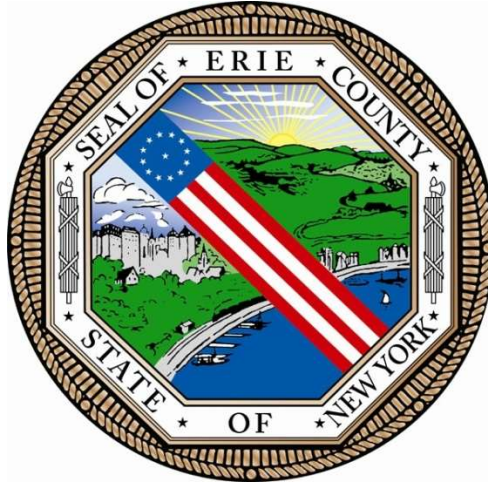


**February 2022**

**Audit of the Erie County Department of Senior  
Services UNMETNEED2021 Grant  
Revenues & Expenditures  
April 1, 2020 through June 30, 2021**



**KEVIN R. HARDWICK  
ERIE COUNTY COMPTROLLER**

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**HON. KEVIN R. HARDWICK  
ERIE COUNTY COMPTROLLER'S OFFICE  
DIVISION OF AUDIT & CONTROL  
95 FRANKLIN STREET  
BUFFALO, NEW YORK 14202**



January 21, 2022

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

Dear Honorable Members:

The Erie County Comptroller's Office has completed an audit of Erie County's Department of Senior Services 163UNMETNEED2021 grant for the period of April 1, 2020 through June 30, 2021.

Our objectives were to test and evaluate the revenue and expenditure transactions recorded in the 163UNMETNEED2021 grant and to evaluate the internal controls over the revenue and expenditure transactions.

The scope of our audit included testing of revenue and expenditure accounting transactions and the related supporting documentation, recorded in the County's management system ("SAP") in Fund 281, Business Area 163, Grant 163UNMETNEED2021. Expenditure accounts for payroll, fringe, and maintenance and operations were outside of the audit scope and excluded. Additional details concerning the methodology employed in this audit are discussed in Appendix A.

Management of the Department of Senior Services is responsible for establishing and maintaining a system of internal controls. 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. Due to inherent limitations in the system of internal controls, 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Opinion**

In our opinion, the internal controls over grant-related revenue and expenditure transactions are not adequately designed and not 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.

## **REPORTING REQUIREMENTS**

A draft copy of this report was provided to the Department of Senior Services for their review. Their comments were considered in the preparation of this report. A copy of their response to this report is included in Appendix B.

## **BACKGROUND**

The Erie County Department of Senior Services (“Senior Services”) provides programs and services for the older adults in Erie County. Examples of the programs and services offered include NY Connect, case management, transportation, wellness and nutrition, retired and senior volunteer program, and the University Express. The purpose of the Unmet Need Grant (“163UNMETNEED2021”) is to increase services for eligible older adults in Erie County whose needs have been previously unmet due to the lack of available funding. The grant is funded by New York State and voluntary client contributions.

## **AUDIT RESULTS AND RECOMMENDATIONS**

### **1. Duplicate Payments and No Authorization – Audit Significant Deficiency:**

Two (2) vendor invoices inspected were paid twice for vendor 165001. The first payments intended for vendor 165001 were received by vendor 165011. The same invoices were paid a second time in order for vendor 165001 to receive the outstanding amount due.

Seven (7) of 68 transactions tested, including vendor invoices and vendor credit memos, did not have proof of supervisory approval for the payment or issuance of the credit memos.

We recommend that Senior Services review and approve invoices and credit memos prior to the submission of payment or issuance of credit memos. It was observed that Senior Services has begun utilizing electronic messaging in SAP to record supervisory approval for vendor invoices.

### **2. Vendor Profile – Incorrect Bank Account Information in SAP – Audit Significant Deficiency:**

Senior Services informed the audit division during the entrance conference that two payments, intended for vendor 165001 were received by vendor 165011 by automated clearing house (“ACH”). The bank account information for vendor 165011 was entered into the vendor profile in SAP for vendor 165001 by the Comptroller’s Office, based on information provided by Senior Services.

The Comptroller’s Office has access to vendor bank account information, and is responsible for changes to the vendor profile in SAP. The vendor profile has not been corrected in SAP as of the end of audit fieldwork.

We recommend that Senior Services analyze the accounts payable balance for each vendor and adjust the account balances, if required.

We also recommend that Senior Services contact the Comptroller's Office to correct the bank account information in SAP for vendor 165001.

3. Segregation of Duties – Participant Contributions – Audit Finding:

Eight (8) of 18 bank deposits tested had evidence from supporting documentation that a single employee was able to collect, record, and deposit contributions. These duties are incompatible and increase the risk of fraud or theft when they are completed by a single employee.

We recommend that Senior Services segregate the incompatible duties of collecting, recording, and depositing contributions between multiple employees.

4. Mismatched and Missing Invoice and Credit Memo Numbers – SAP Attachments – Audit Finding:

31 of 64 vendor invoice and credit memo transactions tested had invoices or credit memos attached to the transactions in SAP that were either missing invoice or credit memo numbers or had mismatched invoice or credit memo numbers compared to what was entered into SAP. The dollar amounts on the attached invoices and credit memos agreed to the dollar amounts entered into SAP.

