



COUNTY OF ONONDAGA

Office of the
County Comptroller

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November 18, 2016

Onondaga County Legislature
Onondaga County Sheriff Gene Conway

Re: Onondaga County Sheriff's Office
– Review of Trust & Agency Accounts & Various Cash Accounts

Dear Legislators and Sheriff Conway,

In early January 2015, Sheriff Gene Conway asked this Office to review operations of the Sheriff's Office. The attached audit represents the second report detailing our findings on trust & agency accounts, petty cash and confidential drug funds within the Sheriff's Office. I am pleased to report through our collaborative efforts, new safeguards were implemented in the handling of these areas.

Multiple areas were open to improvement. The Comptroller's Office pointed out areas where new practices could be implemented to establish a system of checks and balances in accordance with Onondaga County Directives and general best practice standards. I am pleased to report every recommendation was either immediately implemented or the initial steps were taken to implement such recommendation.

I commend Sheriff Conway and his staff for stepping up and asking for a review of the Sheriff's Office and for also having the vision to implement such changes. In order to ensure ongoing compliance with the new practices, it is my recommendation these matters be again reviewed in a few years' time.

Should you have any questions or concerns, please do not hesitate in contacting this office directly.

Sincerely,

Robert E. Antonacci II, CPA



**Report on the
Onondaga County Sheriff's Office
Review of Trust & Agency Accounts & Various Cash
Accounts**

By Onondaga County Comptroller Robert E. Antonacci II, CPA, Esq.

Report Index

Report Section	Section Name	Page Number
I	Background and Executive Summary	2
II	Scope and Methodology	4
III	Findings and Recommendations	5

SECTION I

BACKGROUND AND EXECUTIVE SUMMARY

Background

In early January 2015, newly elected Onondaga County Sheriff, Eugene J. Conway asked Comptroller Antonacci to review the operations of the Sheriff's Office. The overall objective of the review is to highlight areas where the Sheriff's Office needs to institute improved policies and procedures. Comptroller Antonacci enthusiastically agreed to conduct the requested review.

On January 28, 2015, Comptroller Antonacci and staff met with Undersheriff Jason Cassalia and the Chiefs of the Sheriff's Office Divisions to discuss and agree on a plan for the review. We agreed the Comptroller's staff would review the internal controls and operations of the revenue producing units, starting with the Information Management Section, which was released in December 2015. We also agreed that we would report to the Undersheriff as we completed each area. Lastly, we agreed that we would decide at a later date the full scope and extent of any further, more detailed audit work that may be necessary.

This report is the second in a series we plan to issue on internal controls in the various areas of the Sheriff's Office. This report covers the various Trust & Agency accounts utilized by the Civil Section of the Sheriff's Office and the revenue generated from serving summons, income executions, seizure orders and property executions, etc. It also covers the various petty cash funds as well as the confidential drug funds. Our objective was to review the detailed processes and procedures for each area to offer recommendations for improved:

- Internal controls
- Effectiveness
- Efficiency

We will be releasing additional reports on subsequent reviews of various Sheriff's Office functions over the next 6 months to a year.

Please see page 4 for our full scope and methodology for this review.

Executive Summary of Findings and Recommendations

During our review of the Sheriff's Office we found the following:

1. The Civil Division is responsible for the following:
 - a. Advanced Expenses
 - b. Advance Travel
 - c. Amount Due Attorneys
 - d. Criminal Court Bail
 - e. Family Court Bail
 - f. Inmate Commissary
 - g. Inmate Revenue
 - h. Jail & Bail Checking
 - i. Purchase Cards

j. Petty Cash

2. These operations include the following:
 - a. Accepting and disbursing payments
 - b. Reviewing various internal and external documents
 - c. Determining and collecting the required fees and other charges
 - d. Reconciling the fees and charges with the various records
 - e. Summarizing and preparing cash receipts reports
3. We noted the following internal control issues relating to this section:
 - a. Supporting documentation to prepare the bank reconciliations is provided by the individual who has access to the accounts, reviews and approves the reconciliations.
 - b. Multiple staff in the unit has access to the common cash drawer.
 - c. Documentation of cash transferred between employees was lacking.
4. The Police Division is responsible for the Confidential Drug funds.
5. The Custody Division is responsible for their unique petty cash funds.

Our high level recommendations to the Sheriff's Office Management for these areas include:

6. Segregation of duties between the authorization and reconciliation functions. The general rule should be no one person can control enough of any transaction so an error or irregularity could occur, during their normal course of duties, in which they could hide or falsify the transaction and conceal the errors to avoid detection. Segregation of duties for the trust accounts could be accomplished in a number of different ways:
 - a. One person in the section could be assigned cash collection duties, thus eliminating the need to have multiple civilian office staff accessing the common cash drawer, while others handle the processing.
 - b. Centralize cash collections.
 - c. Documenting the exchange of cash between employees.
 - d. Independent follow-up and reconciliation of transactions and deposits.
7. A greater degree of administrative oversight of the reconciliations prepared by staff.

SECTION II

SCOPE AND METHODOLOGY

SCOPE AND OBJECTIVES

The purpose of this report is to provide information and recommendations to the Sheriff's Office Management on internal controls, processes and procedures for the Trust & Agency accounts, Petty Cash and Confidential Drug Fund area of operations.

Our objectives were to review:

- Policies and procedures related to the above areas in the Sheriff's Office.
- Specific Sheriff's Office Trust & Agency, Purchase Cards and cash practices.
- Provide the Sheriff's Office Management with information and recommendations related to Trust & Agency and cash processes and procedures to improve internal controls, effectiveness, and efficiency.

METHODOLOGY

In order to complete our objectives we:

- Reviewed relevant County and Sheriff's Office required policies and procedures to determine the expectations for Trust & Agency, Purchase Cards and Petty Cash practices.
- Interviewed various staff responsible for the above areas to determine specific practices for these areas.
- Summarized current practices for the above areas.
- Analyzed and compared expected, required, and best practices to current conditions and developed draft recommendations.
- Discussed draft recommendations with Sheriff Office Management for their input and practicality evaluation.
- Finalized recommendations and included them in this report.

We did not audit transactions or processes in the Sheriff's Office, Trust & Agency, Purchase Cards and Petty Cash and Confidential funds areas.

