The sooner a deposit is made the greater amount of interest it will accrue in the bank, as well.

7. The Daily Cash Reports were incomplete for two of the three selections tested at Jamesville Beach Park. If the Daily Cash Report is incomplete there is no record the cash in the drawer was tied out to the associated activity for the day.

#### Recommendation

The Audit Division recommends all Daily Cash Reports be filled out in entirety and tied out to the actual activity. Any discrepancies should be appropriately documented and repeat offenders investigated accordingly. Without completing this process there is no way for the park to prevent or detect fraudulent behavior in regards to cash receipts.

#### **F. Gasoline Distribution Locations Observation**

The Audit Division completed site checks of several gasoline distribution locations to observe the condition of the gas tanks, adherence to existing policy, current measurement applications and the controls surrounding tracking of usage.

#### Findings

1. The Audit Division noted the gas tracking logs and the information required on them varied with location. The review process also varied by location and in some instances was non-existent. At the majority of locations the logs are kept manually on paper at the tank site and can be exposed to the elements. The potential for loss of data is exceedingly high.

#### Recommendation

The Audit Division suggests the tracking sheets be uniform across all locations. All measurement data should be protected from external destruction and converted to a computerized Excel spreadsheet on a regular basis. This will allow for increased monitoring and ease of evaluation in regards to usage.

2. The Audit Division noted the analog meters on all tanks were practically illegible, making proper record retention and tracking impossible. Even when the meter can be read, because of the analog system, the result can still be inconclusive, as the meter may be in-between two numbers. If data being tracked is incorrect the integrity of results yielded from the process is significantly degraded. The Department supplies gasoline to the Onondaga County Sheriff's Department and the Liverpool Police Department. The Sheriff's Department is billed through the letters of distribution and Liverpool is sent a bill directly from the County for their gas usage. Illegible meters and erroneous measurements can lead billing amounts to be exceedingly incorrect and inconsistent.

### Recommendation

The Audit Division urges the purchase of digital meters and more accurate measuring apparatuses for all County gasoline tanks. As the price of gas continues to go up, coupled with stagnant economic conditions in the area, the County's gas supply will become increasingly valuable and should be protected as such. Fraud and theft are ever escalating worries for government entities and one of the three largest risk factors is opportunity. Internal controls and up-to-date equipment can mitigate this risk.

3. The Audit Division observed how the amount of gas in the tank is measured manually with a large stick. The tank is unlocked and the measuring stick is inserted all the way into the tank. It is then extracted and the measurement is interpreted from the stick per the highest point with gasoline on it. There are several factors in this process that can lead to inaccuracies. First, if the stick is not placed in the tank at precisely a ninety degree angle and kept that way throughout the entire process, the measurement will be skewed. Secondly, placing anything in the tank to increase the volume within could significantly change the measurement. Thirdly, gasoline is a clear liquid which makes it more difficult to interpret an accurate measurement on the stick.

### Recommendation

It is the opinion of the Audit Department, measuring volume in the tanks manually is exceedingly easy to manipulate and increases the probability of fraud considerably. As suggested above digital technology should be applied to all measurement apparatuses to ensure accuracy, making it easier to detect misuse.

## **G. Purchase Card List Testing**

The Audit Division reviewed the Department's list of employees with Purchase Cards and verified their employment status in the County's Genesys System.

### Findings

1. The list was retrieved from the Division of Purchase, as the Department does not formally keep track of which employees have cards. There are approximately 55 purchase cards shown as active on the list for the Department, each with a \$5,000 limit. The Audit Division was also informed most employees with purchase cards keep them in their personal wallets at all times.

### Recommendation

As the accumulated liability to the County is approximately \$275,000, the Audit Division suggests the number of purchase cards be significantly reduced. Each Department location should have no more than two cards and they should be kept in a central locked location at each park to control usage while helping to ensure the approval process is adhered to. Also, the Department should keep a list of all employees with cards and update the list whenever there is an applicable change.

