



Robert E. Antonacci II, CPA
Comptroller

COUNTY OF ONONDAGA

Office of the
County Comptroller

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September 2, 2008

The Honorable County Executive
The Chair of the County Legislature
The Chair of the Ways and Means Committee
The Chief Fiscal Officer
The Clerk of the County Legislature

A review of the Federal and State Reimbursement Cycle was performed. The primary objective of this review was to identify delays in the reimbursement cycle in order to expedite the collection process, thereby improving the county's cash flow and generating additional interest income to the county. A secondary objective of the review was to identify any accounting issues related to the submission process in order to ensure accuracy of the county's accounting records.

The total due from federal and state to Onondaga County as of 3/31/08 was identified. A sample of outstanding accounts receivable documents were selected from each department and a review of the reimbursement cycle was performed.

We conducted our audit in accordance with Generally Accepted Auditing Standards, Government Auditing Standards issued by the Comptroller General of the United States, the provision of the Office of Management and Budget (OMB) Circular A-133 and the Audits of State and Local Governments. Generally Accepted Auditing Standards require we plan and perform the audit to obtain reasonable assurance about whether the financial records are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial records. An audit includes assessing the accounting principles used and significant estimates used by management, as well as evaluating the overall financial records in 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 adhered to.

In reviewing this process, it was noted there were three components that comprise the overall delay in receiving federal and state reimbursement. The following are the main reasons for the delays in receiving federal and state reimbursement:

- The first component of the delay is extending the submission period. As an example, there are a number of grants that allow submissions to be monthly. However, actual submissions were done for a longer period of time (quarterly, annually, etc). The average delay due to extending the reimbursement period for the sample selected was 35 days.

- The second delay is establishing the accounts receivable. It was noted after the submission period there were delays in creating a submission and establishing the accounts receivable. The average delay in establishing a submission and recording the accounts receivable for the sample selected was 137 days.
- Finally, the third delay is the period from the submission to the date the cash is received from the federal or state agency. The average delay in receiving cash from the federal or state agency for the sample selected was 240 days.

The audit also noted recurring issues that, if corrected using the following recommendations, could reduce the time between incurring reimbursable expenditures and receiving the state or federal aid:

- Departments should regularly review their outstanding receivables on FAMIS. Those receivables that have been outstanding for an extended period of time should be followed up with state and federal agencies via telephone call, e-mail, or letter to determine the progress of receiving aid. Documentation of this follow up will provide evidence of review and a good audit trail.
- Contracts between the county and outside agencies should require the agencies to submit expenditure reports in the same time frame the county is allowed to submit for the state or federal aid. This will allow the county to make more frequent submissions.
- Efforts should be made to submit state or federal aid as often as agreements with the state or federal agency allows. This will evidence compliance with grant agreements and improve the county's cash flow.

The report contains recommendations specific to the programs reviewed to address issues causing the delays thereby improving the county's cash flow as well as the county's accounting records.

Sincerely,



Robert E. Antonacci II, CPA

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I) Overview

Audit Objective and Scope:

A review of the Federal and State Reimbursement Cycle was performed. The primary objective of this review was to identify delays in the reimbursement cycle in order to expedite the collection process, thereby improving the county's cash flow and generating additional interest income to the county. A secondary objective of the review was to identify any accounting issues related to the submission process in order to ensure accuracy of the county's accounting records.

The total due from federal and state to Onondaga County as of 3/31/08 was identified. A sample of outstanding accounts receivable documents was selected from each department and a review of the reimbursement cycle was performed. In addition, a number of large accounts receivable documents in which the cash has been received were also reviewed. A summary of all receivables reviewed can be found in Exhibit A. The types and reasons for delays in the process were noted.

The total due from federal and state to Onondaga County as of 3/31/08 is as follows:

All Funds Due From Federal & State Outstanding As of 3/31/08					
Department	Balance	General	Grants	Comm Dev	Capital
Aging and Youth	\$ 324,620	\$ 154,828	\$ 169,792	\$ -	\$ -
Community Dev	259,281	-	-	259,281	-
Corrections	48,801	-	48,801	-	-
District Attorney	436,449	89,800	346,649	-	-
Health	2,260,794	1,874,884	385,910	-	-
Long Term Care	288,842	288,842	-	-	-
Mental Health	1,003,499	1,003,499	-	-	-
Parks	35,000	-	-	-	35,000
Probation	439,892	286,644	153,248	-	-
Sheriff	258,956	250,491	8,465	-	-
Syra-Onon Planning	134,694	134,694	-	-	-
Transportation	392,300	-	-	-	392,300
WEP	6,644,238	-	-	-	6,644,238
Total	<u>\$ 12,527,366</u>	<u>\$ 4,083,682</u>	<u>\$ 1,112,865</u>	<u>\$ 259,281</u>	<u>\$ 7,071,538</u>

II) Delays in Reimbursement Cycle

In reviewing this process, it was noted there were three components that comprise the overall delay in receiving federal and state reimbursement. The first component is extending the submission period. As an example, there are a number of grants which allow submissions to

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be monthly; however, actual submissions were done for a longer period of time (quarterly, annually, etc). The second delay is establishing the accounts receivable. It was noted after the submission period there were delays in creating the submission and establishing the accounts receivable. Finally, the third delay is waiting for the cash from the federal or state agency.

Sections 3 and 4 of the memo dated 11/1/04 from the Chief Fiscal Officer set guidelines for procedures to be followed regarding the second and third delays listed above. A copy of the memo is attached in Exhibit B.

Aging and Youth

The total due from federal and state outstanding for the Department of Aging and Youth at 3/31/08 was \$324,620. A sample of documents totaling \$223,149 representing 69% of this total was reviewed. This included a review of the following documents:

Document	Program	Min Period	Category of Delay Days Delayed				Total AR
			Delay 1	Delay 2	Delay 3	Total	
AR20352 - 01	Runaway	Monthly	0	183	0	183	\$ 18,221
AR20353 - 01	Runaway	Monthly	91	183	0	274	21,177
AR20353 - 02	Runaway	Monthly	91	183	0	274	21,177
AR20732 - 01	Title V	Monthly	0	31	0	31	17,448
AR20746 - 01	IIIE	Quarterly	61	71	20	152	145,126
Average Delay / Total AR Sampled			49	130	4	183	\$ 223,149

Delay 1 – Extending Submission Period, Average Delay 49 days

- 1) Aging and Youth pays contracted agencies for their services on a monthly basis. The expenditure reports from these agencies are completed by the agencies and sent to the Department of Aging and Youth to be reviewed. After these reports are reviewed and approved by the Department of Aging and Youth, federal or state reimbursement is requested. The contracts require the contracted agencies to submit quarterly, not monthly. Therefore, although the grant allows submissions to be done on a monthly basis, the information from the contracted agencies was only available on a quarterly basis.

Since the state allows monthly submissions for this program, it is recommended the county require agencies to submit monthly expenditure reports. This will allow the county to make more frequent submissions.

Delay 2 – Establishing the Accounts Receivable, Average Delay 130 days

- 2) The cause for the delay in establishing a number of Accounts Receivable for the Runaway Program is due to a mistake by the contracted agency. When the contracted agency submits their expenditure information, Aging and Youth reviews that information to ensure its accuracy. Upon reviewing the information, the department was not comfortable with how the accounting was done. The agency made a coding error and had to correct and then resubmit the information. This error prevented the department from making the submissions

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on a timely basis. Furthermore, by catching the error it prevented incorrect information from being submitted to the state that likely would have delayed reimbursement further.

The delay in AR20746 for the IIIE program was due to an error in a previous submission related to the same program. The Accountant 2 in Aging and Youth had to go back and forth with the state and correct the error before being able to make the submission.

The department should continue to exercise due diligence in their submission process. Where possible, the department should work with the agencies to help them understand the information required for submissions in order to prevent future errors and reimbursement delays.