SECTION III

FINDINGS AND RECOMMENDATIONS

We have provided general findings and recommendations and separate findings as a means to assist management and staff in identifying and implementing recommendations.

INMATE COMMISSARY ACCOUNT

- A. We noted old check stock numbered 1244-1380 is still on hand and can no longer be used. New stock with the same numbers and bank account were used to convert to the new check processing system. The old and new check stock is stored in the Chief Civil Deputy's desk drawer. The desk drawer can lock, but he does not lock it.

Recommendation:

1. *We recommend destroying the old check stock with two individuals documenting and signing-off on the destruction. We also recommend the new check stock be locked for safekeeping until needed.*

OCSO Action:

The Sheriff's Office has destroyed the old check stock numbered 1244-1380. In addition, the desk drawer containing the new check stock is locked.

- B. We noted the Chief Civil Deputy completes, prints, signs Inmate Commissary checks and enters them in the Quicken System. He also prints reports which are used by the Administrative Assistant for reconciliation purposes. This represents a lack of segregation of duties. The general rule should be that no one person can control enough of any transaction so an error or irregularity could occur during their normal course of duties, whereby they could hide or falsify the transaction and conceal errors to avoid detection.

We also noted the Administrative Assistant completes the bank reconciliation on Excel which contains the same information as the Commissary Account Reconciliation Summary from the Quicken System. This appears to be a duplication of effort.

Recommendation:

2. *We recommend the Administrative Assistant have access to the Quicken System and print reports for reconciliation purposes. We also recommend consideration be given to implementing the use of dual signatures on the Inmate Commissary checks.*

We recommend management determine the need for preparing a manual Excel version of the reconciliation as compared to utilizing the system generated report.

OCSO Action:

The Administrative Assistant will access the Quicken System to print reports for reconciliation purposes as recommended.

The Sheriff's Office has implemented a dual signature requirement for the Inmate Commissary checks. CFO Steve Moran signed off on the paperwork on 09-29-16.

The Administrative Assistant enters minimal information in Excel during the reconciliation process. She enters the bank balance amount from the bank statement and the outstanding checks amount from Quicken. This provides her with the adjusted balance which is compared to the book balance in Quicken. She is then able to print a cover sheet that is consistent with the other accounts.

- C. We were informed the Administrative Assistant does not compare the checks to the invoices before distribution to the vendor.

Recommendation:

- 3. *We recommend the Administrative Assistant verify check amounts to the invoices for proprietary purposes.*

OCSO Action:

This recommendation has been implemented. The Administrative Assistant verifies the check amount matches the invoices from the Inmate Commissary Account.

- D. We noted the Administrative Assistant completes an Excel spreadsheet that has the year's beginning balance, deposits for the year, outstanding checks, and expenditures for the year. This spreadsheet is used in preparing the Inmate Commissary Monthly Bank Reconciliation.

The Onondaga County Sheriff's Office Inmate Commissary Directive, CUS-034, 6/28/12, IV. Procedure I. Audits and Reconciliation states, "the Compliance Supervisor regularly reconciles account expenditures with expenditure documents and bank statements. Account reconciliation shall occur on a monthly basis. The reconciliation will include a review of all deposits from commission checks, all records of written checks and all bank statements. The Compliance Supervisor and staff from the office of the Undersheriff will conduct this reconciliation." We note the actual practice is the Administrative Assistant reconciles the bank account not the Compliance Supervisor.

Recommendation:

- 4. *We recommend the Administrative Assistant print a report off the Quicken System in lieu of the Excel spreadsheet to improve efficiency.*

We recommend the Sheriff's Administration review and update the directive to the current practice.

OCSO Action:

As recommended, the Administrative Assistant will use reports from the Quicken System for reconciliation purposes as recommended.

The Inmate Commissary Written Directive is being updated to reflect the current practice.

INMATE REVENUE ACCOUNT

- E. The current reconciliation method fails to compare the amount of funds in the respective inmate accounts to the amount in the bank. When the Administrative Assistant completes the monthly reconciliation, only the check book activity and bank activity are being reconciled.

Recommendation:

5. *We recommend the Sheriff's Administration review the general ledger accounts in Cobra Banker to determine the appropriate accounts to be used to reconcile the bank and the book to the inmate funds.*

OCSO Action:

The Bail Cashier has met with representatives from Trinity Services to develop a means to reconcile the bank and the book to the inmate funds.

- F. We noted, the Bail Cashier provides the Administrative Assistant the Chase SMARTCARD (NUMI cards effective 7/1/15) ACH Debit Transactions with Resident Release Reports at the end of the month. These reports are generated daily. The Administrative Assistant closes the period on the Trinity COBRA Banker System Checkbooks before she enters the SMARTCARD ACH Debit Card/Credit postings for that period forcing them into the next period, thus creating a reconciling item on the bank reconciliation.

Recommendation:

6. *We recommend the Bail Cashier give the Chase SMARTCARD (now NUMI) ACH Debit Card transactions and reversals to the Administrative Assistant on a daily basis to facilitate the reconciliation process. We also recommend closing the period on the Trinity COBRA Banker System Checkbooks after ACH debit/credit transactions have been posted.*

OCSO Action:

The Bail Cashier continues to send the debit card transactions and reversals to the Administrative Assistant on a monthly basis and the Administrative Assistant enters those transactions at the end of the month.

As recommended, after those transactions have been entered for the entire month, the period is closed.

- G. Some reports used in the reconciliation process printed off the Trinity COBRA Banker System Checkbooks were dated for the end of the month, but others were dated the 1st of the following month. This causes an inconsistency in timing of data to be used.

Recommendation:

7. *We recommend all reports generated from Trinity COBRA Banker System Checkbooks used for the monthly bank reconciliation be dated as of the period ending date.*

OCSO Action:

The Bail Cashier has met with representatives from Trinity Services regarding the date issues. We are currently working together to resolve this problem.

H. We noted assets did not equal liabilities plus retained earnings (loss) on the Balance Sheet generated from the Trinity COBRA Banker System Checkbooks for the period ending 3/31/15.

