DECEMBER 2012

ERIE COUNTY HEALTH DEPARTMENT
AUDIT OF SELECTED GRANTS

- HEALTHY NEIGHBORHOODS
- PARTNERS FOR PREVENTION, NYSDOH CANCER SERVICES PROGRAM
- YOUTH TOBACCO ENFORCEMENT & PREVENTION

JULY 1, 2009 THROUGH SEPTEMBER 30, 2012

DAVID J. SHENK
ERIE COUNTY COMPTROLLER

HON. DAVID J. SHENK
ERIE COUNTY COMPTROLLER'S OFFICE
DIVISION OF AUDIT & CONTROL
95 FRANKLIN STREET
BUFFALO, NEW YORK 14202

December 27, 2012

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

Dear Honorable Members:

The Erie County Comptroller's Office (Comptroller) has completed an audit of the Erie County Health Department (Health) for the three-year period July 1, 2009 through September 30, 2012. Our objectives were to: (1) Examine the New York State (NYS) and Federal Vouchers for the audit period, (2) Test the internal controls of the department as they apply to the grant programs, and (3) Examine Health's program compliance with NYS and Federal regulations.

We audited Health's policies and procedures for ensuring that its grant programs effectively served community-based programs of the New York State Department of Health (NYSDOH) for the three year-period April 1, 2009 through September 30, 2012. Our objective was to determine whether Health is submitting accurate and timely vouchers for grant reimbursement. To accomplish this, we reviewed applicable laws, rules, regulations, policies, and procedures, and reviewed the financial records and reports. Payroll records and vendor invoices were examined to determine the accuracy of vouchers submitted for grant reimbursement. We did not observe the delivery of services in the field, nor did we test the compliance factors during this audit.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Such standards require that we plan and perform our audit to adequately assess those operations which are included within our audit scope. Further, these standards require that we understand Health's internal control structure and its compliance with those laws, rules and regulations that are relevant to the operations which are included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments and decisions made by agency management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

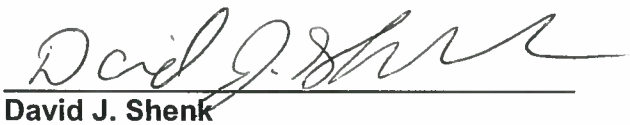
Management of Health is responsible for establishing and maintaining a system of internal control. The objectives of such a system are to provide management with reasonable, but not absolute assurance that transactions are executed in accordance with management's authorization and are recorded properly.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

In our opinion, the internal controls over the submission of vouchers for grant reimbursement are adequate.

The grants are maintained in SAP (Erie County's accounting system) under the Grants Module. This allows for specific grant control and reporting as well as departmental controls and budget controls and finally for financial reporting.

We use a risk-based approach when selecting activities to be audited. This approach focuses our audit efforts on those operations that have been identified through a preliminary survey as having the greatest probability for needing improvement. The grant module in SAP that records grant revenues and expenditures revealed unclaimed grant revenue of significant levels to question grant management's ability to use funds available. Any shortfalls may put future funding in jeopardy.

Sincerely,



David J. Shenk
Erie County Comptroller

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

Table of Contents

Background 5

Healthy Neighborhoods 5

Youth Tobacco Enforcement and Prevention 5

Partners for Prevention, NYSDOH Cancer Services Program 6

Findings and Recommendations 6

Internal Controls – Reimbursement of Expenditures by the Grant 6

Reconciliation Procedures 7

Exit Conference 7

Auditee's Response 8

Appendix 1 – *Grant Reimbursements & Expenditures for Fiscal Year 2010-2011* 9

Appendix 2 – *Unclaimed Grant Funds* 10

Background

The Health Department serves the communities and individuals within the county by providing various nationally recognized essential public health services. The Department is broken down into six divisions – Public Health Services, Correctional Health Services, Emergency Medical Services and Disaster Preparedness/Response, Public Health Laboratories, Office of the Medical Examiner, and Services for Children with Special Needs. All three of the selected grants fall under the Public Health Division.