Community Development

A review of all outstanding accounts receivables at 3/31/08 related to the Community Development Block Grant was performed (AR33445 – 01). In addition, 3 other receivable documents related to this grant, which were closed at 3/31/08, were reviewed to determine the timeliness of submissions. This included a review of the following documents:

Document	Program	Min Period	Category of Delay Days Delayed				Total AR
			Delay 1	Delay 2	Delay 3	Total	
AR 33328 - 01	CDBG	Monthly	0	8	3	11	\$ 66,357
AR 33359 - 01	CDBG	Monthly	17	7	4	28	82,345
AR 33378 - 01	CDBG	Monthly	0	11	2	13	100,000
AR 33445 - 01	CDBG	Monthly	0	5	0	5	23,430
Average Delay / Total AR Sampled			4	8	2	14	\$ 272,132

Delay 1 – Extending Submission Period, Average Delay 4 days

Delay 2 – Establishing the Accounts Receivable, Average Delay 8 days

Delay 3 – Payment Delay, Average Delay 2 days

As illustrated, only minimal delays were noted in the accounts receivable documents that were reviewed.

Corrections

The total due from federal and state outstanding for the Corrections Department at 3/31/08 was \$48,801. All outstanding documents totaling \$48,801 were reviewed. This included the following documents:

Document	Program	Min Period	Category of Delay Days Delayed				Total AR
			Delay 1	Delay 2	Delay 3	Total	
AR20402 - 01	Parole	Quarterly	0	25	341	366	\$ 9,861
AR20427 - 01	Parole	Quarterly	0	34	241	275	38,940
Average Delay / Total AR Sampled			0	30	291	321	\$ 48,801

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Delay 3 – Payment Delay, Average Delay 291 days

- 3) Both outstanding AR's for Corrections relate to the High Impact Incarceration Program. The Accountant 2 in Corrections has been in contact with the state regarding this payment. The contact person at the state thought the money had been paid and is looking in to taking care of this payment.

It is recommended the Accountant 2 in Corrections maintain contact with the state until the aid for this program is received.

District Attorney

The total due from federal and state outstanding for the District Attorney's Office at 3/31/08 was \$436,449. A sample of documents totaling \$204,535 representing 47% of this was reviewed. This review included the following documents:

Document	Program	Min Period	Category of Delay Days Delayed				Total AR
			Delay 1	Delay 2	Delay 3	Total	
AR16389 - 02	FS COOP	Quarterly	91	308	697	1096	\$ 15,200
AR16389 - 03	FS COOP	Quarterly	91	308	697	1096	5,300
AR16389 - 04	FS COOP	Quarterly	91	308	697	1096	2,650
AR16390 - 01	RF2A	Monthly	0	125	696	821	5,500
AR16390 - 02	RF2A	Monthly	0	125	696	821	15,150
AR20606 - 01	Fraud Invest	Quarterly	91	208	432	731	8,650
AR20606 - 02	Fraud Invest	Quarterly	91	208	432	731	16,225
AR20607 - 01	Fraud Invest	Quarterly	91	24	432	547	4,550
AR20607 - 02	Fraud Invest	Quarterly	91	24	432	547	16,575
AR21412 - 01	Prosecution	Quarterly	0	43	48	91	114,735
Average Delay / Total AR Sampled			64	168	526	758	\$ 204,535

Delay 1 – Extending Submission Period, Average Delay 64 days

FS COOP, RF2A, Fraud Investigation

- 4) The Department of Social Services makes certain federal and state submissions on behalf of the District Attorney's Office. Although the District Attorney's Office sent the letters with the appropriate detail each quarter to Social Services, quarterly submissions were not performed. For example, AR20606 combined the first and second quarter submission period of 1/01/06 through 6/30/06, instead of making a quarterly submission. The AR was not established until 208 days later on 1/24/07.

It is recommended the Department of Social Services submit each quarter separately. Efforts should be made to do the submissions on a timelier basis.

Delay 3 – Payment Delay, Average Delay 526 days

FS COOP, RF2A, Fraud Investigation

- 5) In discussing this issue with Social Services, it was noted this is an accounting issue and did not affect the county's cash flow. While the AR's were outstanding for a lengthy period of time, the money was already in the county's hands. All that was needed was an entry to close out the receivables and that has since been done.

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Periodically, someone in the District Attorney's Office should review all outstanding receivables on FAMIS and follow up on any, including those prepared by the Department of Social Services, that have been outstanding for an extended time period. This will help prevent receivables from sitting on the county's books for an extended amount of time.

Health

The total due from federal and state outstanding for the Health Department at 3/31/08 was \$2,260,794. A sample of documents totaling \$1,528,142 representing 68% of this total was reviewed. This included reviewing the following documents:

Document	Program	Min Period	Category of Delay Days Delayed				Total AR
			Delay 1	Delay 2	Delay 3	Total	
AR16395 - 01	MA Inmates	Quarterly	0	602	584	1186	\$ 17,718
AR16395 - 02	MA Inmates	Quarterly	0	602	584	1186	31,978
AR18171 - 01	Handicapped Children	Annually	0	271	369	640	26,899
AR20603 - 01	MA Inmates	Quarterly	0	664	432	1096	14,465
AR20603 - 02	MA Inmates	Quarterly	0	664	432	1096	52,521
AR20605 - 01	MA Inmates	Quarterly	0	573	432	1005	15,809
AR20605 - 02	MA Inmates	Quarterly	0	573	432	1005	26,346
AR20813 - 01	Early Intervention	Monthly	21	8	214	243	177,444
AR20822 - 01	Early Intervention	Monthly	52	2	137	191	156,193
AR20826 - 01	Early Intervention	Monthly	17	17	74	108	364,616
AR20873 - 01	Early Intervention	Monthly	50	0	10	60	372,101
AR21495 - 01	HIV Reporting	Quarterly	0	23	68	91	28,710
AR21618 - 01	STD Intervention	Quarterly	0	43	48	91	80,496
AR21630 - 01	WIC	Monthly	0	40	20	60	114,733
AR21631 - 03	Breast Cancer	Monthly	0	25	6	31	48,113
Average Delay / Total AR Sampled			9	274	256	539	\$ 1,528,142

Delay 2 – Establishing the Accounts Receivable, Average Delay 274 days

MA Inmates

- 6) The Department of Social Services makes certain submissions on behalf of the Health Department. This includes submissions for the inpatient-hospitalized inmates' costs (MA Inmates). It appears the Health Department normally prepares and submits necessary information to Social Services in a timely manner. However, the submission by Social Services for this Federal Aid is not being done in a timely manner.

Delay 3 – Payment Delay, Average Delay 256 days

MA Inmates

Social Services receives advance payments prior to submitting claims. Therefore, minor delays in submissions will not impact the county's cash flow but significant delays can have some impact on the county's cash flow.

It is recommended Social Services take steps to decrease the time to complete submissions.

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Preschool services program

- 7) AR 18171 is for preschool services for the 2005-06 school year. The amount claimed was \$183,620, which is the net amount claimed for services through the electronic transmission of the Automated Voucher Listing (AVL) 2005-06 #5. In March 2008, the state paid \$156,721. The remaining \$26,899 is considered a Negative Claiming AVL. A Negative Claiming AVL results when the New York State Education Department (NYSED) takes back more money than the Health Department is able to claim on an AVL. This is generally due to provider rate changes or changes to a child's IEP. In this case, it was due to a rate adjustment from another claim. The Accountant 2 stated there is no way to record negative receivables in FAMIS, so the reduction is recorded when the state actually recoups the money. The Health Department keeps track of the AR's on ledgers.

Subsequent to the audit test work, we noted reduction to state aid revenue 330167-333 and reduction to AR18171 to show the state recoupment was done on 7/24/08 per FAMIS.

The department should work with the Comptroller's Office to determine if there is a more effective way to record this activity on FAMIS.

Early Intervention Program

Payment by the New York State Department of Health (SDOH) for the Early Intervention Program is typically received within 40 to 60 days. Claims are produced using service dates of July 1 through June 30. A claim produced after July 1 for services beginning July 1 of the current year is typically paid after the state passes the budget (April) for the next year. Payment has been held up on AR20813, AR20822, AR20826 and AR20873 because the state does not have a system in place to apply the 2% withholding approved in the State Budget. Although there has been no official notice, per the Health Department, the state has indicated the 2% will be applied against each payment and payment will be on a cash basis.

