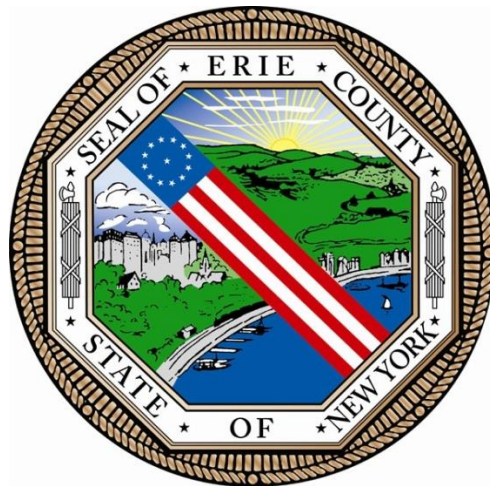


September 2022

**Analysis of Erie County Contracts 21-284-HE,
21-284-HE#1, and 21-284-HE#2
Buffalo Homecare Inc. Vaccination Services**



**KEVIN R. HARDWICK
ERIE COUNTY COMPTROLLER**

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



September 19, 2022

Robert W. Keating
Erie County Division of Budget and Management
95 Franklin Street, 16th Floor
Buffalo, New York 14202

Dear Mr. Keating:

The Erie County Comptroller's Office has completed an analysis of vaccination services provided by Buffalo Homecare, Inc. (SAP vendor #164517). The service was provided under the terms of contract 21-284-HE, and amendments 21-284-HE#1 and 21-284-HE#2. This analysis was prepared in response to your request for assistance in a letter to my office entitled "Request for Audit Assistance – Buffalo Homecare", dated February 2, 2022.

The objectives of this analysis were to:

- Recalculate the dollar-value of invoices submitted by the vendor for these contracts and determine the difference between the amount invoiced and the recalculated amounts.
- Quantify the dollar-amount over/(under) paid by Erie County for each invoice.
- Identify instances of non-compliance with contract terms and Erie County requirements.
- Provide possible corrective actions and recommendations for improvement.

The methodology employed to achieve these objectives included the recalculation of the dollar-amounts charged on invoices for personal services based on information printed on the invoices and the terms of the related contracts, extraction of data from SAP, and a review of the referenced contracts and related legislative resolutions.

This report provides the results of an analysis of the referenced contracts and related invoices.

An audit of the above-referenced contracts was not performed.

SUMMARY

We noted four (4) instances of non-compliance with standard operating procedures:

1. Contract encumbrance 4000019605 is partially unfunded.
2. Vendor records to support invoices for personal service hours were not available.
3. Unpaid invoices totaling more than \$250,000 were unencumbered in SAP.
4. Overpayments in the amount of \$141,000 were approved and paid.

Discussions are ongoing with the Department of Health (“Health”), the Department of Law (“Law”), the Erie County Comptroller (“Comptroller”), and the Division of Budget and Management (“Budget”). In addition, Health has initiated corrective action as a result of the findings.

Details of the preceding findings are presented in the section entitled “RESULTS AND RECOMMENDATIONS”.

RESULTS AND RECOMMENDATIONS

1. Contract Encumbrance Unfunded

Contract 21-284-HE for vaccination services was executed on March 18, 2021. A resolution approving the contract was passed on April 15, 2021 (COMM. 8E-28 2021). In addition to approving the contract a month after the contract was executed, it was not clear that the resolution was required due to the emergency resolution in effect to address the COVID-19 pandemic.

Contract encumbrance (“CE”) 4000019605, was increased by \$175,000 in SAP (Line 20) prior to contract authorization. This increase exceeded the spending limit (\$250,000) authorized by the original contract. Contract 21-284-HE#1 (Amendment #1), which removed the spending limit of the original contract, was executed on November 23, 2021.

We recommend that all contracts be authorized by legislative resolution prior to award, and that increases to contract encumbrances not exceed the terms of the original contract unless an approved amendment is executed in advance of any funding increase.

2. Vendor Records for Invoices Not Provided

The invoices for personal service hours (nursing services) were not supported by proper documentation. No verification of labor hours invoiced could be determined.

We recommend that all invoices be verified with proper documentation prior to approval for payment and actual payment.

3. Unencumbered Invoices in SAP

Unpaid invoices exceeding \$250,000 in dollar-value were found to be unrecorded in SAP. In addition, funding was not provided in CE 4000019605 in SAP to pay for these invoices.

We recommend that Health increase the funding in CE 4000019605 in the amount of the unpaid invoices, and record the invoices in SAP. The value of the invoices should be verified prior to approval and payment of the invoices.

We also recommend that a valid, properly funded purchase order be created prior to the purchase of any goods or services. In addition, all approved invoices should be recorded in SAP upon receipt of the related goods or services.

4. Overpayments to Vendor

Ten (10) invoices for personal service hours (nursing services) were recalculated based on the terms defined in contract 21-284-HE. Billing errors due to incorrect labor rates applied to invoices resulted in overpayments of approximately \$141,000. The invoices were approved for payment and subsequently paid.

We recommend that the invoices for personal service hours be reviewed by Health with the vendor. In addition, we recommend that Health work with the Comptroller to develop a strategy to recover the overpayments. The Comptroller is responsible for recovery of all overpayments.

CONCLUSIONS

This analysis determined that a lack of contract awareness, lack of supporting documentation, improper recalculation of invoice totals, and poor communication among the County departments and the vendor resulted in overpayments, approval and payment of undocumented invoices, and unfunded and unrecorded liabilities in SAP.

We recommend that operating departments such as Health and service departments including Budget, Law and the Comptroller work more closely together on contract-related matters. Procedures for more extensive invoice and payment review should be developed. In addition, vendors should be contacted whenever questions arise regarding the proper valuation of invoices for goods and services.

Cc: Hon. Mark C. Poloncarz, Erie County Executive
Jeremy Toth, Erie County Attorney
Dr. Gale R. Burstein MD, MPH, FAAP Erie County Commissioner of Health
Erie County Legislature