We recommend that Senior Services verify that each invoice or credit memo scanned into SAP has an invoice or credit memo number written on it that corresponds to the invoice or credit memo number that is entered into SAP.

**Auditor Comments**

The Department of Senior Services Fiscal Unit should add a column for check numbers to their check log for proper identification of checks.

**RESULTS OF EXIT CONFERENCE**

An exit conference was held on January 27, 2022 with the Interim Commissioner of the Department of Senior Services, two members from his staff, a representative from the Division of Budget and Management, and two members from the Comptroller's Office - Division of Audit and Control. During the conference, the draft of the audit report was reviewed and included a discussion of the audit results and comments.

The Auditee has reviewed the draft report and has provided a written response to the report from the Interim Commissioner. The written response from the Department of Senior Services was received by the Comptroller's Office on February 2, 2022 and is included in Appendix B.

The Erie County Comptroller's Office would like to thank the Interim Commissioner and the staff of the Department of Senior Services for the courtesy extended to us during the audit.

**ERIE COUNTY COMPTROLLER'S OFFICE**

Cc: Hon. Mark C. Poloncarz, Erie County Executive  
Timothy Hagues, Interim Commissioner of the Department of Senior Services  
Robert W. Keating, Director of Budget and Management  
Hon. Kevin R. Hardwick, Erie County Comptroller  
Erie County Fiscal Stability Authority

## APPENDICES

### Appendix A:

#### Audit Methodology

The objectives of this audit were to test and evaluate the revenue and expenditure transactions, excluding payroll, fringe, and maintenance and operation accounts, in the 163UNMETNEED2021 grant and to evaluate the internal controls over the revenue and expenditure transactions.

To achieve these objectives, we assessed the internal controls in place over the revenue and expenditure transactions for the 163UNMETNEED2021 grant. Tests of controls were designed based on information gathered from the questionnaires and discussions with staff related to the accounting system (“SAP”) and procedures used to process and record the financial transactions. Tests were performed by inspecting the SAP transactions and their supporting documentation to determine if incompatible duties were segregated and if transactions were supervisor approved.

Tests were performed on 100% of the revenue transactions that were recorded within the scope of this audit. Tests were also performed on a statistical sample of expenditure transactions, excluding transactions from maintenance and operation, payroll, and fringe benefit accounts.

Tests of transactions were designed based on the assessment of internal controls and on the relative risk of the audit. Claim reimbursement dollar amounts were re-calculated by utilizing SAP and the supporting documentation for each claim reimbursement voucher. The testing of transactions was performed by tracing the SAP transactions to their supporting documentation to ensure all dollar amounts, customer and vendor numbers, and invoice and credit memo numbers agreed.

This evidence, taken as a whole, was used to form an opinion based on our objectives.

**Appendix B: Auditee's Response to Audit Report**



County of Erie

Mark C. Poloncarz  
County Executive

**DEPARTMENT OF SENIOR SERVICES**

TIMOTHY HOGUES  
INTERIM COMMISSION

(716) 858-7881  
(716) 858-7259 FAX

February 2, 2022

Honorable Kevin R. Hardwick  
Erie County Comptroller  
95 Franklin Street, Room 1100  
Buffalo, New York 14202

**RE: Response to Draft Audit of Erie Department of Senior Services -  
UNMETNEED2021 Grant Revenues & Expenditures April 1, 2020 through  
June 30, 2021**

Dear Comptroller Hardwick:

The Erie County Department of Senior Services writes to respond to the Draft Audit of Erie Department of Senior Services - UNMETNEED2021 Grant Revenues & Expenditures April 1, 2020 through June 30, 2021. Our responses follow the audit and, to the extent possible, use the same headings contained therein.

**1. Duplicate Payments and no Authorization:**

The Comptroller's audit report states that "Two (2) vendor invoices inspected were paid twice". It is important to note that paying these invoices twice was the only way to correct the duplicate vendor bank information error discussed in finding number two.

The invoice numbers were initially used to process payments of \$440 and \$352 to vendor #165001 in April 2021, which were sent via Automated Clearing House (ACH) to the wrong vendor's bank account. After Senior Services processed the two credit memos to recoup the monies deposited to the wrong bank account, the department then processed new entries, using the original invoice numbers, to pay vendor #165001 the \$440 and \$352 they were owed.

**2. Vendor Profile – Incorrect Bank Account Information in SAP:**

As noted in the finding, this was an item brought to the attention of the audit team by the department during the entrance conference. Per our discussion at both the entrance and exit conference, this is ultimately an item that requires a process change with the Accounting Division.


**3. Segregation of Duties – Participant Contributions:**

The department agrees with the recommendation and has already begun to segregate these duties. Segregation of duties was standard practice but was impacted by the pandemic and staffing changes.

**4. Mismatched and Missing Invoice and Credit Memo Numbers – SAP Attachments:**

The department agrees that invoice numbers were missing on some scanned documents and action will be taken to improve this process. It should be noted that in none of the 64 items tested did the auditors find any problem or error in regards to the dollar amount or vendor being paid.

Sincerely yours,



Timothy Hogues  
Commissioner of Senior Services (Acting)