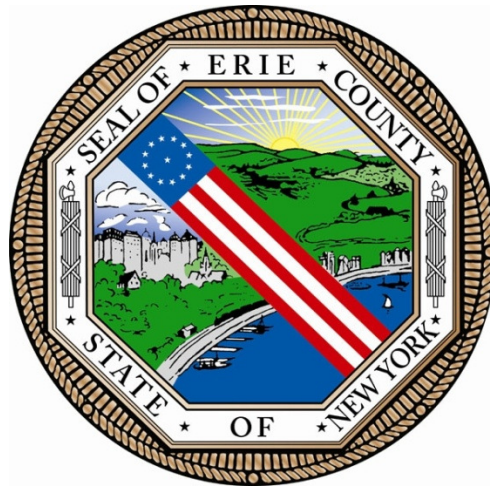


December 2020

**Erie County Comptroller's Office
Audit of the Sheriff's Office
Operating Budget Revenues
July 1, 2019 through December 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**



November 25, 2020

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 internal controls for the Erie County Sheriff's Office Operating Budget Revenues for the period of July 1, 2019 to December 31, 2019.

Management of the Erie County Sheriff's Office 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. Our objectives were to test and evaluate revenue transactions in the operating budget and to evaluate internal controls over revenue transactions. 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 revenue transactions in the operating budget are adequately designed and are operating effectively except as noted with the internal controls for revenue from activity at KeyBank Center. The internal controls for that process are not adequately designed and are 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 Sheriff's Office 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 A.

BACKGROUND

The Sheriff's Office is organized into two primary divisions, Division of Police Services ("Police Services") and Division of Jail Management. The Police Services Division is organized into four sub-divisions: Administration and Professional Services, Civil Process, Police / Patrol Services, and Investigative Services. This audit, and related opinion, was limited to the Administration sub-division and the Civil Process sub-division.

The Administration and Professional Services ("Admin") subdivision is responsible for administering the Stadium Supplemental Security detail during events held at the football stadium located in Orchard Park. The Stadium Security Agreement, ("Agreement") between the County and the Buffalo Bills, LLC expands the duties for the Sheriff to provide Supplemental Security Services ("Supplemental Security"), in addition to the requirements of the Stadium Lease Agreement. The Buffalo Bills agreed to reimburse the County to offset the cost of the Supplemental Detail. The reimbursement amount is for the salary and fringe benefit costs of the number of deputies requested for the event.

Revenue transactions for Stadium Reimbursement activity are in the operating budget: Fund 110, Business Area 115, Cost Center 1151080 – Stadium Detail, general ledger account 466360 Stadium Reimbursement.

The Civil Enforcement sub-division, also known as Civil Process, is paid fees for serving and executing various legal processes issued by and for the several non-criminal courts of New York State and for other jurisdictions. Civil Enforcement also can retain a portion of the amount collected on behalf of the creditor known as poundage. Each month the fees and poundage are deposited with the Erie County Commissioner of Finance, (Erie County Comptroller). Civil Enforcement uses a third-party software, CivilServe, to record civil enforcement fees, calculate poundage, and record disbursements to creditors.

Revenue transactions for Civil Process Fees are recorded in the operating budget, fund 110, business area 115, Cost Center 1151020 – Civil Process, general ledger account 415510 – Civil Process Fees – Sheriff.

AUDIT RESULTS AND RECOMMENDATIONS

I. Administrative and Professional Services Sub-Division

For the period of July 1, 2019 through December 31, 2019, seven transactions were recorded in the SAP general ledger account for Stadium Reimbursement revenue, GL Account 466360 – Stadium Reimbursement.