The three grant programs selected for audit were:

- Healthy Neighborhoods;
- Youth Tobacco Enforcement and Prevention; and
- Partners for Prevention, NYSDOH Cancer Services Program

Healthy Neighborhoods

This grant is a continuation of an existing grant for the entitlement period October 1, 2012 through September 30, 2013 in the amount of $287,763. A county program for over 20 years, the purpose is to provide assistance to the residents of the City of Buffalo to make their homes free of environmental and safety hazards. The grant provides inspectors to visit homes in select neighborhoods and conduct home safety surveys. Home visits include information and assessments for: indoor air quality, asthma control, carbon monoxide testing, fire and burn safety, lead poisoning, unintentional injury, smoking cessation, and housing and property maintenance. As a result of the home inspections and surveys, residents may be provided with home safety items such as smoke/carbon monoxide detectors and batteries, child safety products, or cleaning supplies, as applicable, or a referral to other agencies. If necessary, the inspectors will complete follow-up visits and initiate enforcement activities if warranted. This grant is provided by the State of New York. The following positions are funded by this grant:

- (2) Investigating Public Health Sanitarians – 100% funded
- Investigating Public Health Sanitarian – 40% funded
- Senior Investigating Public Health Sanitarian – 40% funded
- Receptionist – 100% funded
- Supervising Public Health Sanitarian – 40% funded

Youth Tobacco Enforcement and Prevention

This grant is for the entitlement period April 1, 2012 through March 31, 2013. The ongoing grant funds are part of a program to reduce smoking by youths. Article 13-F of the Public Health Law established a statewide Tobacco Enforcement program to reduce the use and accessibility of tobacco products, particularly among people less than 18 years of age. Enforcement of the Clean Indoor Air Act is also part of grant activities. The following positions are funded by this grant for the 2012 to 2013 fiscal year:

- Supervising Public Health Sanitarian – 60% funded
- Investigating Public Health Sanitarian – 100% funded
- Principal Clerk – 80% funded

The grant is provided by the State of New York in the amount of $261,289, with an additional $10,000 in funding coming from fines and penalties imposed on entities that violate the Clean Indoor Air Act.

Partners for Prevention, NYSDOH Cancer Services Program

This grant is a continuation of an existing grant for the entitlement period April 1, 2012 through March 31, 2013 totaling $268,791. The purpose of this grant is to support a network of breast and cervical cancer screening providers for low income, asymptomatic, under insured women age 18 and older. It also provides for education about prostate and colorectal cancer screening and diagnostic services for uninsured individuals aged 50 and older. This grant is funded by the New York State Department of Health. The services provided under this grant are contracted out to the American Cancer Society.

Findings and Recommendations

Internal Controls – Reimbursement of Expenditures by the Grant

We evaluated the internal controls over the voucher process for program expenditures that are reimbursable by the grant. Overall the internal controls in place appear to be adequate.

Our audit determined that Health did not expend a total of $54,362 of the grant funds approved for these three grants during the audit period (see Appendix 2). Health was not able to claim these monies because they were not spent on an allowable program expense. This can be an indication that there are grant funds that remain unspent for other department grants. Any conclusion as to the magnitude on a county basis of funds lost in the past and possible future reductions in the dollar amount of the grant from state or federal agencies is not proven but does appear to be a risk for a reduction in future grant funding.

WE RECOMMEND that a report be developed in Excel or SAP to report the budget vs. actual grant expenses on a cash-basis (the method of accounting used in preparing vouchers for grant reimbursement). Providing this information to management on a regular basis would allow for timely submission of vouchers, and ensure that all available grants funds are expended each year.

WE FURTHER RECOMMEND that all of Health's grants be reviewed on a regular basis to ensure that all grant funds are expended and submitted to the grant funding agency timely.

Reconciliation Procedures

Our auditors observed the use of dual accounting systems within Health. Erie County utilizes SAP software for maintaining all financial transactions. In addition to this, Health has developed a Microsoft Excel (Excel) spreadsheet for tracking grant information, which is not a concept exclusive to this department.

The Excel spreadsheet summaries for vouchering to NYSDOH do not always agree with the SAP reports. The SAP grant system was installed in the original package and payroll records are coded for the employees at least partially funded by the grant. In addition to payroll, invoices, and interdepartmental charges from the Department of Information and Support Services (DISS) and Health (administration costs) are charged to the grant in SAP.

We noted that payroll expenditures submitted for reimbursement for the grant are based on a fixed percentage determined by Health annually based on the percentage of time the employee will be spending working on a grant related program, rather than their actual hours worked. Using actual hours rather than estimated hours would give a more accurate picture of the personnel-related costs of each of the grant programs.