2. Four of the fifty five cards were issued to part-time employees.

### Recommendation

The Audit Division recommends purchase cards not be issued to part-time employees as their work time is limited. In an effort to reduce the opportunity for fraudulent activity, departments should make every attempt to keep the number of employee's with purchase cards to a minimum. This will ease the burden of purchase card tracking on the departmental level, as well as, reduce human error in regards to processing payments and correct coding.

3. The Audit Division noted thirteen instances in which the employee with the activated account was retired or terminated prior to testing.

#### Recommendation

The Audit Division recommends as soon as an employee is terminated or retires their card should be cut in half, sent to the Division of Purchase, in compliance with the County's Purchase Card Policy. The card can then be rendered inactive.

4. Three employees tested had two active accounts on the list, totaling six active accounts.

#### Recommendation

The Audit Division recommends, in the event an employee is reissued a card; their original account card is cut in half immediately and sent to the Division of Purchasing. Upon receipt the account should be officially closed to prevent further activity. In the case of lost or stolen cards the Division of Purchasing should be notified immediately so the card can be appropriately deactivated. The reason for any reissue should be documented to ensure employees with purchase card privileges treat them with the utmost care. If an employee is frequently requesting reissues, the matter should be investigated further to determine if the card should instead be transferred to another employee in the Department.

### **H. Purchase Card Expenditure Testing**

The Audit Division tested purchase card expenditures to ensure controls surrounding the process are being adhered to and expenses are being accounted for in a timely manner, as well as, in the proper period. *It should be noted the Department has changed the procedure in regards to card purchases and record retention which should improve some of the findings listed below.*

#### Findings

1. As part of the internal control environment surrounding purchase cards, the Account Clerk I at the Administrative Office of the Department reviews all statements to verify all the applicable supporting documentation has been included and approvals have been collected. A purchase card had been issued to the Account Clerk I, as well. The position should only have the ability to do one function or the other.

#### Recommendation

Considering the Account Clerk I is an important part of the control process and proper internal controls require the segregation of duties, the position should not be allowed a purchase card, as it would be quite easy for that person to circumvent the entire internal control process without detection. *This was brought to the Department's attention during the audit process and they have since taken action in this area. The Account Clerk I's purchase card has been canceled and the position will no longer have any purchasing power.*

2. The Audit Division discovered ten instances in which the Purchase Request Form, which is used to obtain appropriate approval prior to use of the card, could not be located. Therefore, approval for the purchase could not be verified.

#### Recommendation

All Purchase Request Forms should be completed, submitted, approved and retained for all purchase card expenditures.

3. There were five cases where the necessary approval was acquired after the purchase was made.

Recommendation

This renders the approval process pointless as the County has already incurred the associated expense. There should be no purchases made on any purchase card without obtaining proper approval first. If an employee is continually committing this offence their card should be revoked and cancelled appropriately.

4. The Purchase Request Forms supplied for five selections were not dated making it impossible to verify approval prior to purchase.

Recommendation

All Purchase Request Forms should be completed, submitted, approved and retained for all purchase card expenditures.

5. There were two instances in which the actual purchase was 10% over the original amount requested and approved.

Recommendation

The amount on the Purchase Request Form should be as accurate and complete as possible. If there are any further charges, such as shipping, they should be estimated and included in the request. In a case where the actual expenses are greater than 10% of the original amount requested an additional approval should be acquired to authorize the additional charges.

6. The Audit Division discovered thirteen instances in which the account code used for a purchase was indecipherable, as no account code summary sheet was included in the disbursement packet submitted to the Office of the Comptroller for payment. Without such a breakdown it is extremely difficult to decipher what coding applies to specific purchases and, therefore, cannot be appropriately reviewed.

Recommendation

Every straight claim submitted for purchase card charges should include a code summary report broken down by purchase so a coding review can be easily completed.

7. The Audit Division noted seven instances where the Administrative Office of the Department did not use the correct sub-object code for the acquisition.

Recommendation

All coding should be closely reviewed by the Administrative Office prior to submission to the Office of the Comptroller and any coding questions should be directed appropriately.

8. The Audit Division noted there were three statements with multiple purchases throughout the month from the same vendor and the sum of those purchases was greater than \$200. It appears the purchase ceiling of \$200 is being circumvented by making several smaller purchases versus a single larger purchase.

