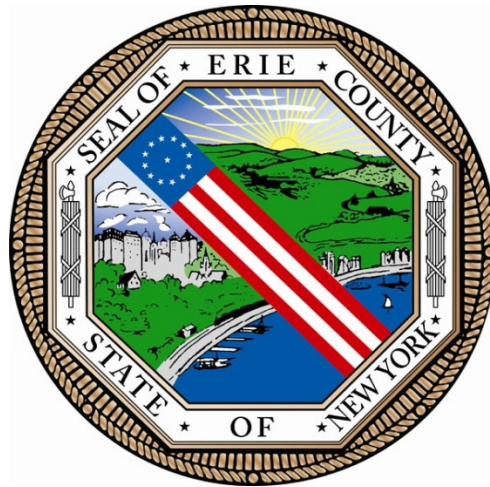


June 2020

**Erie County Department of Health
Lead Poisoning Primary Prevention Grant
(127LEADPRIMARY1819) for the period
April 1, 2018 to March 31, 2019**



**STEFAN I. MYCHAJLIW
ERIE COUNTY COMPTROLLER**

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



July 30, 2019

Erie County Legislature
92 Franklin Street 4th Floor
Buffalo, New York 14202

Dear Honorable Members:

The Erie County Comptroller's Office has completed an audit of the Erie County Department of Health grant, 127LEADPRIMARY1819 ("Lead Primary"), for the period April 1, 2018 to March 31, 2019.

The management of the Erie County Department of Health ("ECDOH") is responsible for establishing and maintaining a system of internal controls. The objective of such a system is to provide reasonable, but not absolute, assurance that transactions are executed in accordance with management's authorization and are recorded properly. Due to the 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. Our objective was to test and evaluate the internal controls over revenue for the Lead Primary grant administered by the ECDOH. We believe that the evidence obtained provides a reasonable basis for our audit opinion.

Opinion

In our opinion, the internal controls over revenue transactions for the Childhood Lead Poisoning Primary Prevention Program 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 Erie County Department of Health for their review. Their comments were considered in the preparation of this report. Their comments are included in Appendix A.

BACKGROUND

The Erie County Department of Health (“ECDOH”) receives multiple grants to promote and protect the health, safety and well-being of County residents.

The purpose of 127LEADPRIMARY1819 Grant (“Lead Primary”) is to identify and address lead hazards in high-risk zip codes in Erie County to prevent at-risk children from becoming poisoned by lead. The New York State Department of Health Bureau of Community Environmental Health & Food Protection (“State”) funds the grant. Additional funding for the Lead Primary program comes from the Lead Safety Renovate, Repair, and Painting Training program (“RRP Training”). The program year for the grant is April 1, 2018 to March 31, 2019. The grant was funded for a five-year period ending March 31, 2020.

AUDIT RESULTS AND RECOMMENDATIONS

The ECDOH submitted four reimbursement claims to the State for the Lead Primary’s program year ending March 31, 2019. The findings observed during audit testing were communicated to the ECDOH in a written communication. The audit results and significant findings are presented below.

- 1) *Reimbursement Claim Issues* – Each reimbursement claim was tested to determine if the claim matched the corresponding supporting documentation.
 - a) The Budget Statement and Report of Expenditures (“BSROE”) did not match the supporting reports from the County’s financial reporting system (“SAP”) for one out of four reimbursement claims. The BSROE is a State document prepared by the ECDOH.
 - b) One of four reimbursement claims had no accompanying SAP supporting documentation.
 - c) Two of four claims tested did not use the correct NYS Vendor Number for the County as stated in the Master Contract. The vendor number identifies the payee requesting funds from the State.
 - d) One of four reimbursement claim amounts did not match the corresponding SAP customer invoice dollar amounts.

Reimbursement claims submitted did not match the corresponding supporting documentation.

WE RECOMMEND that a supervisor review all reimbursement claim documentation.

- 2) *Customer Invoice Issues* – a customer invoice in SAP records the amount of the State Aid to be received from the State. Customer invoices for the program year were traced to the corresponding reimbursement claim. The following findings were noted during testing:
 - a) Five customer invoices were posted in SAP while the ECDOH only submitted four reimbursement claims to the State.
 - b) Two customer invoices were submitted for one reimbursement claim.

The department posted an additional invoice without a corresponding claim.

WE RECOMMEND that a supervisor review all SAP transactions.

- 3) *Ineligible Expenditures* – Three of four claims tested included items that were not eligible for reimbursement since the County had not incurred the expenditure during the claiming period.

WE RECOMMEND that a supervisor review all claim vouchers verifying that expenditures claimed are eligible for reimbursement.

Seventy-one revenue transactions were tested for posting in SAP to the correct general ledger accounts. The details of the significant transaction findings are presented below.

- 1) *Incorrect General Ledger Account Used for Year-end Accruals* – One transaction parked \$114,506.33 in the deferred revenue account not the AR ACCRLS-OTHER GOVT general ledger account. The amount of aid due from other governments was understated at December 31, 2018.