Recommendation:

8. *This was discussed with the Sheriff's Office and based on our recommendations, Trinity was contacted and the proper corrections were made to the Trial Balance.*

OCSO Action:

This recommendation was implemented during the audit.

I. We were informed there are general ledger accounts with inaccurate balances and the majority of the issues are the result of the Chase debit card processing.

Recommendation:

9. *We recommend the general ledger accounts with differences are reviewed and correcting entries made by an individual independent of the daily operations.*

OCSO Action:

The Bail Cashier has met with representatives from Trinity Services regarding the general ledger account errors. Trinity recommended that the Bail Cashier identify the corrections to be made and send them the corrections one by one. Once they make the correction, they will return the results and documentation for our records. Once all of the incorrect entries have been corrected, the Bail Cashier will work with Trinity to determine how to handle the monthly reconciliation reports in the future.

J. We noted accounting reports generated from the Trinity COBRA Banker System Checkbooks are included with the reconciliation packet, however, based on the issues discussed above, these reports do not appear to be reviewed by the individuals preparing or reviewing the reconciliations. There also appears to be no indication the monthly reconciliations are in fact reviewed by management as a sign off attesting to this control is lacking.

Recommendation:

10. *We recommend accounting reports printed off Trinity COBRA Banker System Checkbooks be reviewed by the Administrative Assistant and management to ascertain accuracy. We recommend Financial Operations also obtain an understanding of these*

reports and the reconciliation process. Consideration should be given to requesting Trinity to provide system training.

OCSO Action:

The recommendation for the Administrative Assistant and management to review the reports for accuracy has been implemented. Currently, the Administrative Assistant and the Civil Chief are reviewing the reports on a monthly basis. In addition, the Sheriff's Office will work with Financial Operations to ensure they have an understanding of the reports and the reconciliation process. The Bail Cashier is currently working with Trinity representative to better understand the system.

11. We recommend Sheriff's administration review and assign appropriate management personnel to review and approve the inmate revenue reconciliation per the Onondaga County Sheriff's Office Fiscal Management Directive #SHR-046, dated 7/29/08, III. Procedure I.a., which states, "The Chief Civil Deputy shall have the authority, duty and responsibility for the fiscal management of the Onondaga County Sheriff's Office. Such authority is vested in the Chief Civil Deputy by the Sheriff who is empowered to vest such authority by Article X, Section 10.03 (a) of the Onondaga County Charter."

OCSO Action:

This recommendation has been implemented. The Civil Chief conducts monthly reviews and approves the inmate revenue reconciliation.

K. We were informed individuals with access to the Trinity Cobra Banker System can create an inmate account, prepare deposits, withdraw money, close an account and issue a SMARTCARD Debit Card. This represents an internal control weakness as it places an individual in a position to conceal errors and irregularities while performing their normal course of duties. We also noted this process is not reviewed or approved by an individual independent of these functions.

Recommendation:

12. We recommend the Sheriff's Administration review access levels and determine if segregation of these responsibilities is a viable option.

OCSO Action:

The Sheriff's Office considered this recommendation and based on the duties of the Booking Records Deputy, the deputy needs to be able to perform all of these functions. However, the system does allow for management to review all transactions performed by the deputy based on their User ID.

13. We recommend review and approval procedures are implemented, such as, comparing the released inmate list received from the releasing deputy to the Resident Release Report

generated from the Trinity Cobra Banker System for propriety. This should be undertaken by an individual independent of the daily operating responsibilities.

OCSO Action:

As recommended, the released inmate list and the Resident Release Report are reviewed daily. Since inmate accounts are not necessarily closed on the date the inmate is released, the accounts are continuously monitored.

- L. We noted there is no sign off sheet by the individual delivering the deposit to the bank night drop for this account, as well as, the following accounts: Jail and Bail, Family Court Bail, Criminal Court Bail, Advanced Expense and Amount Due Attorneys.

Recommendation:

14. We recommend consideration be given to documenting this transfer of funds when deposits are made.

OCSO Action:

The Sheriff's Office has implemented a "Bail Deposit Tracking Form" to document the transfer of funds when deposits are made.

- M. Delivery of commissary items to inmates in their PODS is done by Trinity Representatives. It is our understanding Sheriff's personnel do not examine the commissary delivery bags for contraband.

Recommendation:

15. For precautionary measures, we recommend the commissary delivery bags are examined prior to the inmates receiving them.

OCSO Action:

Currently, the deputies working in the pods supervise the delivery of the inmate commissary bags. During this process, the deputies observe the inmate open the commissary bag to check the items delivered. In addition, the Trinity employees have had background investigations conducted prior to engaging in business in the Justice Center.

- N. We noted there is no back up to the DS (Custody)-Sheriff's Administration Office who is the liaison between the inmates and commissary service provider (Trinity). When she is out of the office the work remains undone until she returns. We were informed cross training has started in the Custody Sheriff's Administration, however, not in the Commissary Area that she is assigned to.

Recommendation:

16. We recommend cross training measures are implemented to strengthen internal controls, by having another individual perform these responsibilities periodically and to keep the flow of work progressing.

OCSO Action:

Currently, it is the Bail Cashier rather than the DS (Custody) – Sheriff’s Administration that is responsible for the inmate commissary accounts. Cross training has occurred and in the Bail Cashier’s absence, the Custody CSO’s can perform the duties.

- O. We noted from a review of the bank reconciliation for March 2015 a number of outstanding checks ranging from September 2010 - December 2014 for a total of \$339.91 were still being carried forward as reconciling items. Due to the age, these checks would be considered as stale dated and no longer cashable. Therefore, it appears a procedure to review and adjust outstanding checks is lacking. We do note based on our conversations, the list has been adjusted. However, the accounting treatment to turn over the funds to the County did not comply with NYS Abandoned Property Law §1310, 4. Police, property held by-Generally which states:

“Unclaimed property held by a sheriff for a county prisoner may either be placed in the county’s trust and agency fund for six years, subject to claim, and then transferred to the general fund, or reported to the State Comptroller as abandoned property after two years pursuant to Abandoned Property Law §1310.”