Recommendation

The Purchase Card Policy should be consistently followed. Any acquisitions over the ceiling should be purchased through the proper process and not through the use of a card.

**I. Disbursement Testing**

Controls surrounding the disbursement process were tested to ensure they were appropriate and adhered to.

Findings

1. There were four instances noted in which the suitable sub-object code was not used in relation to the purchase being made. In each finding a general sub-object code was used which encompasses a group of expenses, such as “All Other Expenses”. Each of the four expenditures could have been charged to a sub-object specifically created for that type of purchase.

Recommendation

If a sub-object code exists which more accurately classifies a purchase of goods or services it should be used. This allows for a more precise breakdown of expenses and permits the County to track trends in expenditures more efficiently.

2. Three of the disbursements tested were payments to independent contractors fulfilling Naturalist Intern positions at Beaver Lake. Upon review of the associated contracts, it is the opinion of the Audit Division these people are actually employees. There are several factors upon which this determination was made. Below is a list of some aspects which differentiate employees from independent contractors.

<b><u>Employee</u></b>	<b><u>Independent Contractor</u></b>
<ul style="list-style-type: none"><li>• Employer controls the manner, means and results of services provided</li></ul>	<ul style="list-style-type: none"><li>• Free from supervision, direction and control in the performance of their duties</li></ul>
<ul style="list-style-type: none"><li>• Employer chooses when, where and how services are performed</li></ul>	<ul style="list-style-type: none"><li>• Keeps a place of business and invests in facilities, equipment and supplies</li></ul>
<ul style="list-style-type: none"><li>• Employer provides facilities, equipment, tools and supplies</li></ul>	<ul style="list-style-type: none"><li>• Offers services to other businesses</li></ul>
<ul style="list-style-type: none"><li>• Employer directly supervises the services</li></ul>	<ul style="list-style-type: none"><li>• Assumes the risk of profit or loss</li></ul>
<ul style="list-style-type: none"><li>• Employer sets rate of pay</li></ul>	<ul style="list-style-type: none"><li>• Has an established business</li></ul>
<ul style="list-style-type: none"><li>• Employer sets hours of work</li></ul>	<ul style="list-style-type: none"><li>• Carries insurance</li></ul>

Recommendation

The title itself contradicts the designation of independent contractor as the positions are interns, implying they currently do not have the desired skill set of a Naturalist but are instead learning the trade. This implies the Department’s management is determining when they have to work and supplying them with the necessary tools to perform the services required. They should be reclassified as employees and treated as such.

**J. Compensatory Time Balance Testing**

The Audit Division tested compensatory time balances for the Department. Each employee's compensatory time balances, for both FLSA and regular compensatory time was evaluated to determine the dollar amount of the liability and to review balances carried.

Findings

1. Upon review it was discovered thirty-two of the ninety-four employees on the list carried balances greater than a week's worth of either regular compensatory, FLSA time or, in five instances, both. The compensatory liability calculated for the Department totaled at approximately \$90,000, with roughly \$40,000 calculated from hours carried in excess of a full week's time.

Recommendation

The Audit Division recommends these hours be monitored and kept to a minimum as the County does not track the rates at which compensatory hours are earned. Therefore, if compensatory time is allowed to accumulate indefinitely over a long period of time it could be paid out at a higher rate than it was earned.

**Summary of Grant, Special Event and Capital Project Funds Audit Findings**

**A. Overview of Grant, Special Event & Capital Project Funds**

The Audit Division reviewed both the Special Events and Capital Funds to ensure the overall accounting process for revenues and expenditures are in compliance with County policy.

Findings

1. The Department has seventeen various cost centers and the Audit Division noted a number of revenue and expenditure amounts recorded during the audit period in the Special Event Fund without assigned user codes. This finding was reoccurring considering the purpose of user codes are to properly reflect the activity of each cost center on FAMIS (Financial Accounting Management Information System), the County's current accounting software. As the County is changing the accounting software to PeopleSoft and the Department will be required to present its budget by cost center, it is even more essential that all revenue and expenditure entries are associated with the appropriate user code.