HIV Reporting/PNAP and STD Disease Intervention Services

- 8) Payment for HIV Reporting and PNAP Grant submission (AR21495) is delayed due to the agreement with the state going from a 1-year agreement to a 5-year contract. This contract should be received any day, per the Health Department. The STD Disease Intervention Services Grant submission (AR21618) payment is held up at the state level pending amended contract approvals. Once approved, the executed amended contract will be sent to the county and the voucher will be paid in 4-5 weeks, approximately August 2008. The New York State Department of Health requires the PNAP and STD Disease Intervention program be the responsibility of the County Health Department. The Health Department will call the state if payment has not been received in 60 days. They will follow up again in 30 days if not received. Per the Fiscal Officer, although follow up is done, sometimes receipt is out of their control.

We noted cash payment was received for AR21495 on 7/11/08 and AR21618 on 7/30/08.

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It is recommended the department continue to check in with the state to determine the progress of getting their state aid. This will help ensure the county receives state aid as soon as possible.

Long Term Care

The total due from federal and state outstanding for the department of Long Term Care at 3/31/08 was \$288,842. All outstanding documents were reviewed. This included the following documents:

Document	Program	Min Period	Category of Delay Days Delayed				Total AR
			Delay 1	Delay 2	Delay 3	Total	
AR20636 - 01	RF2A	Quarterly	0	115	68	183	\$ 210,726
AR20636 - 02	RF2A	Quarterly	0	115	68	183	78,116
Average Delay / Total AR Sampled			0	115	68	183	\$ 288,842

Delay 2 – Establishing the Accounts Receivable, Average Delay 115 days

- 9) Both receivables are related to the RF-2A and are prepared by the Department of Social Services. Monthly expenditure information is sent from Long Term Care to Social Services to complete the submission for federal and state aid. Social Services had the necessary information from Long Term Care less than a week following the end of the quarter. The actual submission period for both of the Accounts Receivables was for the 3rd quarter of 2007 but the submissions were not made by Social Services until 115 days later, on January 23, 2008.

The Department of Social Services should work to complete the submissions for reimbursement in a timelier manner.

Parks

- 10) The total due from federal and state outstanding for the Parks Department at 3/31/08 was \$35,000. The one outstanding document totaling \$35,000 was reviewed.

AR17951 for \$350,000 was set up on FAMIS August 31, 2004 for claims dated July 30, 2002 – December 31, 2003 to be reimbursed under Contract C361222 with the New York State Office of Parks, Recreation and Historic Preservation (NYSOPRHP) for Griffin Area Waterfront Improvements (Onondaga County Project 522684-001).

E-mails dated 2006 from the Parks Department noted reimbursement was held up due to a job that had to be completed; as well as, an audit report required by the contract. The Audit Report and other paperwork were sent to the state in November 2006 and payment of 90%, or \$315,000, was received on January 11, 2007, or 2 years and 4.5 months after the Accounts Receivable date of August 31, 2004.

According to the contract, the remaining 10% or \$35,000 (final installment) would be paid when all state specifications have been met including a final boundary map. The final boundary map had been delayed awaiting a decision on whether Murphy's Island would

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remain parkland or be sold for the Destiny Project. The decision was made to proceed with it as parkland and include it in the boundary map. The final boundary map and other required paperwork was submitted to the state on January 2, 2008. The Parks Department did not expect payment until September 2008 as the National Parks Service, State Attorney General and State Comptroller had to approve the paperwork, however, cash payment of \$35,000 was received from the state on 7/11/08.

It is recommended the Parks Department regularly follow up on open Accounts Receivable and check with the state to determine the progress of receiving state aid. This will help ensure the county receives state aid as soon as possible.

Probation

The total due from federal and state outstanding for the Probation Department at 3/31/08 was \$439,892. A sample of \$433,676 representing 99% of this total was reviewed. This review included the following documents:

Document	Program	Min Period	Category of Delay Days Delayed				Total AR
			Delay 1	Delay 2	Delay 3	Total	
AR16596 - 01	Probation Services	Quarterly	0	51	405	456	\$ 40,428
AR21009 - 01	Probation Services	Quarterly	0	38	53	91	240,000
AR17893 - 01	Sex Offenders	Quarterly	91	44	139	274	60,000
AR17894 - 01	TANF YES Program	Quarterly	183	103	80	366	71,473
AR21011 - 01	Sex Offenders	Quarterly	0	39	52	91	21,775
Average Delay / Total AR Sampled			55	55	146	256	\$ 433,676

Delay 1 – Extending Submission Period, Average Delay 55 days

- 11) AR17893 is for state aid related to the Sex Offender Program. Although the grant allows submissions to be done on a quarterly basis, the department did not submit quarterly due to the fact the grant had not been signed. The grant agreement was not signed until 7/17/07. The submission period was from 4/1/07 to 9/30/07.

AR17894 was for state aid for TANF, Youth Enhancement Services (YES) program. The time period being sought for reimbursement was from 1/1/07 – 9/30/07. Although the grant allows expenditures to be done on a quarterly basis, the department did not submit quarterly because the grant agreement had not been finalized. The grant agreement was not signed until 10/2/07. The county did not receive notification from the state until 10/19/07.

These expenditures related to both the Probation Department and Salvation Army. Although these expenditures were being incurred beginning in January 2007 there was no grant agreement until 10/2/07 or contract with Salvation Army until 12/17/07. Therefore, there was no way for the department to seek reimbursement at an earlier date. This also explains the delay in establishing a receivable.

The Probation Department should review its procedures for expenditures related to grants. Departments should not incur expenditures related to a grant before the grant agreement is in place. If the state decided they were not going to continue with the grant,

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the department would put itself in a deficit because these expenditures were not included in the department's budget.

Delay 3 – Payment Delay, Average Delay 146 days

- 12) AR16596 was originally set up for \$241,186. \$200,758 was received in April 2007. It was incorrectly coded until the Accountant 2 in Probation realized the error and it was fixed in June. The state determined it did not have the funding to reimburse the remaining \$40,428 so it should have been cancelled. The Accountant 2 verbally informed the Accountant 1 in the Comptroller's Office of this but it was not cancelled as of 3/31/08.

It is recommended all requests to cancel receivables be made in writing to help ensure they are taken off the books in a timely manner.

- 13) The delay for the other 2 AR's seems to be on the state's side. The Accountant 2 is maintaining contact with the state but says it is not unusual for the state to be behind in their reimbursements.

The department should continue to regularly check in with the state to determine the progress of getting their state aid. This will help ensure the county receives state aid as soon as possible.

Sheriff

The total due from federal and state outstanding for Sheriff's Department at 3/31/08 was \$258,956. A sample of \$170,136 representing 66% of this total was reviewed. This review included the following documents:

Document	Program	Min Period	Category of Delay Days Delayed				Total AR
			Delay 1	Delay 2	Delay 3	Total	
AR19385 - 01	Navigation Program	Annually	0	89	63	152	\$ 106,291
AR19851 - 01	Court Security	Monthly	0	21	10	31	63,845
Average Delay/ Total AR Sampled			0	55	37	92	\$ 170,136

Delay 2 – Establishing the Accounts Receivable, Average Delay 55 days

- 14) AR19385 is for the Navigation Program that runs from April through October of each year. The Sheriff's Office receives the appropriate forms from the state shortly after the conclusion of the program. They are then filled out and sent to the Clerk 2 in the Sheriff's Office who prepares the submission. The AR was not established until 89 days later on January 28, 2008. There does not appear to be any extenuating circumstances relating to the delay in submitting for reimbursement.

Efforts should be made to speed up the process of completing the submission for reimbursement. If possible, the submission should be completed within 30 days of the end of the program.

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Delay 3 – Payment Delay, Average Delay 37 days

- 15) Normally, reimbursement for the Navigation Program does not occur until September of the year following the year the expenditures were incurred. The Clerk 2 in the Sheriff’s Office has been in contact with the state and has been informed they will be receiving the state aid shortly.