We noted, per review of Cash Report #CR153485, the account coding used of speed type #410027-Sheriff’s Custody, Account #520150-Proceeds seized and Unclaimed prematurely turned these funds over to the County’s General Fund instead of the Trust & Agency Fund which should have been coded as follows: speed type #000299-Trust & Agency Fund, Account #085000-Other Funds and Sub Account #085000009-Inmate Abandoned Funds.

Recommendation:

17. We recommend procedures are implemented to review and adjust the outstanding check list on a routine basis. We recommend the Sheriff’s Office appropriately adjust the CR153485 posting error to comply with NYS Abandoned Property Law §1310. We further suggest review procedures are implemented prior to submitting documents to the Finance Department for entry into the financial system.

OCSO Action:

The Sheriff’s Office has implemented a process to identify outstanding checks on a routine basis. The outstanding checks will be handled according to the NYS Abandoned Property Law and will be placed in the County’s Trust and Agency fund. Documents submitted to the Finance Department will be reviewed prior to submission.

The posting error for the speed type on CR153485 was corrected with a journal entry by Financial Operations.

JAIL AND BAIL, FAMILY COURT BAIL, CRIMINAL COURT BAIL

- P. It is our understanding the Bail Cashier receives payments, records these payments in the checkbook and on a receipt log and makes deposits every day for bail funds received. This represents a weakness in internal controls and it appears an independent verification of the daily collections is lacking. Additionally, when she is absent, bail funds received are locked up, but will not be deposited until she returns. As a result, checks due to another jurisdiction for Jail and Bail Funds will be held up.

We noted the Bail Cashier prepares an Excel spreadsheet log of Family Court Bails received. It is our understanding the date of the deposit should coincide with the date recorded on the log and bail remains recorded on the spreadsheet until it is paid out. A review of May 2015's log noted untimely deposits as compared to receipt dates of 5/7, 5/14 and 5/22 to their respective bank deposit dates of 5/13, 5/21 and 5/29.

Recommendation:

- 18. We recommend the Sheriff's Office determine the feasibility of implementing controls to independently verify the receipts and deposits. Consideration should be given to the purchase of a cash register.*

OCSO Action:

In an effort to independently verify the receipts and deposits for bails, the Bail Cashier will make copies of the receipts and the deposit slips and send them to the Administrative Assistant. The Bail Cashier will indicate on each deposit slip, which bail receipts are included in that deposit. The Sheriff's Office is exploring the option of purchasing a cash register for use by the Bail Cashier.

- 19. We recommend Custody Staff is crossed trained so others are knowledgeable to carry on the job responsibilities when the Bail Cashier is unavailable, thus ensuring timely deposits are made in accordance with the Onondaga County Sheriff's Office Fiscal Management Directive SHR-046, dated 7/29/08, V. Cash Management Policy and Procedures, 5.Cash Bail, b. which states, "All cash bails will be deposited in the appropriate checking account by the end of the next banking day following the day of receipt." This will also strengthen internal controls by having another individual perform these responsibilities.*

OCSO Action:

The Sheriff's Office has initiated cross training for additional Custody staff members to ensure deposits are made in a timely manner.

- 20. We further recommend the individual responsible for preparing the bank reconciliation incorporate the monthly total of the log on the reconciliation.*

OCSO Action:

This recommendation has been implemented and the monthly total of the log is now included on the reconciliation.

- Q. We noted the Jail and Bail, Court Bail and Criminal Court Bail Bank Reconciliations prepared by the Administrative Assistant are not reviewed and approved by management. Per the Onondaga County Sheriff's Office Fiscal Management Directive #SHR-046, dated 7/29/08, III. Procedure 1.a., "The Chief Civil Deputy shall have the authority, duty and responsibility for the fiscal management of the Onondaga County Sheriff's Office. Such authority is vested in the Chief Civil Deputy by the Sheriff who is empowered to vest such authority by Article X, Section 10.03 (a) of the Onondaga County Charter."

Recommendation:

21. *We recommend the Sheriff's Administration review the directive and assign appropriate management personnel to review and approve Jail and Bail, Court Bail and Criminal Court reconciliations.*

OCSO Action:

This recommendation has been implemented. The Civil Chief now reviews and approves the Jail and Bail, Court Bail and Criminal Court reconciliations.

- R. We noted the Bail Cashier sends poundage checks to the Administrative Assistant via inter-department mail. This is contrary to the Onondaga County Cash Management & Revenue Collection Practices Administrative Directive, Procedure 1 which states, "No checks or cash should be sent inter-office mail, as this results in further delays and potential security problems."

Recommendation:

22. *We recommend poundage checks are hand delivered to the Administrative Assistant.*

OCSO Action:

This recommendation has been implemented. The Cash Reports are now electronic and the poundage checks are hand delivered to Finance. The poundage checks are no longer sent to the Administrative Assistant.

- S. We noted unclaimed bail funds for 5 years are submitted to the NYS Comptroller's Office of Unclaimed Funds, however, effective April 1, 2011, the dormancy period was reduced from 5 years to 3 years according to the NYS Comptroller's Website www.osc.state.ny.

Recommendation

23. *We recommend management review the NYS Comptroller's Website regarding reporting unclaimed funds to New York State and the Handbook for Reporters of Unclaimed Funds*

from the NYS Comptroller's Office of Unclaimed Funds, June 2015 to ensure compliance.

OCSO Action:

The Administrative Assistant has obtained the current version of the Handbook for Reporters of Unclaimed Funds. She is now familiar with the handbook and has identified unclaimed bail funds that have reached the 3 year point. Those funds will be processed in accordance with the NYS Comptroller's Office rules for unclaimed funds.

- T. We noted Family Court and Criminal Court bails paid to the Sheriff's Office in 2010 were submitted to the NYS Comptroller's Office of Unclaimed Funds in January 2015. The amounts submitted ranged from \$100 to \$2,000. We also noted the Sheriff's Office is not fully in compliance with the Handbook for Reporters of Unclaimed Funds, NYS Comptroller, Office of Unclaimed Funds, June 2015, which states "Due diligence describes an organization's efforts to re-establish contact with customers whose accounts have been deemed abandoned." The NYS Abandoned Property Law requires all organizations to practice due diligence pursuant to Section 1422. This law states, "At least 90 days prior to final report, a first class mailing is to be made to each person whose name is expected to appear on the abandoned property report unless the address is unknown or the holder can demonstrate the address it has for the owner is not the owner's current address. At least 60 days prior to abandoned property final report, a certified mailing, return receipt requested, must be made to each person whose name is expected to appear on the report whose abandoned property is valued in excess of \$1,000 unless a claim has been initiated since the first class mailing was sent, or the first class mailing was returned as undeliverable." The law requires publication for court reported items by February 1st. Abandoned property report is due by the close of business on April 10. Associated costs for completing publication and certified mailing due diligence may be charged individually to the abandoned accounts in the due diligence effort, while the costs for completing the first class mailing requirement cannot be offset.

