

March 2023

**Audit of the Erie County Department of Senior
Services Congregate Dining Nutrition
Grant 163III-C-12021
January 1, 2021 through December 31, 2021**



**KEVIN R. HARDWICK
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March 3, 2023

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 Erie County's Department of Senior Services Congregate Dining Nutrition Grant 163III-C-12021 for the period of January 1, 2021, through December 31, 2021.

Our objectives were to test the participant contribution transactions and to evaluate the internal controls that were established to handle the revenue transactions.

The scope of our audit included testing the SAP accounting entries and supporting documentation including bank deposits of participant contributions in Fund 281, Business Area 163. In addition, the report details the methodology employed during the audit, which can be found in Appendix A.

Management of the Department of Senior Services 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 properly recorded and executed in accordance with management's authorization. Due to the inherent limitations in the system of internal controls, errors or irregularities could occur and may 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, and appropriate evidence to provide a reasonable basis for our results and comments based on our audit objectives. We believe that based on our audit objectives, the evidence obtained provides a reasonable basis for our results and comments.

Opinion

In our opinion, the internal controls over the handling and reporting of participant contributions are adequately designed and operating effectively.

No other specific matters adversely affecting compliance and procedures came to our attention. Our audit was conducted for the purpose previously discussed and would not necessarily disclose all instances of noncompliance with respect to areas of operations not audited.

BACKGROUND

The purpose of the Congregate Dining Nutrition Grant 163III-C-12021 is to help elderly persons maintain their nutritional well-being and social independence. The grant is funded by both Federal and County funding, in addition to voluntary participant contributions. This grant is a continuation of an existing grant from the New York State Office for the Aging (NYSOFA). NYSOFA oversees the Senior Services Congregate Dining Program, providing program and reporting guidelines.

The Congregate Dining Program, also known as the Stay Fit Dining Program, provides hot meals at midday to congregate sites throughout Erie County on most weekdays. An individual must be 60 years of age or older to be an eligible participant. Eligible participants are asked to make a suggested voluntary contribution. Persons under the age of 60 can participate however, they must make a specified contribution to purchase a meal.

AUDIT RESULTS

All audit results were communicated to the Department of Senior Services during the audit.

1. General Ledger ("GL") Revenue Account 417000 Participant Contributions:

A sample of 79 of the total 1961 transactions recorded in SAP for this GL account during the audit period were tested for the following:

- Verified the Congregate Dining Weekly Reports were completed and submitted by each dining site. These weekly reports record the number of lunches that were served and the total amount of participant contributions that were collected.
- Verified the amount collected matched the M&T Bank Nutrition deposit ticket.
- Verified the amount collected matched the M&T Bank Nutrition deposit receipt.
- Verified the amount collected traced to the M&T Bank Nutrition bank statement.

No discrepancies were noted.

2. For the audit period, participant contributions deposited into the M&T Bank Nutrition account were verified and traced to the M&T Bank General Fund account.

- All congregate dining sites, except for the Evans, Alden, and Akron, deposit participant contributions into the M&T Bank Nutrition account. The Comptroller's Office Accounting Division transfers the monthly balances from the M&T Bank Nutrition account into the M&T Bank General Fund account. All deposits that went into the M&T Bank Nutrition account were traced to the M&T Bank General Fund account for the audit period.
- The Akron dining site deposits the participant contributions into a designated Erie County Nutrition account at Bank on Buffalo; the Comptroller's Office has custody of this account.

- The Alden dining site deposits the participant contributions into a designated Erie County Nutrition account at Alden State Bank; the Comptroller's Office has custody of this account.
- The Evans dining site deposits the participant contributions into a Trust in Agency account at Evans Bank under the custody of the Town of Evans, and then weekly they write a check to Erie County and mail it along with the Congregate Dining Weekly Report to the attention of the Senior Services Department for processing.

No discrepancies were noted.

3. SAP General Ledger monthly deposit transactions recorded in the SAP GL Nutrition account were verified and traced to the SAP GL General Fund for the audit period.