Recommendation

The Audit Division recommends all expenses are properly assigned a user code. This will ensure revenues and expenditures are stated correctly on FAMIS for each cost center.

**B. Grant Closeout Process**

The Audit Division reviewed the various open grants during the period under audit to verify existence and cutoff.

Findings

1. The Department shows twenty-four grants (excluding phases) as being active on FAMIS. Of the twenty-four grants, seventeen have been completed, yet have not been closed in the accounting software.

### Recommendation

It is recommended the Department send a letter to the Deputy Comptroller of Accounting to have the completed grants deactivated on FAMIS. The Department should be monitoring the grant fund on a periodic basis and close any grants whereby all expenditures and revenues have been realized.

### C. Special Event Review

The Audit Division reviewed both Lights on the Lake – Grant 770026 phase 537 and Balloon Fest – Grant 770026 phase 532 to ensure proper accounting procedures. The associated revenue and expenditures were viewed to verify proper treatment.

### Findings

1. Per the contract with Snafu Production, LLC for the sales, marketing, and promotion aspects of Lights on the Lake, the contractor had to pay the County a total base of \$320,000 for the 2010/2011 event. Half of this base amount is to be submitted to the County by December 30th, with the balance and any revenue sharing percentages due by January 30. The Department did not recognize any of this revenue in the period ending 12/31/10, as it has in the past. In accordance with GAAP, the use of the modified accrual basis of accounting is required in this fund. Therefore, revenue is recognized when it becomes both measurable and available to finance current expenditures. For the purpose of this accounting basis, “available” is defined as expected to be collected during the period or after it has ended, but in time to pay current liabilities. The department utilized the cash basis of accounting as the revenue was booked when it was received versus when it was available. As a result 2010 revenue was understated and 2011 revenue will be overstated.

### Recommendation

The Audit Division recommends the modified accrual basis be used, in accordance with GAAP, to ensure revenues and expenditures are recorded in the proper period.

2. Upon inspection of the Balloon Fest Event, it was noted the Sheriff’s Department is assigned to work the event, of which the cost is approximately between \$12,000 and \$14,000 per year to be billed at the Sheriff’s discretion. The applicable contract between the County and Paradise Companies of New York, LLC, states the Contractor will receive all revenue generated by the festival and be responsible for all costs associated with the event. Yet, it does not appear the Sheriff’s Department costs associated with the event has been reimbursed by the Contractor. The previous contract stated billings were at the discretion of the Sheriff. The new contract signed in 2010 does not address the services provided by the Sheriff nor who is responsible for any of the costs incurred. Upon inquiry it was discovered the Department was unaware of this situation.

Subsequent to the completion of the Audit the Sheriff’s Office provided the cost of services performed for the Jazzfest in 2012 totaling approximately \$12,000 which were not charged to the festival.

### Recommendation

The Audit Division recommends the Department address this issue with the contract and work with the Sheriff, as well as, the promoter to clarify responsibility of costs, as to whether the Sheriff will provide the services required on an in kind basis or the promoter will be responsible for the associated costs.



- The Audit Division noted a negative balance in the Balloon Festival special events account 770026-532. This appears to stem from under allocation of sponsorship money to the account for the 2009 event.

Recommendation

The Audit Division recommends the sponsorship funds be allocated to the Balloon Fest account in a quantity up to the contract amount in order to decrease the negative fund balance for the event account.

**D. Capital Project Review**

A review was performed of the capital projects the Department is involved in. The Department had thirty six opened capital projects at 7/31/11. The revenue and expenditure totals were examined to assess appropriateness.

Findings

- It was noted, estimated revenues were fully realized and the appropriations were fully expended for three of the thirty six capital projects. It appears that these three projects should be closed. This is a reoccurring finding.

Recommendation

It is recommended the Department review the three projects mentioned above for further activity. If there is none expected the projects should be closed accordingly.

- The following capital projects for Preventive Maintenance at the Department do not appear to have recent activity as of 7/31/11 on FAMIS. It appears as though amounts transferred from the general fund are not being utilized in a prompt manner. See amounts below.