Recommendation:

24. *We recommend management review the Handbook for Reporters of Unclaimed Funds from the NYS Comptroller's Office of Unclaimed Funds, June 2015 to ensure compliance. We recommend annual follow up with the courts and bailors as to the status of bail funds and documenting all follow up actions to evidence this due diligence before submission to the NYS Comptroller's Office of Unclaimed Funds. We further recommend management review Article 540-NY Criminal Procedure Law pertaining to Forfeiture of Bail and Remission Thereof.*

OCSO Action:

This recommendation will be implemented and the Sheriff's Office will follow up annually with the courts and bailors regarding the status of bail funds. The Sheriff's Office will document due diligence to show our efforts to re-establish contact regarding abandoned accounts.

ADVANCE TRAVEL ACCOUNT

U. We noted advance travel funds are not being used according to the resolutions which authorized this account. Currently, these funds are being used for advancing money for training, travel, meals and extradition expenses. Based on a review of Onondaga County Legislature Resolution #s 34- 1961, 200-1964 (and County Law 657-a), 381-1980 and 67-1982 it appears the use of these funds should only be used for the advance of Sheriff's Office extradition expenses. Our understanding, as well as, the Law Department's opinion is these funds should only be used for extradition purposes. This finding was also previously mentioned in the January 9, 2009 Audit Report of the Sheriff's Office Low Cost Purchases and Change Funds.

Recommendation:

25. We recommend the Sheriff's Office use these funds for extradition purposes as authorized by the Onondaga County Legislature. We further recommend all travel and training related activities are processed through the Comptroller's Office based on the County's standard operating procedures.

OCSO Action:

This recommendation has been implemented and the Travel Directive SHR-041 has been revised to reflect the change. The funds from the Advance Travel Account will be used for extradition expenses only.

V. We noted the authorized amount of this bank account is \$5,000, however, the bank reconciliation is not reflecting the balance that should be in the account. A shortage in the account has been carried for years as previously mentioned in the January 9, 2009 Audit Report of the Sheriff's Office Low Cost Purchases and Change Funds. The current shortage per the Sheriff's check book log is \$127.63.

Recommendation:

26. We recommend management review this shortage. We also recommend the Sheriff's Office contact Financial Operations for assistance as to how to best handle the difference.

OCSO Action:

The Sheriff's Office worked with Financial Operations for assistance regarding the shortage of \$127.63 in the Advanced Travel Account. As a result of this process, the account was made whole.

W. We noted the Sheriff's Office uses PTS of America, LLC for extraditing prisoners; however, a current executed contract is not in place. In 2014, we noted the total amount paid to this service was \$13,806 and in 2015 through 7/31/15 was \$9,536. Based on an internet search, there appears to be other vendors capable of performing this service.

Based on the Sheriff's use of PTS of America, LLC for extraditions as noted above and the usage of the travel card for travel and hotel expenses, we question keeping the full \$5,000 in this account.

Recommendation:

27. We recommend the Sheriff's Office enter into a properly executed contract and contact the Division of Purchasing for assistance in assuring County bidding procedures are followed.

OCSO Action:

As recommended, the Sheriff's Office has contacted the Division of Purchasing regarding a contract for extraditions.

28. We further recommend Sheriff's Administration review the need of maintaining this level of funding when alternatives are clearly available to meet the needs of their operations. The administration should contact Financial Operations for assistance in the proper procedures for reducing this fund.

OCSO Action:

The Sheriff's Office has reviewed the need of maintaining this level of funding for the Advance Travel Account and has determined that there have been occasions when this amount of cash has been needed for extraditions.

- X. Currently, when payment is made from the fund for travel and training purposes, one person receives the check for the group and is responsible for the equitable distribution to the others.

Recommendation:

29. We previously recommended the use of this fund for training cost be discontinued. If this is not an option the Sheriff's will consider, we recommend each person receive their own check or when funds are handed out by the individual, we suggest they sign and date a form showing receipt of funds by everyone. This form should be given to the Administrative Assistant for balancing purposes.

OCSO Action:

The Sheriff's Office implemented the previous recommendation that this fund not be used for training costs.

OVER THE COUNTER TRANSACTIONS

- Y. We noted when the Account Clerk I received cash and checks from other civilian office staff to prepare the daily bank deposit, the cash was not counted in her presence. This practice has

the potential of placing employees in a difficult situation if cash does not balance to the detail. A sign off is also lacking to document this step has taken place.

Recommendation:

30. We recommended the Sheriff's Office implement controls to ensure cash is counted and this step is documented when cash is exchanged between two people. We also recommended sign off procedures be implemented to document and attest to the fact the employees agreed to the cash counted.

Our understanding is the Chief Civil Deputy agreed and implemented these procedures.

OCSO Action:

The Sheriff's Office has implemented controls to ensure cash is counted when exchanged between two people. This is documented on a Daily Cash Reconciliation form which was created as a result of this audit.

- Z. We noted the Account Clerk I normally works the cash register, but the other Account Clerk I or Data Equipment Operators can step in if she is away from her desk. This practice has the potential of placing employees in a difficult situation if cash does not balance to the detail.

Recommendation:

31. The Sheriff's Office should consider assigning one individual to process collections or implement controls to document the amount of cash in the drawer if another assumes the collection responsibilities.

OCSO Action:

Due to limited staffing in the Civil Office, it would be difficult to implement this recommendation.

Although more than one individual processes cash collections at the counter throughout the day, there are a number of steps to document the intake. When a payer pays with cash, a three-part pre-numbered receipt is completed. The cash intake is also documented and initialed on a "Computer Cash Form" listing all cash received for that business day. The cash received is applied to the appropriate account in the Civil Serve software by a different employee.