The Sheriff’s Office should work with the state to see if it is possible to receive the state aid on a timelier basis every year.

Syracuse – Onondaga County Planning

The total due from federal and state outstanding for the Syracuse – Onondaga Planning Board at 3/31/08 was \$134,694. A sample of \$123,052 representing 91% of this total outstanding due from federal and state was reviewed. This review included the following documents:

Document	Program	Min Period	Category of Delay Days Delayed				Total AR
			Delay 1	Delay 2	Delay 3	Total	
AR16894 - 01	Travel Demand Project	Quarterly	121	105	626	852	\$ 30,774
AR20120 - 01	FHWA Grant	Monthly	0	31	0	31	69,208
AR20120 - 02	UMTA Grant	Monthly	0	31	0	31	23,069
Average Delay / Total AR Sampled			40	56	209	305	\$ 123,052

Delay 1 - Extending Submission Period, Average Delay 40 days

Delay 2 – Establishing the Accounts Receivable, Average Delay 56 days

- 16) AR16894 was not submitted quarterly but was submitted for the period from 9/01/05 - 3/31/06 because the proper information from the contractor was not available. Therefore, the accounts receivable was not set up until 105 days later on 7/14/06, due to the fact the information from the contractor was not available until July 2006.

Wording should be put into contracts requiring all necessary information be submitted to the county on a quarterly basis. Once the county receives that bill from the contractor, they can be paid and the county can then seek reimbursement. When information is not received in a timely manner, the department should make inquiries to determine the cause of the delay.

Delay 3 – Payment Delay, Average Delay 209 days

- 17) The Administrative Assistant inquired with her contact regarding the outstanding aid. She was informed they thought it was paid and requested the department resubmit for the aid. The Administrative Assistant has done so and was told the aid will be paid.

Someone in the department should review outstanding receivables on FAMIS and make inquiries regarding those that have been outstanding for a long period of time. This will help prevent lengthy delays in receiving aid in the future.

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Transportation

The total due from federal and state outstanding for the Transportation Department at 3/31/08 was \$392,300. A sample of \$293,681 representing 74% of this total outstanding due from federal and state was reviewed. This review included the following documents:

Document	Program	Min Period	Category of Delay Days Delayed				Total AR
			Delay 1	Delay 2	Delay 3	Total	
AR17530 1-2	NYS DOL	Monthly	218	19	712	949	\$ 114,330
AR17545 - 01	NYS DOL	Monthly	125	565	250	940	179,351
Average Delay / Total AR Sampled			172	292	481	945	\$ 293,681

Delay 1 - Extending Submission Period, Average Delay 172 days

Delay 2 – Establishing the Accounts Receivable, Average Delay 292 days

Delay 3 – Payment Delay, Average Delay 481 days

A review of AR 17530 1-2 indicated that although submissions can be performed monthly, the department submitted for expenditures incurred for the time period from 7/26/05 – 3/31/06 which exceeded a monthly submission period by approximately 7 months. This AR was established on 4/19/06 for \$114,330 approximately 19 days after the submission period. This AR remains open as of 3/31/08, which is 712 days from the date it was established.

A review of AR 17545 - 01 indicated the department submitted for expenditures incurred for the time period from 8/04/05 – 1/06/06 which exceeded the monthly submission period by approximately 125 days. This AR was established on 7/25//07 for \$179,350 approximately 1 year and 6 months or 565 days after the submission period. This AR remains open as of 3/31/08, which is 250 days from the date it was established.

It should be noted expenditure dates were taken from FAMIS. However, in some cases there was a long period of time between when services were performed and when expenditures were recorded on FAMIS. An example is Contract Claim 06093 for Barton and Loguidice in which the service period was from 3/27/05 to 5/21/05 but the expenditure was not recorded on FAMIS until January 2006.

The Comptroller’s Office is currently performing an audit of the Transportation Department. Recommendations to improve the internal controls over the monitoring of the accounts receivable and recommendations to reduce delays in the federal and state aid reimbursement process are contained in this audit.

WEP

The total due from federal and state outstanding for Water Environment Protection at 3/31/08 was \$6,644,238. Documents relating to federal reimbursement from the EPA totaling \$5,881,634 representing 89% of this total were reviewed. In addition, we reviewed a number of paid claim submissions relating to state reimbursement from the DEC.

**Onondaga County
Timeliness of Federal and
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EPA

- 18) A review of grant agreements XP982642-01 and XP982858-01 between the United States Environmental Protection Agency (USEPA) and Onondaga County was performed. According to the grant agreements, “*requests for reimbursement should be submitted on a quarterly basis. However, if the recipient incurs more than \$500 in costs in a given month a request for reimbursement may be submitted to the EPA Grants and contracts Management Branch on a monthly basis.*” From a review of 2007 claims, we noted requests for reimbursement were submitted to EPA within the quarterly requirement; however, WEP incurred more than \$500 in costs each month.

A review was performed of the 2007 eligible expenditures and the actual submissions for grant XP982642-01 and XP982858-01. Exhibit C illustrates the date of eligible expenditures and illustrates when actual submissions were performed compared to if monthly submissions were performed for the year 2007.

An analysis was also performed to determine prospective additional interest income generated if submissions had been performed on a monthly basis. Interest was calculated using actual 2007 cash receipt dates; and for prospective monthly submissions, we used estimated cash receipts dates based on 54 days from the end of each month of claims paid. The average number of 54 days was calculated using the dates written on the Accounts Receivable Reports to the dates of the Cash Receipt Reports divided by the number of reports tested in this section. An average interest rate of 5.06% compounded daily (per the Financial Analyst in Finance) was applied. The results were compared and we noted an additional prospective interest amount of \$5,424.76 could have been generated in 2007 had submissions been done on a monthly basis.

It should be noted that WEP uses short-term 0% construction loans from the New York State Environmental Facilities Corporation (NYSEFC) for large-scale capital construction projects (those scoring high enough by the NYSEFC to receive such financing). WEP has also used these types of loans for cash flow while waiting for the grant funds to be received. For the Midland (Phase II) and Ammonia/ Phosphorus projects tested in this section, Midland had a \$15 million dollar 0% short-term and Ammonia/Phosphorus had a total \$108 million dollar 0% short-term loan. When the term expired on these loans, the balances were rolled into long-term NYSEFC loans with interest.

The short-term loans helped to mitigate the cost of the claims and allowed the county to gain interest on that sum of money that would have otherwise been used in that period if it were not for those 0% interest loans. EFC funds impact WEP’s cash flow and interest earned. However, at this time we are unable to calculate the impact.

WEP was compliant with quarterly requests for reimbursement from EPA; however, if the department incurs more than \$500 in costs in a given month, a request for reimbursement should be done monthly in accordance with USEPA grant agreement and to improve the county’s cash flow.

**Onondaga County
Timeliness of Federal and
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DEC

State aid vouchers 29 through 39 to the New York State Department of Environmental Conservation (NYSDEC) were reviewed. The following chart illustrates the reimbursement delays incurred for these state aid vouchers:

Reimbursement Delays for Project 587948 - ACJ Midland Ave						
AR Document	State Reimbursement Requested	Vouch. No.	Date of Request	Date Reimb.	Days Payment Delayed	Reasons For Delay
AR16279	780,973.22	29	01/14/05	01/08/07	724	A
AR16279	464,585.17	29	01/14/05	12/03/07	1,053	A
AR16288	1,126,276.58	30	03/04/05	03/17/06	378	A
AR16291	1,516,106.00	31	05/03/05	03/17/06	318	A
AR16296	609,277.78	32	05/31/05	03/17/06	290	A
AR16299	759,900.06	33	07/22/05	03/17/06	238	A
AR18706	2,492,578.91	34	10/21/05	03/17/06	147	A
AR18709	807,474.30	35	12/27/05	03/17/06	80	A
AR18711	1,388,418.36	36	02/16/06	12/03/07	655	B
AR18719	4,115,838.26	37	07/24/06	12/03/07	497	B
AR18728	1,786,195.72	38	10/16/06	12/03/07	413	B
AR20010	1,599,160.26	39	12/28/06	12/03/07	340	B

A – Delays due to lost paperwork, Technical/Legal concerns with the Federal Consent Order
 19) Reimbursement from the NYSDEC was delayed for vouchers 29-35. One delay was due to lost paperwork between the local NYSDEC Office and the Albany office for vouchers 29 and 36. The other delays pertaining to vouchers 30-35 involved state technical/legal concerns that the county was out of compliance with the Federal Consent Order. Regional NYSDEC Project Managers had to do research and ascertain everything was in place before approval. Once approved, the paperwork was sent to the NYSDEC Albany Office for review and approval for reimbursement.