WE RECOMMEND the ECDOH determine the proper general ledger accounts to be used for all transactions.

- 2) *Revenue Transferred from Prior Program Years* – Revenue from prior program years was transferred to the current program year.
 - a) One transaction transferred \$92,705.50 of Lead Safety RRP Training revenue from the prior program year to the 2018 – 2019 program year.
 - b) One transaction transferred \$28,511.28 of deferred revenue from the prior program year to the 2018 – 2019 program year.

WE RECOMMEND the ECDOH determine the proper general ledger accounts to be used for all transactions.

RESULTS OF THE EXIT CONFERENCE

An exit conference was held on February 26, 2020. The meeting was attended by the Commissioner of Health, three members of her staff, a representative from the Division of Budget and Management and three members of the Comptroller's Office - Division of Audit and Control. The audit draft report was reviewed and discussed. A written response to the audit report from the Commissioner was received by the Comptroller's Office on March 6, 2020. The Erie County Department of Health's response to this audit report is included in Appendix A.

ERIE COUNTY COMPTROLLER'S OFFICE

cc: Dr. Gale Burstein, Commissioner, Erie County Department of Health
Hon. Mark C. Poloncarz, County Executive
Robert W. Keating, Director, Budget and Management
Erie County Fiscal Stability Authority

Appendix A: Audit Response



COUNTY OF ERIE

MARK C. POLONCARZ
COUNTY EXECUTIVE

GALE R. BURSTEIN, MD, MPH
COMMISSIONER OF HEALTH

March 6th, 2020

Hon. Stefan I. Mychajliw
Erie County Comptroller
95 Franklin St, Floor 11
Buffalo, NY 14202

**RE: Response to Draft Audit of Erie County Department of Health Lead Poisoning
Primary Prevention Grant (127LEADPRIMARY1819)**

Dear Comptroller Mychajliw:

The Erie County Department of Health (ECDOH) writes to respond to the Draft Report of the Erie County Department of Health Audit of the Lead Primary Poisoning Prevention Grant for the period of April 1st 2018 to March 31st 2019. Our responses follow the audit and use the same numberings.

1. *Reimbursement Claim Issues*

- A. State categories differ from the County's SAP GL's and will not match. ECDOH accounting staff provided the details to trace the amounts from SAP to the BSROE as shown below.

<u>BSROE</u>	<u>AMOUNT</u>	<u>SAP</u>
PERSONAL SERVICES	747,458.58	500000-502100
TRAVEL	11,589.38	510000
SUPPLIES	7,610.50	505000,505400,505800,510200
CONTRACTUAL	11,881.81	516030
OTHER	53,871.84	516020,530000,980000

We do not believe this represents a significant finding.

- B. There was a typo error for the Vendor ID number which was listed as 1000004324 rather than 1000004327. When noticed, the number was corrected for subsequent claims. This is a form header field and had no impact on the

claim. The full amount was approved and paid by the grantor. Ultimately this error was immaterial and is not a significant finding.

2. Expenditures Claimed Outside the Claiming Period

The expenses being referred to were eligible, approved and paid. The Grantor allows expenditures for full pay periods except on a final claim. Per that Grantor these claims were absolutely appropriate. ECDOH does not believe this is a significant finding that warranted inclusion in the report.

1. Incorrect General Ledger Account Used for Year-end Accruals

A data entry error was made for this transaction. Since the purpose of this entry was for year-end grant balancing only and reversed on 1/1/19, there was no impact on the grant or financial statements. ECDOH will refer with the Budget Office to verify grant balancing procedures.

2. Revenue Transferred from Prior Program Years

This money is generated by grant program staff and is recorded separately from the State grant revenue account. Unspent funds are carried forward and maintained separately in the LEADPRIMARY grant in the Grant Fund, 281. After reviewing with both the Budget Office and the Grantor ECDOH has affirmed that the process currently in place is compliant.

Thank you for the opportunity to respond to the draft report. This was a lengthy audit, with an entrance conference occurring on April 5th 2019 and an exit conference occurring on February 26th 2020. Through April and part of May of 2019 ECDOH staff provided numerous documents and answered many questions.

Through the back and forth communications of the audit, I hope your auditors were able to learn more about the New York State Department of Health grant process.

Finally, I would like to note that in your letter to the Legislature, your office renders an opinion that "the internal controls over revenue transactions for Childhood Lead Poisoning Primary Prevention Program are not adequately designed and not operating effectively". I truly do not believe that there is a basis for this very strong statement. The preparation of reimbursement claims worked as intended. ECDOH filed claims in compliance with New York State. All claims were reviewed, approved and paid in full. As a result, revenue was maximized as planned and more importantly, we continue to be able to deliver the important service of this grant.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Gau", with a long horizontal flourish extending to the right.

Gale R. Burstein MD, MPH, FAAP
Erie County Commissioner of Health