To ensure the cash amount is accurate throughout the day, cash counts are conducted by two employees at approximately 0900, 1200, and 1700. In addition, the Financial Transactions policy requires that for all transactions of \$500 or greater, a second Civil employee must recount the payment to ensure its accuracy.

- AA. We noted civilian office staff who process collections in the CivilServe SoftCode, Inc. System (CivilServe) can also make changes to case information without Supervisory approval. This represents a weakness in internal controls as it places employees in a position

to conceal errors or irregularities while performing their normal responsibilities. We were informed that prior to a system upgrade in 2006, a supervisor accessed the system to authorize corrections.

Recommendation:

32. We recommend the Sheriff's Office contact the system provider to determine the feasibility of requiring a supervisor's authorization prior to a correction being made. Alternatively, if this is not possible, supervisors should review the Case Activity Report and ascertain the propriety of the changes. This could be done on a sample basis. This should also be documented to attest the review has taken place.

OCSO Action:

The supervisor will periodically review the "Action Entered by User" and the "Receipt Entered by User" reports to detect any irregularities or errors. The supervisor will document this review has taken place.

AMOUNT DUE ATTORNEYS

BB. We noted the Deputy prepares the daily cash deposit, processes the monthly distribution checks including the check to the CFO for fees and poundage, enters an ACH for each payee receiving an E-check into the Chase Access Website and prepares the monthly bank reconciliation. This represents a lack of segregation of duties. The general rule should be that no one person can control enough of any transaction so an error or irregularity could occur, during their normal course of duties as they could hide or falsify the transaction and conceal errors to avoid detection.

Recommendation:

33. We recommend the Sheriff's Office assign an individual independent of these functions to reconcile the account on a monthly basis. We also recommend management review the reconciliation, sign off and date as evidence of review.

OCSO Action:

The monthly reconciliation is now reviewed and signed by the Civil Lieutenant. The reconciliation is then sent to the Command Staff for management review.

The Sheriff's Office implemented a form titled Daily Cash Reconciliation. That form is signed by the two clerks completing the day end balancing. When the deposit is being prepared on the next business day, the deputy preparing the deposit and one of the clerks that participated in the balancing on the previous day verify the cash with a signature on the form.

The monthly distribution checks are prepared by the deputy then signed by the Civil Chief.

Although the deputy enters the ACH for each payee receiving an E-check into the Chase Access website, payments are reviewed and approved by a supervisor.

- CC. We noted from a review of the Commercial Checking bank reconciliation for September 2015 a number of outstanding checks ranging from January 2013 through March 2015 for a total of \$31,007.08.

Recommendation:

34. We recommend review procedures are implemented and appropriate measures taken to address old outstanding checks.

OCSO Action:

To reduce the number of outstanding checks, the Sheriff's Office added the wording "void after 180 days" to each check. All checks issued after April of 2016 have this notation. If a check is outstanding after 180 days, we will follow the appropriate procedures for the NYS Unclaimed Funds. The checks that were outstanding prior to this procedure will be identified and if the recipient cannot be located, we will follow the procedures for NYS Unclaimed Funds.

- DD. We noted a different amount of unapplied receipts was reported on two different reports for the same month ending period. Unapplied receipts (collected fees) which have not been used by the Sheriff's Civil section should not be disbursed until actually used. When comparing receipts per the "On Hand Balancing Report of receipts for 8/1/15 through 8/31/15" of \$627,716.82 to the actual disbursement made the subsequent month (September 2015) of \$607,825.16 resulted in an apparent unapplied receipts balance of \$19,891.66. However, this difference did not agree to either of the following two reports which reported two different unapplied receipt amounts: the "On Hand by Remit to Name Report through 8/31/15" and "On Hand by Availability for Disbursement Report through 8/31/15" with \$19,866.69 and \$19,728.44 respectively. These reports are both generated from the CivilServe SoftCode, Inc. System (CivilServe). It is unclear why these two reports are providing different amounts as compared to the actual receipts and disbursement difference detailed above.

Recommendation:

35. We recommend the Sheriff's Office contact CivilServe to determine the reason why the reports have different unapplied receipt amounts.

OCSO Action:

The Sheriff's Office has identified 3 cases that were placed on Do Not Remit and caused the error on the reports. These cases were placed on Do Not Remit due to the papers being returned to the lawyers. The funds have been returned to the correct party. To correct these errors in the future, the deputy and the Civil Supervisor will review the reports and compare the numbers to make sure they match. The Civil Supervisor is also now reviewing the Receipts placed on Do Not Remit on a daily basis.

- EE. We noted the monthly bank reconciliation did not include the amount actually due to the attorney's (book balance).

Recommendation:

36. *This was discussed with the Sheriff's Office and based on our recommendations the bank statement is now reconciled to the book of record using the Receipts Summary and Disbursement Summary.*

OCSO Action:

This recommendation has been implemented. The Deputy now has a "Book Balance" and a "Bank Balance".

Chase Savings Account # 1863 Public Funds Commercial MMDA

FF. We noted in early 2000 the Sheriff's Office and the Finance Department opened an interest bearing Public Funds Commercial MMDA account #1863 in the amount of \$300,000. These funds were transferred from the Sheriff's Amount due Attorney's Trust & Agency account #1884. This trust account is used to distribute funds collected by the Sheriff's Civil Unit directly from a debtor or a debtor's employer via garnishment of wages for income executions. It is our understanding these funds cannot be placed in an interest bearing account. However, NYS General Municipal Law Section 11 states the chief fiscal officer may temporarily invest moneys not required for immediate expenditure in special time deposits or certificates of deposit provided however, such deposits shall be payable within such time as the proceeds are needed to meet expenditures. We do note the Civil Unit distributes monies about mid-month following the month of collections, therefore, it is in compliance with NYS Civil Practice Laws & Rules Section 5231 (k) which indicates the Sheriff's Office has up to 90 days to distribute the monies collected.

As of November 30, 2015, the MMDA investment account has a balance of approximately \$254,366. At the inception of this account, interest earnings were approximately \$300 per month. Currently, however, this account has been earning approximately \$2 in interest per month. We question keeping this account open as the interest earnings does not out way the cost in Sheriff's staff time, as well as, the Department of Finance to maintain the records and prepare reconciliations.