Vouchers 29-35 totaled \$8,557,172 and covered the expenditure period from 10/19/04 – 12/16/05, a period of approximately 1 year and 2 months. These vouchers, except voucher number 29, were paid on 3/17/06 for \$7,311,613. The Fiscal Officer-WEP informed us she would frequently follow up with verbal phone calls to the state questioning when she would receive reimbursement. As additional follow up, we noted a written e-mail dated March 14, 2006 from the Fiscal Officer-WEP to the NYSDEC stating she received notification she was to receive the \$7,311,613 the next day, but questioned which requests made up this amount.

It is recommended outstanding Accounts Receivables continue to be reviewed. If payments are not received in a timely manner, written inquires should be made (e-mails are deemed sufficient).

**Onondaga County
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B – Delays due to exceeding contract limit, Technical/Legal concerns-Federal Court Order
20) The amendment to Contract Number C301023 for the Onondaga County, Midland Avenue – CSO Facilities Phase I & II project extended the contract term through August 31 2006 and increased the contract amount to \$15,931,650. The amounts submitted on Contract C301023 exceeded the contract limit on state aid voucher 36 for reimbursable eligible expenditures. These expenditures were incurred from 12/30/05 through 2/3/06 and submitted on 2/16/06.

When reimbursable eligible expenditures exceed the contract limit, no reimbursement from the state will be received until a new amendment to the contract is approved. Vouchers exceeding this contract limit included state aid voucher beginning with number 36 through 39. These vouchers totaled \$8,889,612 and covered eligible expenditures for the period from 12/30/05 – 12/15/06, a period of about 1 year. Approximately another year later, on 11/26/07 the amendment was signed and increased the contract amount to \$26,055,237 and the county received the reimbursable expenditures on 12/3/07. Therefore, there was approximately a two year delay from the point when reimbursable eligible expenditures first exceeded the contract amount to when the contract amendment was signed and the county received the cash. This delayed the county from receiving approximately \$9,000,000.

Our understanding of the amendment process is the Fiscal Officer –WEP waits for the New York State Budget to be approved, and she applies for the money for a particular project (s). The Environmental Program Specialist 1, NYSDEC-Division of Water informed us the approval of an amendment is 6 months, at minimum. The paperwork is sent from the Fiscal Officer-WEP to the NYSDEC Region 7 Project Manager and it is reviewed and approved by the NYSDEC office in Albany, Attorney General, NYS Office of the Comptroller, Legal and Fiscal Office at NYSDEC. Once these channels of review and approval have been met, the amendment is forwarded to the Fiscal Officer-WEP.

The Fiscal Officer-WEP noted she applied 12/04 for the amendment to Contract Number C301023 for the Onondaga County, Midland Avenue – CSO Facilities Phase I & II project in the amount of \$10,000,000 for the state funding year 04/05. The amendment was received 11/26/07. She also applied 11/05 for an amendment to move state funding year 98/99 funds from the Teall project to Midland Avenue for \$123,588. The amendment was received 11/26/07.

State Aid Vouchers 36-39 were completed and submitted to the NYSDEC in advance of having the signed amendment so the review could be complete and payment made as soon as the signed document was finalized, per the Fiscal Officer-WEP. We verified this with the Environmental Program Specialist 1, NYSDEC-Division of Water. The Environmental Program Specialist 1, NYSDEC-Division of Water also stated the approval of the amendments for Contract Number C301023 was delayed while the Federal Consent Order technical/legal issues were resolved. In addition, she mentioned the delays had nothing to do with the Fiscal Officer-WEP or the WEP office. She and the Fiscal Officer-WEP followed up regularly with each other to coordinate fiscal responsibilities.

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In summary, state aid reimbursement was delayed for vouchers 29-39 due to technical/legal concerns the state had that the county was out of compliance with the Federal Consent Order, paperwork for 2 vouchers were lost by the NYSDEC and the approval of contract amendments.

Using state aid reimbursement received on voucher numbers 29-39 totaling \$17,182,706, we performed an analysis to determine prospective additional interest income generated if claim submissions were done on a quarterly basis and state reimbursement received in 60 days. NYSDEC Contract C301023 states State Assistance Requests shall be forwarded quarterly and payment shall be made within a reasonable time of the audit and approval by the Comptroller (State). In our analysis, we used a cash receipt date of 60 days based on an average reimbursement of 2004 claim submissions.

The calculated interest generated from the actual submission for years 2005-2007 was compared to the calculated interest generated if quarterly claim submissions were done for the periods and state reimbursement received in 60 days. Average interest rates of 3.15%, 4.78% and 5.06% earned on investments in the years 2005-2007 respectively were applied. The Financial Analyst in Finance provided the average interest rates information. The analytic noted an additional \$807,391 in interest could have been generated if the state had processed the amendment and claim submissions in a timely manner.

In addition, it was noted state aid voucher 41 for reimbursable eligible expenditures from 1/26/07 through 6/15/07 began to exceed the contract amendment dated 11/26/07 and was only partly submitted due to this fact. As previously stated, when reimbursable eligible expenditures exceed the contract limit, no reimbursement from the state will be received until a new amendment to the contract is approved. The county continues to incur expenditures related to this project. It should be noted that at present, the county does not have the ability to apply for grants for Midland as no grant monies are available and the project is on hold.

It is recommended, in order to avoid future delays due to exceeding contract limits, the department continues to apply for an amendment as soon as the money is available from the state. This will help ensure a new amendment is in place soon after the reimbursable expenditures exceed the current contract amount.

21) A review of the ACJ Midland Ave Conveyance Project disclosed a number of accounting issues. These included the following:

- The total amount of state aid recorded in the Midland Project at 12/31/06 was \$25,292,101. However, the total amount of the state contract at this period was \$15,931,650. The contract was increased to \$26,055,237 on November 26, 2007.
- Based on the agreement with New York State, The NYSDEC retains up to 10% of each payment made to the recipient. This total accumulated withholding will be released as part of the final payment, after the department (NYSDEC) conducts a final review of the

**Onondaga County
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project and finds the project to be acceptable. It was noted a separate AR or accrual for the total amount of state withholding is not made at the end of each year.

In order to ensure the financial statements are accurately stated, it is recommended amounts not be accrued in excess of the state contract. In addition, a separate accrual for the state withholdings should be made at the end of each year.

In recognition of the concerns identified, WEP will work with the Comptroller's Office on alternative methods for booking the state withholdings.

- We noted the Fiscal Officer-WEP maintains individual excel worksheets of the claims sent to EPA and the NYSDEC (Contract C301023) for project 587948-001-Midland Avenue. Copies of these worksheets are attached to each request for reimbursement from the funding source. The Fiscal Officer-WEP states the FAMIS Accounting System is made up from the state aid forms submitted. However, the excel worksheets do not evidence reconciliation to FAMIS.

It is recommended WEP continue to maintain an excel spreadsheet to track all claims and revenues pertaining to submission to the NYSDEC for project 587948-001-Midland Avenue. This spreadsheet should evidence reconciliation to FAMIS to ascertain accuracy with the county's book of record.

