



COUNTY OF ONONDAGA

*Office of the County Comptroller*

Matthew J. Beadnell  
Comptroller

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James V. Maturo  
Deputy Comptroller

January 09, 2019

Onondaga County Legislature  
Honorable County Executive Ryan McMahon

**Re: Management Letter – Computer Intrusion**

Dear Legislators and County Executive McMahon:

Attached, please find the management letter from Bonadio & Co., LLP (“Bonadio”) concerning a breach of internal controls within the County’s PeopleSoft system. This issue came to our attention when, subsequent to the denial of Requisition 000045377, the Deputy County Executive bypassed the Comptroller’s Office and approved a similar requisition in this Office’s place. In order to approve such a requisition, the Purchasing Department had reactivated a vendor this Office previously turned off in the PeopleSoft system. Bonadio has reviewed the matter and made several recommendations.

I urge the County to pursue the recommendations offered by Bonadio, strengthen the internal controls, and maintain the integrity of the chartered Office of Comptroller. The intrusion by the Deputy County Executive upon the responsibilities of the Comptroller’s Office undermines the independence of the Comptroller’s Office, but also endangers the fiscal integrity of the County. Paramount to internal controls is the concept of segregation of duties. By permitting the ability of a single individual to initiate, approve, and potentially pay a vendor creates an opportunity for fraud to occur. As Bonadio recommends, “it should be the County’s policy to assign the least rights that will allow for an employee to execute their job duties”. The ability to override the Comptroller’s actions with a few key strokes is not something within the job description of the Deputy County Executive.

This Office stands ready to discuss in detail the report of Bonadio and looks forward to working with the Legislature and the new administration in crafting policies and procedures to ensure the fiscal integrity of the County.

Sincerely,

*Matthew J. Beadnell*

Matthew J. Beadnell

**County of Onondaga, New York**

**Communication of Management Letter Comments  
For the Year Ended December 31, 2017**

**Bonadio & Co., LLP**  
Certified Public Accountants

August 7, 2018

The Honorable County Executive Joanne M. Mahoney  
and Honorable County Comptroller Robert E. Antonacci  
County of Onondaga, New York:

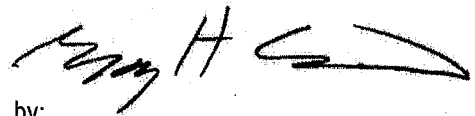
In planning and performing our audit of the basic financial statements of the County of Onondaga, New York (the County) as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The list that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated August 7, 2018, on the financial statements of the County of Onondaga, New York.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various County personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Very truly yours,

BONADIO & CO., LLP



by:  
Gregg Evans  
Partner

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# COUNTY OF ONONDAGA, NEW YORK

## COMMUNICATION OF MANAGEMENT LETTER COMMENTS

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### 1) **Observation:**

As it relates to controls over Peoplesoft roles and access, we observed the following:

- Neither management, the Comptroller's Office nor those charged with governance are made aware of changes to roles and administrative rights within the accounting software (PeopleSoft), nor are they made aware of instances of workflow changes or approvals made by an employee with Administrator rights.
- With PeopleSoft administrator rights, a senior member of administration has the ability to approve purchase requisitions on behalf of a fiscal officer and/or the Comptroller's Office. Current policies and procedures do not include a process for identifying and disseminating a list of those instances to others within the County such as the Comptroller's Office and/or those charged with governance.
- In two instances, the Director of Purchasing changed the status of two vendors from inactive to active. Historically these rights have been granted to the Comptroller's Office only. Currently, when vendor status is changed, there is no process for identifying and disseminating a list of those instances to others within the County such as the Comptroller's Office and/or those charged with governance.
- Although network and physical access was restricted, in one instance, a retired employee from the Comptroller's Office continued to be listed as an employee with rights to approve purchase requisitions.
- Certain test users created during implementation of PeopleSoft still exist.

### **Recommendation:**

We recommend internal controls be developed and implemented that require monthly reports be generated from PeopleSoft and provided to Management, the Comptroller's Office and those charged with governance. More specifically this monthly reporting should identify any changes to user access and rights, including administrator rights. In addition, any approvals made using administrator rights to override or circumvent the controls should be reviewed.

Management should consider the appropriateness of current user rights and access, and it should be the County's policy to assign the least rights that will allow for an employee to execute their job duties, while still maintaining appropriate internal controls and segregation of duties. A segregation of duties assessment should be completed at least annually and be based on access roles and rights to all systems including PeopleSoft.

We recommend implementing and requiring biannual recertification's where review of all user rights and access is reviewed. A checklist should be developed, documented and used for all terminated employees. Access and rights should be terminated within 24 hours in most cases, and potentially within 1 hour, in an instance of a hostile employment termination.

We suggest that all test users and/or guest user accounts be disabled when not in use.