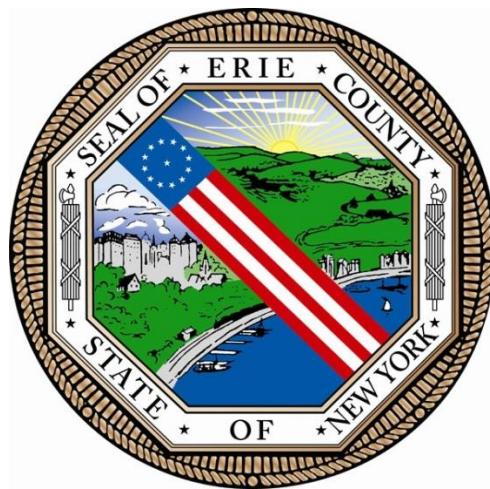


**SEPTEMBER 2019**

**ERIE COUNTY SHERIFF'S OFFICE  
AUDIT OF THE COMMISSARY FUND  
JANUARY 1, 2017 THROUGH DECEMBER 31, 2018**



**STEFAN I. MYCHAJLIW  
ERIE COUNTY COMPTROLLER**

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**HON. STEFAN I. MYCHAJLIW  
ERIE COUNTY COMPTROLLER'S OFFICE  
DIVISION OF AUDIT & CONTROL  
95 FRANKLIN STREET  
BUFFALO, NEW YORK 14202**



September 11, 2019

Erie County Legislature  
92 Franklin Street, 4<sup>th</sup> Floor  
Buffalo, New York 14202

Dear Honorable Members:

The Erie County Comptroller's Office (Comptroller's Office) has completed an audit of the Erie County Sheriff's Office (Sheriff) commissary fund for the period January 1, 2017 through December 31, 2018.

Management of the Sheriff is responsible for establishing and maintaining a system of internal control. The objectives of such a system are to provide management with reasonable, but not absolute, assurance that transactions are executed in accordance with management's authorization and are recorded properly. Because of inherent limitations in the system of internal control, errors or irregularities may nevertheless occur and not be detected.

Our responsibility is to express an opinion based on our audit. We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Our objectives were to evaluate and test internal controls over the authorization, documentation, reconciliation, and recordkeeping of commissary fund transactions. To accomplish these objectives, we tested a sample of invoices and monthly reconciliations within the scope of the audit. We believe that the audit evidence we obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

**Opinion**

In our opinion, the internal controls over the authorization, documentation, reconciliation, and recordkeeping of commissary fund transactions are adequately designed and operating effectively.

No other specific matters adversely affecting compliance and procedures came to our attention. Our audit was made for the purpose previously discussed, and would not necessarily disclose all instances of noncompliance with respect to areas of operations not audited.

## BACKGROUND

The Sheriff is required to maintain an inmate fund to account for all money collected from sentenced inmates at the time of incarceration. These funds are deposited into an inmate bank account and include funds earned by an inmate during imprisonment and any other money received by or on an inmate's behalf. A commissary fund may be established, maintained and operated for the purpose of making available, for sale to inmates, items deemed proper by officials and for the facility's security and general operation. The Sheriff may set higher purchase prices to cover costs and allow the commissary to be self-supporting. Profits on sales must be used for inmate welfare and rehabilitation.

With the Erie County Legislature's approval, the Sheriff contracted with a vendor, Keefe Commissary Network, to provide commissary services for inmates. The commissary surcharge was 40 percent for the years 2017 and 2018. Per the New York State Codes, Rules and Regulations (9 CRR-NY 7016.1), all surcharges received are required to be accounted for and deposited in a separate commissary bank account and may only be used for inmate welfare and rehabilitation purposes.

The Sheriff requested the Comptroller's Office to perform this audit in order to comply with the requirements of the New York State Commission of Correction.

## AUDIT RESULTS

In 2017, the commissary fund had an ending cash balance per SAP of \$472,143 and profit of \$146,837. In 2018, the commissary fund had an ending cash balance per SAP of \$606,140 and profit of \$133,997. We obtained the monthly bank statements and reconciliations for the scope of the audit and verified beginning and ending commissary fund balances. Based on the testing performed for 2017 and 2018, the commissary fund adjusting entries recorded were accurate per the Erie County Accounting Software (SAP) and the department's monthly bank reconciliations.

In 2017 and 2018, a total of 232 transactions were recorded in the department's internal spreadsheets for the commissary fund. The transactions were tested for compliance with the approved vendor contract and the statutory requirements set forth by the New York State Commission of Correction. No exceptions were noted.

For 2017 and 2018, we tested 39 of 108 total commissary fund revenue transactions, amounting to 36% of revenues recorded, by obtaining all invoices received for the period, determining total commissary sales, and calculating the commissary commission earned based on the percentage of commissary surcharge imposed. No exceptions were noted. We also tested 41 of 124 total commissary fund expenditure transactions, amounting to 33% of expenditures recorded, by reviewing payments for proper authorization, sufficient supporting documentation, and valid disbursement. No exceptions were noted.

Based on the testing performed, we noted that the commissary fund revenue and expenditure transactions are internally maintained on the cash basis, rather than the accrual basis, and that the revenue account is properly adjusted at each year-end to the accrual basis.

## **AUDIT COMMENT**

The commissary bank account carries a large cash balance per SAP of \$606,140 as of December 31, 2018. We recommend that the Sheriff make a plan to use the available capital for new projects or developments within the guidelines set forth by the New York State Commission of Correction.

## **RESULTS OF EXIT CONFERENCE**

An exit conference was held on September 30, 2019 with staff members of the Sheriff's Office. The draft of the audit report was reviewed and discussed. The auditee was in general agreement with the report.

The Erie County Comptroller's Office would like to thank the Sheriff and staff of the Sheriff's Office for the courtesy extended to us during the audit.

## **ERIE COUNTY COMPTROLLER'S OFFICE**

Cc: Hon. Mark C. Poloncarz, County Executive  
Timothy Howard, Sheriff of Erie County  
Robert W. Keating, Director of Budget and Management  
Erie County Fiscal Stability Authority