1. Security Services Provided for KeyBank Center Events

a. Costs for Sheriff's Deputies Assigned to KeyBank Center Events Reimbursed without a Contract

The Sheriff has authority and legal right to provide security services at events throughout the County. No contract exists with Erie County for the County to be reimbursed for security services at KeyBank Center ("Arena") during events at the Arena. The Sheriff did not respond to our multiple request for time records detailing names, dates of service, and hours worked at events in the arena. We could not determine the dollar-value of County services provided.

b. Funds Were Accepted from an Unknown Payee

Funds from Western New York Arena LLC ("WNYA"), in the amount of \$60,000, were deposited by the Sheriff on 12/31/2019. No documentation exists in SAP that provides the identity of WNYA, nor does this payee exist in SAP with a valid customer number. Accepting cash transfers from unidentified sources may provide an opportunity for external individuals or entities to engage in improper activity.

c. Revenue from KeyBank Center Accepted without a Resolution

The Sheriff has a legal right and authority to provide security services at events throughout the County. The Sheriff is required to have a resolution to accept reimbursement for providing security services to events. The Sheriff did not provide an authorizing resolution to accept the funds.

d. Funds Deposited into Incorrect General Ledger Account

Funds received from WNYA were deposited into a G/L account dedicated to identify payments received from the Buffalo Bills. This process does not allow simple tracking of payments from WNYA and distorts the revenue balance received from the Bills.

e. Supporting Documentation

The Sheriff's Office did not provide a copy of an invoice detailing the services provided and the associated cost to be reimbursed. No determination can be made for the timeliness of payment, compliance, and verification of services provided. In addition, the Sheriff did not respond to our request for time records detailing names, dates of service, and hours worked at events in the arena. In the absence of a contract and time records, there was no way to audit this area of operations of the Sheriff. We do not have the identity of WNYA on record in SAP.

We recommend that the Sheriff enter into a contract with any entity or individual whenever the County is to be reimbursed for those resources. A resolution authorizing any contract must be submitted to the Erie County Legislature for approval to accept the reimbursement funds. Accurate records of all County forces provided must be maintained for all assignments.

We also recommend that the Sheriff create a valid customer account in SAP for all potential customers. All required customer information must be obtained. Valid customer invoices must be prepared, reviewed and delivered to customers for services rendered, identifying the details of services provided and service delivery dates. A corresponding accounts receivable

document (customer invoice) must be created in SAP in order to track all invoices. A dedicated G/L account should be created in SAP to simplify tracking of revenue from WNYA.

2. Recording of Transactions

The six invoices submitted to the Bills were tested for accuracy, supporting documentation, and timing. We noted that Admin did not accrue revenue earned in any given period.

We recommend that the Sheriff prepare accrual entries in the period revenue is earned and record the entries in SAP.

II. Civil Enforcement

For the period of July 1, 2019 through December 31, 2019, 15 transactions were recorded in the SAP general ledger account for Civil Process Fee revenue, GL Account 415510 – Civil Process Fees – Sheriff.

1. Bank Deposits

Six of six deposits tested were traced to the corresponding Deposit transmittal, check from Civil Enforcement, and CivilServe Report with no exceptions noted.

Civil Enforcement does not have access to SAP. Without access, Civil Enforcement has no mechanism to verify the funds deposited with the Comptroller's Office were applied as instructed by the deposit transmittal. However, there are mitigating control activities in place. Civil Enforcement sends a copy of the deposit transmittal to Administration and Professional Services. Admin uses the transmittal to accrue the revenue in the correct period and verifies that the deposit was recorded in SAP as indicated on the transmittal. Any discrepancies are communicated between the two sub-divisions.

RESULTS OF EXIT CONFERENCE

An exit conference was held on December 22, 2020, via a WebEx meeting, with the Undersheriff, the Chief of Administration and Professional Services and the Chief of Civil Enforcement. 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. Timothy B. Howard, Sheriff of Erie County
Undersheriff John W. Greenan
Chief John A. Anthony
Chief Denise Manfredo
Hon. Mark C. Poloncarz, County Executive
Robert W. Keating, Director of Budget and Management
Hon. Stefan I. Mychajliw, Jr., Erie County Comptroller
Erie County Fiscal Stability Authority

APPENDIX A

Auditee Response

The Sheriff's Office is in general agreement with the audit report. They declined the offer to issue a response to the report at this time. The Sheriff has reserved the right to issue a formal written response to this report at a later date.