Project #	Project Description	Budgeted		All Years Exp	Encumbered	Available Balance
		Rev/Exp	All Years Rev			
522678	2000-2001 Prev Mtce	\$ 845,122	\$ 845,112	\$ 843,462	\$ 1,650	\$ -
522693	2006 Prev Mtce	355,344	355,344	353,938	1,406	-
522694	2007 Prev Mtce	377,000	377,000	377,000	-	-
522713	2009 Prev Mtce	133,500	133,500	20,344	-	113,156
522715	2010 Prev Mtce	62,500	62,500	-	-	62,500
522720	2011 Prev Mtce	160,000	160,000	-	-	160,000
Total		<u>\$ 1,933,466</u>	<u>\$ 1,933,456</u>	<u>\$ 1,594,744</u>	<u>\$ 3,056</u>	<u>\$ 335,656</u>

Recommendation

As monies originating from the general fund are local dollars raised through real property taxes, it is recommended the Department return any unused funds from the Preventative Maintenance Accounts back to the General Fund to offset property taxes. *It should be noted this issue was discussed with management of the Department and they provided a list of projects they plan to complete using these funds.*

## **Conclusion**

The Audit Division completed several tests with varying degrees of findings. The report above includes 41 findings with their corresponding recommendations. The Audit Division has discussed the findings with the Department and given them the opportunity to respond. We did not audit the Department's responses; accordingly, we express no opinion on them. The Department has been extremely cooperative throughout the audit process and committed to work in collaboration with the Audit Division to rectify the weaknesses discovered.



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Joanne M. Mahoney  
County Executive

William Lansley  
Commissioner

To: Bob Antonacci, Comptroller

From: Bill Lansley, Commissioner

Date: June 4, 2012

Re: Audit Response

With this memo I offer my comments and responses to the recent audit performed by your staff. I appreciate the information that was presented in the audit report. My staff and I have worked diligently to improve the business practices of the Onondaga County Parks Department given the information provided in the Audit.

Overall, I believe that we have made significant progress as a department in updating our business processes and on behalf of the Parks Department, we look forward to a continued supportive working relationship with your office.

## **Summary of General Fund Audit Findings**

### **A. Planning Analytics**

1. In 2011 all pertinent accruals have been accounted for. It is the department's belief that this variance is a product of the comptroller only auditing a 19-month period.

### **B. Fraud Inquiries**

1. The Department agrees with the recommendation. This policy has been posted at every park and is also available on the intranet.
2. The Department is currently performing a key inventory. There has not been an existing key inventory prior to the current administration. It is current policy to collect employee's keys when they are ending their employment with the Department.

### **C. Petty Cash**

1. This does not represent a circumvention of the approval process. Due to the dynamic nature of the Parks systems needs, items are needed very quickly. In these instances only verbal approval is sought before a purchase is made. When the problem has been solved, the official approval form is filled out. The approval form has been revised to include a location to note verbal approval.
2. The Department agrees with the recommendation.

### **D. Inventory/Mixed Asset Testing**

1. The Department agrees with the recommendation and will perform this inventory in conjunction with PeopleSoft's Asset Management System going live.
2. The Department agrees with the recommendation and will perform this inventory in conjunction with PeopleSoft's Asset Management System going live.
3. The Department agrees with the recommendation and will perform this inventory in conjunction with PeopleSoft's Asset Management System going live.
4. The Department agrees with the recommendation and will perform this inventory in conjunction with PeopleSoft's Asset Management System going live.

### **E. Cash Receipt Narratives and Testing**

1. This item has been corrected and the Department has implemented the recommendation.
2. The Department agrees with the recommendation and a new process reflecting this recommendation is in place.
3. The Department has worked with the Comptrollers office to resolve this item. All admission passes are reconciled.
4. The house was not condemned, the tenants were not thrown out, when their lease was up, it was not renewed. The department has been evaluating plans for the structure.
5. Parks has implemented the recommendation.
6. The Department agrees with the recommendation.
7. The Department agrees with the recommendation and the Daily Cash Report will be filled out entirely.

