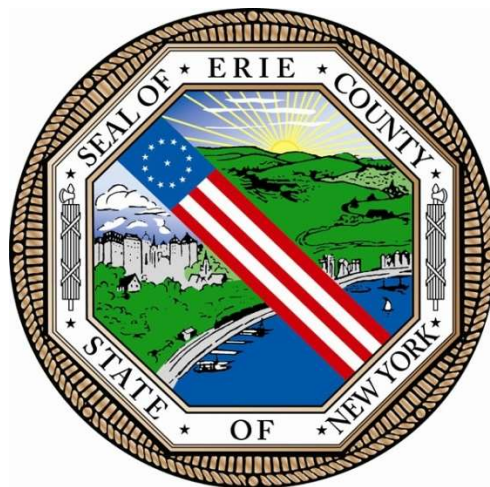


**March 2022**

**Audit of the Department of Social Services  
Operating Budget Revenues  
of the Home Energy Assistance Program  
January 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 28, 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 the Erie County Department of Social Services ("DSS") Home Energy Assistance Program ("HEAP") for the period of January 1, 2020 through June 30, 2021.

Our objectives were to test and evaluate the revenue transactions recorded in the operating budget for HEAP and to evaluate the internal controls over the revenue transactions.

The scope of our audit included testing of revenue accounting transactions and the related supporting documentation, recorded in the County's management system ("SAP") in Fund 110, Business Area 120, Cost Center 1201050, General Ledger account 411590 Federal Aid – Home Energy Assistance. Additional details concerning the methodology employed in this audit are discussed in Appendix A.

Management of DSS 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 recommendations based on our audit objectives.

**Opinion**

In our opinion, the internal controls over the HEAP revenue transactions in the operating budget are adequately designed and operating effectively, except for signature authorizations on Federal Aid Claim forms.

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 DSS 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**

DSS is responsible for administering social service programs to eligible families and individuals in Erie County. Examples of services include Supplemental Nutrition Assistance Program, Home Energy Assistance Program (“HEAP”), Emergency Service Assistance, and Foster Care Services. HEAP is a federally funded program, administered by New York State, to help low-income families and individuals with heating and cooling assistance for their home.

## **AUDIT RESULTS AND RECOMMENDATIONS**

### **1. Missing Signature Authorizations on Federal Aid Claim forms – Significant Deficiency:**

19 of 36 transactions that were tested did not have evidence of signature authorizations on the Federal Aid Claim forms that were attached to the transaction in SAP. The Federal Aid Claim forms require a signature from the Comptroller's Office and DSS to certify that the amounts recorded are correct and have been authorized by each department.

- a. Nine (9) of 19 transactions tested had no evidence of signature authorizations by either DSS or the Comptroller's Office.
- b. Three (3) of 19 transactions tested had no evidence of signature authorizations by the Comptroller's Office.
- c. Seven (7) of 19 transactions tested had no evidence of signature authorizations by DSS.

We recommend that DSS develop a procedure to ensure that Federal Aid Claim forms will be reviewed and signed by DSS and the Comptroller's Office before being attached in SAP. The Comptroller's Office should review all claims, sign all claim forms and post transactions only after receiving properly signed claim forms from DSS.

### **2. Payment Applied to the Wrong Customer – Audit Finding:**

One (1) of 37 customer invoices that were tested was applied to the wrong customer number in May 2019. This error was not detected and corrected until October 2020 and did not have supporting documentation attached in SAP for the reversal transaction.

We recommend that DSS develop and maintain a procedure to routinely check the accounts receivable documents and customer accounts to ensure payments are being applied correctly. The Comptroller's Office should request supporting documentation prior to posting any transaction in SAP.

## **RESULTS OF EXIT CONFERENCE**

An exit conference was held on February 9, 2022 with the Commissioner of the Department of Social Services (“Commissioner”), three members from her staff, a representative from the Division of Budget and Management, the Erie County Comptroller, and two members from the Comptroller’s Office - Division of Audit and Control. The draft of the audit report was reviewed and included a discussion of the audit results and recommendations. The Commissioner was in general agreement with our findings.

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

### **ERIE COUNTY COMPTROLLER’S OFFICE**

Cc: Hon. Mark C. Poloncarz, Erie County Executive  
Marie Cannon, Commissioner of the Department of Social 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 goals of this audit were to test and evaluate the Home Energy Assistance Program (“HEAP”) revenue transactions recorded in the operating budget and to evaluate the internal controls over the revenue transactions.

To achieve these goals, we assessed the internal controls in place over the HEAP revenue transactions. Tests of controls were designed based on information gathered from the questionnaires and discussions with staff related to the County’s management system (“SAP”) and procedures used to process and record the financial transactions. Tests were performed by inspecting supporting documentation for signature authorizations and SAP transactions.

Tests were performed on a statistical sample of transactions selected from the General Ledger account 411590 Federal Aid – Home Energy Assistance.

Tests of transactions were designed based on the assessment of internal controls and on the relative risk of the audit. The testing of transactions was performed by tracing and reconciling dollar amounts, dates and customer information from the SAP transactions to the supporting documentation to ensure all information 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

March 2, 2022

Hon. Dr. Kevin R. Hardwick  
Erie County Comptroller  
95 Franklin Street, Room 1100  
Buffalo, NY 14202

Dear Comptroller Hardwick,

The Erie County Department of Social Services has prepared the below response to the audit conducted by your office of the Home Energy Assistance Program for the period of January 1, 2020 through June 30, 2021.

### I. Missing Signature Authorizations on Federal Claim forms

We acknowledge that the documentation that was attached to the transactions in SAP were lacking the signature pages. The Department of Social Services has all claims for HEAP reviewed and signed by DSS and the Comptroller's Office prior to any claims being filed to the State. This paperwork is stored in the Fiscal Office as backup documentation for our State/Federal claims. It was never made clear to the department that all of the documentation must be uploaded into SAP.

As for the recommendation to develop a procedure to ensure that Federal Aid Claim forms are uploaded into SAP this was completed and the process was begun in December 2021.

### II. Payment Applied to the Wrong Customer

The audit findings indicate that 1 of 37 invoices that were tested was applied to the wrong customer number in May 2019. Payments to the respective utility companies are done in batches and unfortunately sometimes the payments are posted against the wrong accounts. The Department of Social Services cannot correct mis-postings until we hear from the respective company. Sometimes this can take several months to get straightened out. We correct all mis-postings as soon as we are notified of the mistake. Nevertheless, the department

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anticipates that it will satisfy the Comptroller's recommendation to ensure payments are being applied correctly and that all supporting documentation to any transaction is uploaded into SAP.

ECDSS and the Home Energy Assistance Program remain committed to providing our clients with high quality service while ensuring that all regulations are adhered to.

Sincerely,



Maria A. Cannon, MSW  
Commissioner  
Erie County Department of Social Services

CC: Margaret Krathaus  
Karen Rybicki  
Benjamin Swanekamp