**Delays in the Due From Federal and State Reimbursement Cycle
For Selected Accounts Receivable Documents
As of 3/31/2008**

Department	Fund	Document	Source State / Federal Description	Actual Submission Period From To	Date AR Established	Minimum Submission Period	Extending Submission Period	Delay Establishing AR	Payment Delay	Total Days Delay	Amount of AR Document	
Aging and Youth	General	AR20352 - 01	S Runaway	09/01/07 09/30/07	03/31/08	Monthly	-	183	-	183	18,221	
	General	AR20353 - 01	S Runaway	06/01/07 09/30/07	03/31/08	Monthly	91	183	-	274	21,177	
	General	AR20353 - 02	S Runaway	06/01/07 09/30/07	03/31/08	Monthly	91	183	-	274	21,177	
	Grants	AR20732 - 01	S Title V	02/01/08 02/29/08	03/31/08	Monthly	-	31	-	31	17,448	
	Grants	AR20746 - 01	S IIIIE	08/01/07 12/31/07	03/11/08	Quarterly	61	71	20	152	145,126	
Com Dev	CD	AR 33328 - 01*	F CDBG	01/01/07 01/25/07	02/02/07	Monthly	-	8	3	11	66,357	
	CD	AR 33359 - 01*	F CDBG	04/25/07 06/11/07	06/18/07	Monthly	17	7	4	28	74,340	
	CD	AR 33378 - 01*	F CDBG	08/02/07 08/02/07	08/13/07	Monthly	-	11	2	13	15,007	
	CD	AR 33445 - 01	F CDBG	03/04/08 03/26/08	03/31/08	Monthly	-	5	-	5	23,430	
	Grants	AR20402 - 01	S Parole	01/01/07 03/31/07	04/25/07	Quarterly	-	25	341	366	9,861	
Corrections	Grants	AR20427 - 01	S Parole	04/01/07 06/30/07	08/03/07	Quarterly	-	34	241	275	38,940	
	General	AR16389 - 02	S D.A. FS COOP	01/01/05 06/30/05	05/04/06	Quarterly	91	308	697	1,096	15,200	
District Attorney	General	AR16389 - 03	F D.A. FS COOP	01/01/05 06/30/05	05/04/06	Quarterly	91	308	697	1,096	5,300	
	General	AR16389 - 04	S D.A. FS COOP	01/01/05 06/30/05	05/04/06	Quarterly	91	308	697	1,096	2,650	
	General	AR16390 - 01	F RF2A	12/01/05 12/31/05	05/05/06	Monthly	-	125	696	821	5,500	
	General	AR16390 - 02	S RF2A	12/01/05 12/31/05	05/05/06	Monthly	-	125	696	821	15,150	
	General	AR20606 - 01	F Fraud Investigation	01/01/06 06/30/06	01/24/07	Quarterly	91	208	432	731	8,650	
	General	AR20606 - 02	S Fraud Investigation	01/01/06 06/30/06	01/24/07	Quarterly	91	208	432	731	16,225	
	General	AR20607 - 01	F Fraud Investigation	07/01/06 12/31/06	01/24/07	Quarterly	91	24	432	547	4,550	
	General	AR20607 - 02	S Fraud Investigation	07/01/06 12/31/06	01/24/07	Quarterly	91	24	432	547	16,575	
	Grants	AR21412 - 01	S State Aid Prosecution	10/01/07 12/31/07	02/12/08	Quarterly	-	43	48	91	114,735	
	Health	General	AR16395 - 01	F MA Inmates	10/01/04 12/31/04	08/25/06	Quarterly	-	602	584	1,186	17,718
		General	AR16395 - 02	F MA Inmates	10/01/04 12/31/04	08/25/06	Quarterly	-	602	584	1,186	31,978
		General	AR18171 - 01	S Handicapped Children	09/01/05 06/30/06	03/28/07	Annually	-	271	369	640	26,899
		General	AR20603 - 01	F MA Inmates	01/01/05 03/31/05	01/24/07	Quarterly	-	664	432	1,096	14,465
		General	AR20603 - 02	F MA Inmates	01/01/05 03/31/05	01/24/07	Quarterly	-	664	432	1,096	52,521
		General	AR20605 - 01	F MA Inmates	04/01/05 06/30/05	01/24/07	Quarterly	-	573	432	1,005	15,809
General		AR20605 - 02	F MA Inmates	04/01/05 06/30/05	01/24/07	Quarterly	-	573	432	1,005	26,346	
General		AR20813 - 01	S Early Intervention	07/01/07 08/22/07	08/30/07	Monthly	21	8	214	243	177,444	
General		AR20822 - 01	S Early Intervention	07/01/07 11/13/07	11/15/07	Monthly	52	2	137	191	156,193	
General		AR20826 - 01	S Early Intervention	07/01/07 12/31/07	01/17/08	Monthly	17	17	74	108	364,616	
General		AR20873 - 01	S Early Intervention	07/01/07 03/21/08	03/21/08	Monthly	50	-	10	60	372,101	
Grants		AR21495 - 01	S HIV Reporting	10/01/07 12/31/07	01/23/08	Quarterly	-	23	68	91	28,710	
Grants		AR21618 - 01	F STD Intervention	10/01/07 12/31/07	02/12/08	Quarterly	-	43	48	91	80,496	
Grants		AR21630 - 01	F WIC	01/01/08 01/31/08	03/11/08	Monthly	-	40	20	60	114,733	
Grants		AR21631 - 03	S Breast Cancer	02/01/08 02/29/08	03/25/08	Monthly	-	25	6	31	48,113	

Long Term Care	General	AR20636 - 01	F RF2A	07/01/07	09/30/07	01/23/08	Quarterly	-	115	68	183	210,726
	General	AR20636 - 02	S RF2A	07/01/07	09/30/07	01/23/08	Quarterly	-	115	68	183	78,116
Parks	Capital	AR17951 - 01	F Waterfront Improv	08/09/02	02/25/03	08/31/04	3 installments	134	553	1,308	1,995	35,000
Probation	General	AR16596 - 01	S Probation Services	10/01/06	12/31/06	02/20/07	Quarterly	-	51	405	456	40,428
	General	AR21009 - 01	S Probation Services	10/01/07	12/31/07	02/07/08	Quarterly	-	38	53	91	240,000
	Grants	AR17893 - 01	S Sex Offenders	04/01/07	09/30/07	11/13/07	Quarterly	91	44	139	274	60,000
	Grants	AR17894 - 01	S TANF YES Program	01/01/07	09/30/07	01/11/08	Quarterly	183	103	80	366	71,473
	Grants	AR21011 - 01	S Sex Offenders	10/01/07	12/31/07	02/08/08	Quarterly	-	39	52	91	21,775
Syr-Onon Planning	General	AR16894 - 01	F Travel Demand Project	09/01/05	03/31/06	07/14/06	Quarterly	121	105	626	852	30,774
	General	AR20120 - 01	F FHWA Grant	02/01/08	02/29/08	03/31/08	Monthly	-	31	-	31	69,208
	General	AR20120 - 02	F UMTA Grant	02/01/08	02/29/08	03/31/08	Monthly	-	31	-	31	23,069
Sheriff	General	AR19385 - 01	S Navigation Program	04/01/07	10/31/07	01/28/08	Annually	-	89	63	152	106,291
	General	AR19851 - 01	S Court Security	02/01/08	02/29/08	03/21/08	Monthly	-	21	10	31	63,845
Transportation	Capital	AR17530 1-2	F NYSDOL	07/26/05	03/31/06	04/19/06	Monthly	218	19	712	949	114,328
	Capital	AR17545 - 01	F NYSDOL	08/04/05	01/06/06	07/25/07	Monthly	125	565	250	940	179,351
WEP	Capital	AR20010 - 01	S DEC-Water Quality Improv	10/13/06	12/22/06	01/04/07	Monthly	40	13	452	505	264,078
	Capital	AR20011 - 01	S DEC-Water Quality Improv	12/29/06	01/19/07	01/25/07	Monthly	-	6	431	437	571,585
	Capital	AR20034 - 01	S DEC-Water Quality Improv	01/26/07	06/15/07	06/21/07	Monthly	110	6	284	400	1,790,970
	Capital	AR20066 - 01	S DEC-Water Quality Improv	11/19/07	12/28/07	01/23/08	Monthly	9	26	68	103	609,700
	Capital	AR20067 - 01	S DEC-Water Quality Improv	01/11/08	01/18/08	01/23/08	Monthly	-	5	68	73	1,364,047
	Capital	AR20071 - 01	S DEC-Water Quality Improv	02/08/08	03/07/08	03/19/08	Monthly	-	12	12	24	1,281,254
	Capital	AR20016 - 01*	F EPA	02/02/07	03/16/07	04/10/07	Monthly	12	25	20	57	1,877,848
	Capital	AR20033 - 01*	F EPA	04/20/07	06/22/07	06/21/07	Monthly	33	-	33	66	1,594,255
	Capital	AR20035 - 01*	F EPA	06/22/07	07/20/07	07/31/07	Monthly	-	11	50	61	877,585
	Capital	AR20040 - 01*	F EPA	08/17/07	08/24/07	09/24/07	Monthly	-	31	37	68	880,697
	Capital	AR20051 - 01*	F EPA	09/21/07	10/26/07	11/13/07	Monthly	5	18	38	61	1,099,513
	Capital	AR20035 - 02*	F EPA	03/02/07	07/27/07	07/31/07	Monthly	117	4	50	171	242,625
Average Delay								35	137	240		