#### **F. Gasoline Distribution Locations Observation**

1. The Department agrees with the recommendation and has converted the largest fuel tanks from a paper tracking system to a computerized one. The Department is currently evaluating the cost/benefit of converting the tracking systems at the other tanks as well. The Department is also in the process of standardizing the record keeping of gas withdrawals throughout the parks.
2. The tanks that are used to supply gas to other agencies were recently replaced with digital meters. The cost/benefit of replacing the other tanks with digital meters is being evaluated.
3. The Department agrees with the recommendation and has converted the largest fuel tanks from a stick measuring system to a computerized one. The Department is currently evaluating the cost/benefit of converting the measuring systems at the other tanks as well.

#### **G. Purchase Card List Testing**

1. The list of employees with Purchase Cards has been reviewed and reduced significantly. Currently, 33 employees have purchase cards. Considering that there are 16 cost centers, the Department's position is that 33 cards is a reasonable number to have. It saves time to have employees keep their cards in their possession. The Department's position is that there is not an issue with employees keeping their purchase cards in their possession because:
  - i. If there ever was abuse, the employee would be disciplined.
  - ii. If there is a mistaken transaction with an employee using an incorrect card, then the mistake can be easily corrected.
2. Purchase Cards are only issued to part time employees that work year round and have significant responsibility/credibility. Currently, only one part time employee has a purchase card. This employee recently retired and was a Park Superintendent. She is working 20 hours per week year round and assisting with the day-to-day management of two parks. All four of the previous part time employees were previous full time employees.
3. The Department agrees with this recommendation. All current purchase cardholders are active employees.
4. The Department agrees with this recommendation. All current purchase cardholders only have one account.

#### **H. Purchase Card Expenditure Testing**

1. The Department has already acted on the recommendation.
2. The Department has already acted on the recommendation and implemented a new process.
3. The Department agrees with the recommendation. In some urgent circumstances, verbal approval is given and once the situation has been resolved, a formal written approval is filled out and submitted. The new purchase card approval process accounts for the complexity of verbal approvals.
4. The Department has already acted on the recommendation and implemented a new process.
5. The Department has already acted on the recommendation and incorporated this into the new process.
6. The Department has already acted on the recommendation and incorporated this into the new process.
7. The Department has already acted on the recommendation and incorporated this into the new process.

8. The Department disagrees that the process is being circumvented and further disagrees that the standard of exceeding the \$200 ceiling in a month is a reasonable metric to use to establish if the process is being circumvented. The Department actively monitors employee's transactions to ensure that the correct approval processes are followed given the nature of the item being purchased.

**I. Disbursement Testing**

1. The Department agrees with the recommendation.
2. The Department agrees with the recommendation and the Naturalist Interns are now seasonal employees.

**J. Compensatory Time Balance Testing**

1. The Department agrees with the recommendation and is currently working with the Personnel Department to devise a solution.

**Summary of Grant, Special Event and Capital Project Funds Audit Findings**

**A. Overview of Grant, Special Event & Capital Project Funds**

1. The Department agrees with the recommendation that all expenses should be assigned a user or index code that identifies the expense with a cost center. It is Parks policy that all expenditures are coded by cost center.

**B. Grant Closeout Process**

1. The Department agrees with the recommendation and has recently reviewed the open grant accounts with the Budget Department.

**C. Special Event Review**

1. The Department agrees with the recommendation and has used the correct accounting procedures regarding the 2011-2012 Lights on the Lake show.
2. It is the Sheriff's responsibility to decide whether or not to provide the stated services. The Department was aware that the Sheriff provided these services.
3. The Department agrees that the negative balance in the Balloon Festival sub-account should be addressed and has been developing a solution.

**D. Capital Project Review**

1. The Department agrees with the recommendation and has recently reviewed the open capital accounts with the Budget Department.
2. Capital project money is spent in a prompt and responsible manner. Some projects take longer to complete and get underway than others. To try and spend the money as fast as possible instead of as prudently as possible would not be in the County's best interest.