- SAP general ledger deposits are posted from a BAI (Bank Administration Institute) upload file from M&T Nutrition Bank account to the SAP general ledger M&T Bank account (Debit) and the SAP general ledger revenue account (Credit) 417000 Participant Contributions. The Comptroller's Office Accounting Division transfers the monthly general ledger balances from the SAP Nutrition account into the SAP General Fund account. All transactions for the audit period were tested.

No discrepancies were noted.

4. Bank Reconciliations

- Participant contributions for the audit period were traced back to the M&T Bank Nutrition Bank statement reconciliation and M&T Bank General Fund Bank statement reconciliation for the audit period.

No discrepancies were noted.

5. Congregate Dining Weekly Sheets

- Sample of 28 Weekly Congregate Dining Sheets were reviewed for completeness, accuracy, and proper approval by the site manager.

No discrepancies were noted.

6. Large Dollar (Unusual) Transactions

- For the audit period, all revenue transactions in account 417000 Participant Contributions, with a dollar value above \$900 were examined for supporting documentation.

No discrepancies were noted, however 3 transactions resulted in Audit Comment #3.

AUDITOR COMMENTS and RECOMMENDATIONS

All audit COMMENTS and RECOMMENDATIONS were communicated to the Comptroller's Office and Department of Senior Services during the audit.

1. Cash Balances in Alden State Bank and Bank on Buffalo Nutrition bank accounts

- This AUDIT COMMENT and RECOMMENDATION are a restatement from the 2019 Congregate Dining Grant Audit. Inspection of both the Alden State Bank and Bank on Buffalo bank statements revealed cash balances continue to accumulate and have yet to be transferred to the M&T Bank General Fund account. The combined cash balances of these two bank accounts total appropriately \$465,000 at the end of 2021.

We recommend the Comptroller's Office Accounting Division schedule periodic transfers to the M & T Bank General Fund account from Alden State Bank and Bank on Buffalo Nutrition bank accounts.

2. Bank Signature Cards for the Alden State Bank and Bank on Buffalo bank accounts.

- A discussion with the Deputy Comptroller revealed that as of July 7, 2022, the Comptroller's Office had updated the signature cards for the Alden State Bank account to reflect current authorized signers, signature cards for the Bank of Buffalo account were updated on January 6, 2023.
- We recommend the Comptroller's Office Accounting Division manage and schedule timely changes when authorized signers change on all Erie County depository and investment accounts. Bank signature cards are essential documents proving authentic identity in financial transactions and are a key internal control designed to reduce and manage the risk of theft of public funds.

3. Congregate Dining Grant 163III-C-12021 deposits recorded in prior year 2020 Grant.

- The Comptroller's Office recorded the monthly participant contribution deposits for January, February and March 2021 in the prior year 2020 Grant. The Comptroller's Office made the necessary adjustments in March of 2021 to properly reflect the deposits in the 2021 Grant.
- We recommend the Comptroller's Office review procedures to accurately record the grant's fiscal information in the proper grant and year. This will allow for timely and proper financial reporting and management.

RESULTS OF EXIT CONFERENCE

An exit conference was held February 17, 2023, with the Commissioner of Senior Services, members of her staff, and the Deputy Comptroller. The draft audit report was reviewed and discussed. The Commissioner of Senior Services and Deputy Comptroller were in general agreement. The Commissioner of Senior Services provided a written response to Audit Comment 3 and the Deputy Comptroller provided a written response to Audit Comments 1 & 2.

The Erie County Comptroller's Office would like to thank the Commissioner of Senior Services and her staff members as well as the Deputy Comptroller and his staff members for the courtesy extended to us during the audit.

ERIE COUNTY COMPTROLLER'S OFFICE

cc: Angela Marinucci, Commissioner of Senior Services
Hon. Mark C. Poloncarz, Erie County Executive
Hon. Kevin R. Hardwick, Erie County Comptroller
Robert. W. Keating, Director, Division of Budget, and Management
Erie County Fiscal Stability Authority

APPENDIX

Appendix A:

Audit Methodology

The goals of this audit were to test and evaluate the revenue transactions for participant contributions and to evaluate the internal controls that applied to the revenue transactions.