Recommendation:

37. *It is our understanding the Comptroller's office and the Finance Department with cooperation from the Sheriff's Office will be working together to close the investment account.*

OCSO Action:

The funds, not including the interest, from the MMDA account were returned to the Attorney's Trust and Agency account.

The Sheriff's Office contacted the Department of Finance regarding the interest that was earned while that account was open. The Department of Finance contacted the Director of Professional Services for NYS Government Finance Officers' Association (GFOA) for guidance. Through this process, we determined that we should transfer the interest earned into an appropriate operating fund and record it as interest income. The Sheriff's Office is

now working with Onondaga County Financial Operations to move the interest income and close the Public Funds Commercial MMDA account.

OTHER ISSUES & PETTY CASH

Daily Deposit

GG. We observed two days' worth of deposits totaling \$5,918 in an unlocked safe in the Sheriff's Civil Unit. Our understanding of the internal controls is deposits are made on a daily basis. We were informed this might have been a staffing issue.

Recommendation:

38. We recommended the Sheriff's Office make every attempt to ensure deposits are made in accordance with established internal controls.

OCSO Action:

The safe is now locked. The deposits are made on a daily basis unless there is an unplanned staffing shortage.

North & South Station Change Funds

HH. We noted the Sheriff's-North Station and South Station change funds of \$25/each were returned to the County per cash reports CR107890 & CR126154, however, the account coding on the cash reports improperly increased revenues instead of reducing the Petty Cash general ledger subsidiary account #105790007 and #105790008 respectively.

Recommendation:

39. We recommend Sheriff's management contact Financial Operations to correct this error.

OCSO Action:

The Sheriff's Office contacted Financial Operations and this error was corrected with a journal entry by Financial Operations.

Low Cost Purchase Account Petty Cash Fund

II. We noted the Administrative Assistant is the custodian of the Low Cost Purchase Account and also prepares the reconciliation. Therefore, the Sheriff's Office is not fully in compliance with the Onondaga County Sheriff's Office Fiscal Management Directive SHR-046, 7/29/08, V. Cash Management Policy and Procedures, A.3.b.Petty Cash Account which states, "All of these accounts shall be reconciled on a monthly basis by some other person independent from the Custodian.

Recommendation:

40. *We recommend the Sheriff's Office comply with the above directive and assign someone independent of the Custodian to reconcile the account.*

OCSO Action:

The Sheriff's Office has implemented a procedure for the Civil Chief to conduct a monthly reconciliation of the account. This will ensure the reconciliation is performed by a person independent of the Custodian.

JJ. We noted based on an analysis of the Low Cost Purchase Petty Cash Fund, the Sheriff's Office is submitting reimbursement claims almost on a weekly basis. Comptrollers' procedures state replenishment should take place when 75% of the fund has been depleted or a minimum of every 3 months so expenses can be recorded on a timely basis. For this fund, 75% is \$1,125, however, we noted the average submission in 2015 was \$224 and 2014 was \$290. The average monthly for 2015 was \$543 and 2014 was \$448.

We do note the Sheriff's Office uses its' low cost purchase credit card. Therefore, it appears this petty cash fund can be reduced.

Recommendation:

41. *We recommend management review the need for maintaining \$1,500 in the fund and consider reducing the amount to reflect current usage. We suggest management contact Financial Operations regarding the proper procedures to relinquish petty cash.*

OCSO Action:

Although the Sheriff's Office submits requests for reimbursement more frequently than the Comptroller's procedures suggest, the staff member in the Comptroller's Office that handles the claims does not mind the frequent submissions as it is less paperwork to review at one time and makes his job easier.

The Sheriff's Office would like to maintain the \$1500 amount in the petty cash fund to ensure funds are available while waiting for reimbursement checks to arrive.

KK. We noted an envelope with \$112.09 is being stored in the Low Cost Purchase Petty Cash drawer. It is our understanding about \$36 was generated from postage stamp sales and \$76 was from a closed bank account (opened & closed in 2014). The current administration has discontinued the practice of selling stamps and the origin of the later amount was not determined. We understand Financial Operations was contacted and asked how to handle this extra money; however, this matter has not been resolved to date.

Recommendation:

42. *We recommend management contact Financial Operations for assistance in turning the \$112.09 over to the County.*

OCSO Action:

The Sheriff's Office worked with Financial Operations and determined how to disperse the \$112.09. The recommendations were followed and the Sheriff's Office will no longer maintain these types of funds.

43. *We also recommend management review the Onondaga County Cash Management & Revenue Collection Practices Administrative Directive dated 7/13/09, Procedure 7. which states, "The County's Chief Fiscal Officer is the only person authorized to open a bank account on behalf of Onondaga County. Therefore, departments should submit requests to his/her office for review and approval."*

OCSO Action:

The Sheriff's Office will not open any accounts without written permission from the County's Chief Fiscal Officer.

Fees for Transporting Petty Cash Fund

LL. The count of cash in the transportation cash box was \$1,522.77. Per the Onondaga County Sheriff's Office Fiscal Management Directive, SHR-046, 7/29/08, V. Cash Management Policy and Procedures, A.3.f. Petty Cash Account, the balance should be \$1,500.00. The current custodian inherited the extra \$22.77.

Recommendation:

44. *We recommend management contact Financial Operations for assistance in turning the \$22.77 over to the County.*

OCSO Action:

The Sheriff's Office worked with Financial Operations and determined the Transport Petty Cash overage of \$22.77 should be applied to the shortage in the Advanced Travel Account (account 1002146411).

MM. We noted while performing the petty cash count, there are two 2008 Travel Expense Vouchers totaling \$60 where cash was advanced and expensed for meals, however, the officers were not entitled to use these funds because the timing of the meals did not comply with the Onondaga County Administrative Directive Manual Travel and Entertainment Directive dated 2/11/10, Procedure III Travel Expenses, F. Meals. Some of the officers listed on the vouchers retired in 2012 and 2013 and others are active. This issue should have been addressed with the officers in 2008. We understand copies of these vouchers were given to Financial Operations in November 2014 to research; however, the matter has not been resolved to date.