* Paid AR as of 3/31/08

COUNTY OF ONONDAGA



DEPARTMENT OF FINANCE

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JOE MAREANE
Chief Fiscal Officer

PETER SEITZ
Deputy Director of
Management & Budget

NICHOLAS J. PIRRO
County Executive

TO: Elected Officials, Department Heads & Fiscal Officers

FROM: Joe C. Mareane, Chief Fiscal Officer

DATE: November 1, 2004

SUBJECT: Cash Management & Revenue Collection Practices.

This memo is an update to the Cash Management and Revenue Collection Practices issued by the County Executive in 1992.

The goal of our cash management policies is to maximize the availability of cash. Achieving that goal allows us to:

- 1) Meet daily spending needs (i.e., payroll, vendors, etc.)
- 2) Earn interest revenue on the investments of the County's cash balances
- 3) Avoid or limit the need for cash flow borrowing

One of the major ways departments can assist the County in maximizing its cash is to collect and deposit funds as quickly as possible. Listed below are the revised cash management policies and practices for departments:

1. All County Funds (checks and cash) should be hand-delivered to the Finance Department (15th floor – Civic Center) or deposited in a bank within 24 hours of receipt during business days. For deposits exceeding \$10,000, efforts should be made to deposit the same day. Amounts up to \$250 can be held *for a maximum of one week* by the department in a secure, locked desk or cabinet and accumulated for deposit. No checks or cash should be sent inter-office mail, as this results in further delays and potential security problems.
2. The Finance Department goes to all the downtown banks at 2:00 pm daily. Instead of having your own employees make bank runs, those departments in the downtown campus (Civic Center, COB, Courthouses, Sheriff's offices) should bring the deposit to

Exhibit B

the Finance Department. Those remote departments - such as Parks, Van Duyn, Corrections, Library, etc. - that currently do their own deposits, should continue.

3. **All state and federal reimbursement submissions with their accompanying A/R reports should be delivered to the Comptroller's Office no later than thirty (30) days after the closing period has ended (i.e. monthly, quarterly).** The documents will be reviewed and promptly forwarded to the Budget Office for the Chief Fiscal Officer's signature. Comptroller's staff will then mail out. Some Federal and State reimbursement filings can be made electronically. Since most electronic submissions do not require a signature, before releasing the electronic submission, send an A/R report to Comptroller's for their review. Please consult Joan Ferrara, Financial Analyst of the Finance Department, 435-3346 if you have any forms to complete to allow payment directly into one of the County's bank accounts (vs. a paper check).
4. Collections and billings to individuals, municipalities, outside agencies and third-party payers should be on a regular and timely basis for services performed. Follow-up collections for receivables and delinquent payers must be aggressively pursued by the department.
5. Disbursements and payments to vendors should be delayed until the invoiced payment date, unless there is a discount for early payment. Other payment methods, such as credit cards, will also extend the cash payment date. Electronic payment options will be evaluated by the Finance Department on a case-by-case basis.
6. 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 office for review and approval.

In order for the County to achieve the total amount adopted in its annual budget for interest and earnings on investments, it is essential that each department adhere to these cash management and revenue collection practices.

If you have any questions or need assistance in the implementation of these fiscal practices within your department, please contact the Finance Office at 435-3346.

Cc: Edward Kochian
Lynn Shepard Scott
James Albanese

		EPA Actual Submissions Compared to Proposed (monthly) Submissions									
		Grant XP98264201					Grant XP98285801				
Claim #	Date Claim Paid	Claim Amt Project 587948	Actual Submission XP98264201	Days From Last Sub	Proposed Submission XP98264201	Days From Last Sub	Claim Amt Project 587961	Actual Submission XP98285801	Days From Last Sub	Proposed Submission XP98285801	Days From Last Sub
CA000664	02/02/07	63,811									
CA000732	02/02/07	37,359									
CA000628	02/16/07	541,477									
	02/28/07	-			642,646	26					
	03/02/07						13,875				
CA000733	03/02/07	88,564									
CA000629	03/16/07	932,064									
CA000665	03/16/07	153,789									
CA000734	03/16/07	51,858									
CA000696	03/16/07	8,927	1,877,848	42							
	03/31/07	-			1,235,201	31					
CA000630	04/20/07	471,483									
CA000735	04/20/07	47,957									
	04/30/07				519,440	30					
CA000631	05/18/07	497,858									
CA000736	05/18/07	47,119									
	05/31/07				544,977	31					
CL 26255	06/08/07						102,247				
CL126286	06/08/07						9,350		125,472	98	
CA000666	06/08/07	118,764									
CA000697	06/08/07	45,870									
CA000737	06/15/07	29,924									
CA000632	06/22/07	335,280	1,594,255	98							
CA000632	06/22/07	374,570									
	06/30/07	-			904,408	30					
CA000738	07/13/07	46,487									
CA000633	07/20/07	456,528	877,585	28							
CA000175	07/27/07						117,153				
CA000175	07/27/07	-									
	07/31/07	-			503,014	31		242,625	151	117,153	53
CA000667	08/17/07	99,404									
CA000698	08/17/07	8,992									
CA000739	08/17/07	60,174									
CA000634	08/24/07	712,127	880,697	35							
	08/31/07	-			880,697	31					
CA000668	09/21/07	28,465									
CA000740	09/21/07	50,526									
CA000635	09/28/07	424,244									
	09/30/07	-			503,235	30					
CA000741	10/12/07	79,825									
CA000636	10/26/07	516,453	1,099,513	63							
	10/31/07	-			596,278	31					
CA000637	11/23/07	164,626									
CA000699	11/23/07	61,199									
	11/30/07	-			225,825	30					
CA000742	12/07/07	38,965									
CA000669	12/07/07	196,111									
CA000638	12/28/07	160,383									
CA000670	12/28/07	53,715									
CA000743	12/28/07	42,385	717,384	63							
	12/31/07	-			491,559	31					
		7,047,283	7,047,282	329	7,047,280	332	242,625	242,625	151	242,625	151
Average Submission Amount			1,174,547		640,662			242,625		121,312	
Average Days between Submissions				55		30			151		76



COUNTY OF ONONDAGA
DEPARTMENT OF SOCIAL SERVICES

OFFICE OF THE COMMISSIONER
JOHN H. MULROY CIVIC CENTER
421 MONTGOMERY STREET - 12TH FLOOR
SYRACUSE, NY 13202

DAVID SUTKOWY
COMMISSIONER

315-435-2985
FAX 315-435-8354

STEVEN MORGAN
EXECUTIVE DEPUTY COMMISSIONER

October 21, 2008

Robert Antonacci II, CPA, Esq.
Comptroller
Onondaga County Comptroller's Office
421 Montgomery St. - 14th Floor
Syracuse, NY 13202

Dear Bob:

I've reviewed the draft audit report regarding your office's examination of the timeliness of the Federal and State reimbursement cycle of the County. Please consider this response when compiling the final draft of the report.