To achieve these goals, we tested the internal controls currently being followed by the Senior Services' dining program, grant administration, as well as three congregate dining sites. Internal Control and Systems Control Questionnaires were utilized to document discussions with the staff related to the Senior Services Department policy & procedures used to process and record financial transactions in the accounting system ("SAP").

Tests of controls were designed, executed, and then reviewed for adequacy. Tests were performed by sampling 79 participant contribution revenue transactions in SAP and comparing them to supporting documentation that included:

- 1) Weekly Congregate Dining Reports
- 2) M&T Nutrition Bank Deposit Tickets
- 3) M&T Bank Deposit Receipts
- 4) M&T Bank Statements

In addition to testing the 79 individual transactions, the 2021 monthly deposits for participant contributions in the M&T Bank Nutrition account were traced to the M&T Bank General Fund. Testing included tracing the 2021 monthly SAP revenue transactions for participant contributions from the Nutrition GL account to the General Fund GL account.

Because Alden, Akron and Evans dining sites do not have access locally to a M&T Bank, deposits of participant contributions were deposited into Alden State Bank, Bank on Buffalo, and Evans Bank respectively, and deposits were tested to verify they were being transferred periodically to the M&T Bank Nutrition account, with the proper SAP revenue reporting.

Bank Reconciliations were tested to verify that the M&T Bank Nutrition account, M&T Bank General Fund account, Alden State Bank and Bank on Buffalo accounts are reconciled monthly by the Comptroller's Office.

The Alden State Bank and Bank on Buffalo signature cards were reviewed to ensure proper authorized signers were updated.

A sample of Weekly Congregate Dining Reports were reviewed for completeness, accuracy, and documented approval according to Senior Services' policy and procedures.

Review of large dollar transactions was done to test for supporting documentation of the transaction and assess why the transaction was completed and authorized.

This evidence, taken as a whole, was used to form an opinion based on our objectives.

Appendix B: Auditee's Response to the Audit Report

Comptroller's Office response to the draft audit report - Auditor Comments 1,2 & 3

Auditor Comment 1

After consulting with the Department of Senior Services and holding a meeting with them, the Division of Accounting made the decision in January 2023 (prior to the draft audit report being issued) to close the two nutrition accounts and to transfer their balances to the nutrition account at M&T Bank. In January 2023, we asked the Towns of Newstead (Village of Akron) and Alden to stop depositing participant contributions in each bank account and to instead, deposit the funds into their government accounts, and then to write checks payable to the County for the deposited amount (similar to what happens with the Town of Evans). The towns agreed to do so. At the request of Senior Services, however, we have not yet closed the accounts. Senior Services requested more time for the two towns to make deposits under the new protocol before we close the Alden State Bank and Bank on Buffalo nutrition bank accounts. We expect to be able to close the accounts in March 2023.

Auditor Comment 2

The Division of Accounting contacted the Bank on Buffalo. After several email exchanges, the Bank on Buffalo confirmed that the Bank Signature Cards reflect the current Comptroller and Deputy Comptroller as of January 6, 2023.

Auditor Comment 3

The Comptroller's Office did not update the 2021 Grant in the BAI configuration in SAP until March 29, 2021, after being advised by Senior Services Grant Administration on March 23, 2021. This resulted in Q1 2021 participant contribution transactions being recorded in the prior year 2020 grant. Adjusting journal entries by the Comptroller's Office were required to properly record the revenue in the 2021 grant.

Senior Services' response to the draft audit report - Auditor Comment 3

Following the Department of Senior Services' standard process, the Department, via email, notified the Comptroller's Office on December 22, 2020 that as of January 1, 2021 deposits in the nutrition bank account needed to be booked to the 163III-C-12021 grant, the 2021 grant. The Comptroller's Office did not update the deposits to the 2021 grant until the Comptroller's Office was notified a second time of the appropriate grant by the Department of Senior Services in March 2021.

Since March of 2021, the Department of Senior Services has begun confirming in January of each new year that deposits are allocated by the Comptroller's Office to the proper grant, in addition to the standard protocol of notifying the Comptroller's Office in December of each year of new grant numbers.