Through inquiry we found that the department does not maintain current budgetary amounts in the county SAP accounting system. This practice can lead to incorrect information provided to county management

WE RECOMMEND that Health meet with DISS, Office of Budget and Management (Budget), and the Comptroller to discuss alternatives to maintaining dual accounting systems.

WE ALSO RECOMMEND that grant budget monitoring procedures be strengthened by maintaining current and accurate budget information in SAP that reflects the officially approved NYSDOH grant budget. Additionally grant reporting should be coordinated to include all financial administration information and also report on the status of all of the department's grants.

Exit Conference

An exit conference was held on December 21, 2012 with representatives of the Health Department. They were in general agreement with our findings and recommendations.

Auditee's Response

ERIE COUNTY HEALTH DEPARTMENT'S FINAL RESPONSE TO COMPTROLLER'S AUDIT OF SELECTED GRANTS

- **Healthy Neighborhoods**
- **Partners for Prevention, NYSDOH Cancer Services Program**
- **Youth Tobacco Enforcement & Prevention**

JULY 1, 2009 THROUGH SEPTEMBER 30, 2012

Internal Controls – Reimbursement of Expenditures by the Grant

Health agrees that overall internal controls over the submission of vouchers for grant reimbursement are adequate. We also agree that a developed report from SAP to compare budget vs. actual expenses on a cash-basis may provide valuable information on a regular basis to Health grant management.

Reconciliation Procedures

Health utilizes SAP report totals for vouchering and reconciling amounts claimed. The dept. also uses excel spreadsheets for detailing, summarizing and reporting various information as needed. This is often done to place information into BSROE categories and other State/Federal formats when preparing vouchers. It is a way to convert or classify accounts in differing financial systems in the absence of essential, compatible SAP reports.

Health agrees that interdepartmental charges, particularly DISS, could be improved by more accurate, detailed and timely billing from the servicing department to each grant.

Footnote to Youth Tobacco Enforcement & Prevention - Unspent funds were not entirely State revenue sources. Penalties & fines are generated from the grant program operations and part of the overall budget. These monies are used in conjunction with grant funds to operate the program and fulfill the contractual requirements.

Appendix 1 – *Grant Reimbursements & Expenditures for Fiscal Year 2010-2011*

		Healthy Neighborhoods	Youth Tobacco Enforcement	Partners for Prevention Program
	REIMBURSEMENTS			
409000	State Aid Revenues	$ 309,404	$ 241,330	$ 366,093
416090	Penalties & Fines - Health	-	18,255	-
	Total	$ 309,404	$ 259,585	$ 366,093
	EXPENDITURES			
500000	Full Time - Salaries	$ 68,980	$ 141,959	$ -
500020	Regular PT Wages	68,660	33,191	-
501000	Overtime	3,000	7,200	-
502000	Fringe Benefits	63,377	68,555	-
505000	Office Supplies	2,000	750	7,000
505200	Clothing Supplies	1,200	750	-
505800	Medical Health Supplies	-	-	5,000
506200	Maintenance & Repair	-	-	100
510000	Local Mileage Reimbursement	6,000	4,200	-
510200	Training & Education	3,370	-	-
516010	Contract Payments	-	4,000	322,993
516020	Professional Services Contract Fees	-	19,000	-
530000	Other Expenses	29,616	-	11,000
561410	Laboratory & Technical Equipment	300	-	-
561420	Office Furniture & Fixtures	973	-	2,000
912700	Interdepartmental: Health Services	-	30,524	15,000
912790	Interdepartmental: Health Grants	56,529	(50,944)	-
980000	Interdepartmental: Department of Information & Support Services	5,399	400	3,000
	Total	$ 309,404	$ 259,585	$ 366,093

Appendix 2 – *Unclaimed Grant Funds*

Unclaimed Funds from Selected Health Grants [1]

Healthy Neighborhoods Grant

Grant Year	Amount	% of Total
2009 - 2010	$12,956	4.20%
Grant Total	**$12,956**	

Partners for Prevention, NYSDOH Cancer Services Program

2009 - 2010	$3,399	1.20%
Grant Total	**$3,399**	

Youth Tobacco Enforcement & Prevention[2]

2011 - 2012	$17,016	1.40%
2010 - 2011	$17,237	6.60%
2009 - 2010	$3,754	1.50%
Grant Total	**$38,007**	
Total	**$54,362**	

[1] - Based on SAP Reports

[2] - Includes fines and penalties