Recommendation:

45. *We recommend the Sheriff's Office and Financial Operations revisit this issue and determine the most appropriate means to rectify this matter. In the future, an issue of this nature should be dealt with immediately.*

OCSO Action:

The Sheriff's Office will closely monitor the travel authorizations to ensure this type of error does not occur in the future.

As noted in recommendation #42 of this report, \$60 was applied to this account to rectify the shortage.

- NN. We noted prior to our review of internal controls, there are additional individuals who access the petty cash fund, however, they did not complete an alternate petty cash custodian form.

Recommendation:

46. We provided forms which were completed and emailed to the Comptroller's Office. As individuals change who handle the fund, we recommend revised alternate custodian forms be completed and returned to the Comptroller's Office.

OCSO Action:

The Sheriff's Office will ensure that the Alternate Petty Cash Custodian Form is completed when an alternate custodian is assigned access to the petty cash fund.

- OO. We noted when there is a shift change, the Fees for Transporting Petty Cash Fund is not verified by the person taking over the fund in front of the person relieved of this duty. This practice has the potential of placing employees in a difficult situation if the cash does not balance to the detail. A sign off is also lacking to document this step has taken place.

Recommendation:

47. We recommend the Sheriff's Office implement controls to ensure cash is counted when cash is exchanged between two people. We also recommend sign off procedures be implemented to document and attest to the fact the employees agreed to the cash counted.

OCSO Action:

The Sheriff's Office has implemented controls and documentation to indicate the cash is counted between two people at shift change.

- PP. We noted the petty cash custodian gives the cash to the person who signed the Travel Expense Voucher and this individual will distribute it to the others listed on the voucher.

Recommendation:

48. *We recommend each person receive their own cash or when funds are handed out by the individual, we suggest they sign and date a form showing receipt of funds by everyone.*

OCSO Action:

In the future, the Sheriff's Office will ensure cash is distributed to each individual and that the individual signs and dates the Travel Expense Voucher.

QQ. We noted the Sergeant in the Transportation unit is the custodian of their petty cash funds, prepares the reconciliation and, based on our understanding, the reconciliation is not forwarded for review and approval purposes to the Fiscal Management Section Commander. Therefore, the Sheriff's Office is not fully in compliance with the Onondaga County Sheriff's Office Fiscal Management Directive, SHR-046, dated 7/29/08, V. Cash Management Policy and Procedures, 3.b. Petty Cash, which states " All of these accounts shall be reconciled on a monthly basis by some other person independent from the Custodian. All reconciliations shall be documented with a copy forwarded to the Fiscal Management Section Commander."

Recommendation:

49. *We recommend the Sheriff's Office comply with the above directive as detailed above.*

OCSO Action:

The Sheriff's Office will ensure the petty cash funds are reconciled monthly by the Transport Unit Lieutenant. Documentation of the monthly reconciliation will be forwarded to the Captain responsible for the fiscal functions in the Sheriff's Office.

Confidential Drug Funds

RR. There appears to be no written documentation supporting the Sheriff's administrative approval to release confidential funds from their grant projects to the Sergeant in charge of the Special Investigations Unit's (SIU). Currently, the SIU Sergeant submits an email to Financial Operations requesting the release of confidential drug funds, at which point, Financial Operations follows standard procedures to issue a check made payable to the Sergeant.

Recommendation:

50. *We recommend the SIU Sergeant obtain written administrative approval prior to requesting the release of funds by Financial Operations. This can be accomplished by submitting and receiving the authorized request from Sheriff's administration via email, at which point the Sergeant can forward the "authorized" email to Financial Operations.*

OCSO Action:

The Sheriff's Office has implemented a process to ensure the SIU Sergeant obtains prior written approval from the SIU Captain before obtaining confidential funds.

- SS. We noted the Sheriff's office was not fully in compliance with the confidential funds provided by the GIVE grant. Appendix A1 – Agency Specific Clauses, item #14, states, "Grant funds may be expended only for purposes and activities set forth in this Agreement. Accordingly, the most important single requirement of accounting for this grant is the complete and accurate documentation of grant expenditures. If the Grantee receives funding from two or more sources, all necessary steps must be taken to ensure that grant-related transactions are not commingled." SIU also received confidential funds from the Forfeited Asset grant. Based on the internal control records provided the use of these funding streams were not separated as required. We do note the Sergeant is aware of this requirement. However, the information detailed on the check stub generated by Financial Operations and issued to the Sergeant did not provide the sources of the funds. This information was contained on the payment claim document # CL299545, which is prepared and resides in Financial Operations for submission to the Comptroller's Office for payment.

Recommendation:

51. We recommend the Sheriff's Administration and Financial Operations devise a means to inform the SIU Sergeant of the sources of the confidential funds issued to ensure compliance with the granting agency's reporting requirements.

OCSO Action:

The Sheriff's Office has implemented a process that requires the SIU Sergeant to specify the source of the requested funds and that funding source is documented on the check provided to the SIU Sergeant.

- TT. We noted the Sheriff's Fiscal Management written directive # SHR-046 dated 7/29/08 relating to confidential funds indicates the Undersheriff is responsible for administering the cash advances to the Special Investigations Unit. Currently, the Chief Deputy Police is overseeing this aspect of the operations.

The directive also states confidential funds and transactions are audited periodically by the Onondaga County Comptroller's Office. Therefore, it appears the Sheriff's Office is relying solely on the Comptroller's Auditing section to perform this function. Based on a review of the Chief Deputy Police's ledger, the last time an independent cash count was performed was by the Comptroller's Internal Audit Division during its last audit. This is a reoccurring finding from June 2004's audit report.

Recommendation:

52. We recommend Sheriff's administration update this directive to reflect the current operating conditions. We also suggest, to improve internal controls over the funds, the directive also include a clause whereby Sheriff's personnel independent of the Special Investigations Unit will perform a cash count and review of the transactions for both the Chief Deputy Police and Sergeant.

OCSO Action:

The Sheriff's Office is in the process of updating the Fiscal Management Written Directive. The updated directive will include a clause requiring Sheriff's personnel independent of the Special Investigations Unit conduct a quarterly cash count and review of the transactions.