The underlying objective of the review was to identify delays in claiming Federal and State reimbursement that impact cash flow and interest earnings. As noted in the report, the Department of Social Services (DSS) claims reimbursement for expenditures incurred in a number of departments including the District Attorney, Health, and Long Term Care Resource Center. While the audit identified significant delays in our department's revenue reimbursement process as it relates to the above mentioned departments, the report's conclusion of reduced cash flow and interest income is not completely accurate.

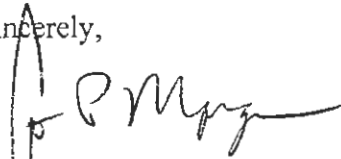
DSS receives funding for a number of expenses, including those claimed for other departments, which is not dependent upon claims submitted. A number of these funding streams are capped allocations that flow on a monthly basis. Since our expenses well exceed the capped revenues in the aggregate, the individual claim submissions mean very little. See Exhibit A illustrating how these funds were received in 2006. As you can see from the chart, the revenue is somewhat evenly received throughout the year(s) and obviously is not related to actual claims submitted.

DSS also receives advances well before reimbursement is sought therefore increasing the County's cash flow and interest earnings. See Exhibit B illustrating an example of how DSS received advances in the first quarter of 2007. As the exhibit shows, the County received \$7.9 million before the first claim of the year was even submitted. Further evidence that the submission of claims does not trigger cash receipts from the State and Federal governments. The exhibit also shows that 55% of the actual claims submitted for

the quarter were received via advances well before all of the quarter's claims were submitted.

We claim millions of dollars a year in revenue to support the programs and the administration of the programs we operate. While we value the importance of the claiming we do for various departments, those claims are immaterial when compared to the overall revenue received by DSS. Therefore, priority is given to the claiming that generates the vast majority of our revenue. We do however absolutely recognize the importance of submitting claims and liquidating receivables in a timely manner. We are committed to improving our performance in this area. We are in the process of evaluating where all of our claims submissions stand currently and will address any issues accordingly.

Sincerely,

A handwritten signature in black ink, appearing to read "S P Morgan", written over a vertical line that serves as a placeholder for a stamp or seal.

Steven P Morgan
Executive Deputy Commissioner
Onondaga County Department of Social Services

Exhibit A

Federal Revenue Flexible Fund For Family Services (FFFS) SFY 06-07			State Revenue Local Administrative Fund (LAF) 2006		
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>
1st Payment	6/13/2006	\$811,872	1st Payment	6/13/2006	\$749,072
2nd Payment	6/13/2006	811,872	2nd Payment	6/13/2006	749,072
3rd Payment	7/24/2006	811,872	3rd Payment	7/12/2006	749,072
4th Payment	8/16/2006	810,498	4th Payment	8/14/2006	753,492
5th Payment	9/6/2006	810,498	5th Payment	8/30/2006	753,492
6th Payment	10/4/2006	810,498	6th Payment	10/4/2006	753,492
7th Payment	11/13/2006	810,498	7th Payment	11/8/2006	744,652
8th Payment	12/13/2006	810,498	8th Payment	12/13/2006	744,652
9th Payment	1/13/2007	810,498	9th Payment	1/4/2007	744,652
10th Payment	2/6/2007	810,498	10th Payment	2/8/2007	361,274
11th Payment	3/7/2007	810,498	11th Payment	3/31/2007	361,273
12th Payment	3/31/2007	1,163,688			<u>\$7,464,195</u>
13th Payment	11/20/2007	981,591			
14th Payment	1/7/2008	117,131			
15th Payment	4/2/2008	1,509,632			
		<u>\$12,691,642</u>			


Exhibit B

Advances January - March 2007					
Transaction	Date	Amount	Transaction	Date	Amount
Advance	1/19/2007	\$675,626	Claim	3/12/2007	\$3,233,861
Advance	2/7/2007	1,865,679	Claim	3/21/2007	1,681,883
Advance	2/13/2007	675,626	Claim	4/9/2007	3,005,937
Advance	2/13/2007	1,539,472	Claim	4/24/2007	1,867,061
Advance	3/13/2007	1,860,729	Claim	4/30/2007	2,929,802
Advance	3/9/2007	675,626	Claim	5/8/2007	1,679,260
Advance	3/8/2007	652,414			<u>\$14,397,804</u>
		<u>\$7,945,172</u>			

**COUNTY OF ONONDAGA
DEPARTMENT OF WATER ENVIRONMENT PROTECTION**

- Memorandum -

TO: Robert Antonacci II
Comptroller

FROM: Michael Lannon, P.E. 
Deputy Commissioner

DATE: October 6, 2008

SUBJECT: Federal and State Reimbursement Audit -
WEP Comments on Final Report

Please find attached our comments on the above-referenced audit. Please do not hesitate to contact Bonnie Karasinski or me with any questions you may have regarding same.

Attach.

cc w/attach: Jean Smiley - County Exec. Office
Randy Ott, P.E. - WEP
Bonnie Karasinski - WEP

**WEP Federal /State Reimbursement Audit –
Final comments 10/6/08**

Recommendation number 18 “WEP was compliant with quarterly requests for reimbursement from EPA; however, if the department incurs more than \$500 in costs in a given month, a request for reimbursement should be done monthly in accordance with USEPA grant agreement and to improve the county’s cash flow.”

WEP appreciates, endorses and attempts to practice the concept of receiving revenues and/or reimbursements in an expeditious manner. It is WEP’s desire and operating philosophy to seek such monies as quickly as reasonably possible. It is noted that WEP’s submittals averaged 55 days. WEP’s limited fiscal staff and other mandates affect the ability to significantly improve upon the current submittal time average. Additionally, it is noted that the County cash flow would positively be affected by the EFC funds also applied for and received.

Recommendation number ~~18~~¹⁹ “It is recommended outstanding Accounts Receivables continue to be reviewed. If payments are not received in a timely manner, inquiries should be made (e-mails are deemed sufficient).”

WEP will continue to review accounts receivables. If payment is not received in a timely manner an e-mail will be sent to the NYSDEC seeking information on the payment.

Recommendation 20 “It is recommended, in order to avoid future delays due to exceeding contract limits, the department continue to apply for an amendment as soon as the money is available from the state. This will help ensure a new amendment is in place soon after the reimbursable expenditures exceed the current contract amount.”

WEP will continue to apply for amendments as soon as possible. It is noted that the described delays were associated with processing time by New York State and as such, were effectively beyond WEP’s control.

Recommendation 21 (part 1) “In order to ensure the financial statements are accurately stated, it is recommended amounts not be accrued in excess of the state contract. In addition, a separate accrual for the state withholdings should be made at the end of each year. In recognition of the concerns identified, WEP will work with the Comptroller’s Office on alternative methods for booking the state withholdings.”

The approach used by WEP in this instance had the express goal of attempting to make sure that all owed monies were accounted for and that the county would receive all monies allotted in the contract. The grant funds were adopted in the state budget and the NYSDEC indicated that the funds were available but the paperwork was delayed. All

indications were that the funds would be received by WEP. WEP accrued the grant funds as they were earned. An Accounts Receivable was recorded as each claim submission was submitted. This cooperative and collaborative work with the NYSDEC staff enabled the county to receive the funds much more expeditiously.

As stated, WEP will work with the Comptroller's Office on alternative methods for booking the grants and withholdings.

Recommendation 21 (part 2) It is recommended that WEP continues to maintain an excel spreadsheet to track all claims and revenues pertaining to submission to the NYSDEC for project 587948-001-Midland Avenue. This spreadsheet should evidence reconciliation to FAMIS to ascertain accuracy with the county's book of record.

The Fiscal Officer maintains a cumulative spreadsheet on the Midland Avenue project as well as all other ACJ projects. The spreadsheet details expenditures and revenues and it is continuously balanced to the FAMIS accounting system in order to prepare the monthly status report. It is acknowledged that Comptroller's does not accept the cumulative reconciliation, but would like a document showing each instance the spreadsheet is reconciled. As agreed, the Fiscal Officer will keep a log showing the dates the spreadsheets were reconciled to the FAMIS accounting system and will provide same upon request.