



COUNTY OF ONONDAGA

Office of the County Comptroller

Matthew J. Beadnell
Comptroller

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June 17, 2019

Mr. Steven Morgan, Chief Fiscal Officer
Onondaga County Finance Department
John H. Mulroy Civic Center
421 Montgomery Street, 14th Floor
Syracuse, NY 13202

Dear Mr. Morgan,

We performed a limited scope audit of the Court and Trust, Trust and Agency Account/Subsidiary Account #061000-061000001 for the period of January 1, 2017 through and as of October 31, 2018. We evaluated internal controls and planned and performed procedures to obtain reasonable assurance about whether the recorded account balance and the account transactions are free of material misstatement. The recorded account balance and the related account transactions are the responsibility of the department's management. Our responsibility was to obtain an understanding of the policies/procedures (including bank reconciliation), test internal controls over the account, and review a sample of account transactions completed during the audit time period. Our audit procedures included evaluating internal controls and examining, on a test basis, evidence supporting the account balance and transactions.

Our testing revealed the following findings and related recommendations.

Finding 1

During the audit, we noted Supreme Court and Surrogate Court Trust and Agency Funds were submitted to the NYS Comptroller's Office of Unclaimed Funds in April 2018. The amounts submitted ranged from \$624.54 to \$830,430.61.

We noted the Finance Office is not fully in compliance with the Handbook for Reporters of Unclaimed Funds, NYS Comptroller, Office of Unclaimed Funds dated, March 2018,

Due Diligence section which states, "Via the enactment of section 1422, the statute now requires that all holders of abandoned property perform due diligence mailings at scheduled intervals prior to any funds being remitted to New York." The NYS Abandoned Property Law requires all organizations to practice due diligence pursuant to Section 1422 and sets forth the criteria to re-establish contact with customers whose accounts have been deemed abandoned.

The law states, "1. Any holder of unclaimed funds which is not otherwise required to perform owner notification mailings under the provisions of this chapter shall send, not less than ninety days prior to the applicable reporting date for such unclaimed property, a written notice by first-class mail to each person appearing to be the owner of property listed in a report of abandoned property required to be filed under the provisions of this chapter, at the address of the owner as it appears on the books and records of the holder; provided, however, that the foregoing requirements shall not apply where (a) the holder does not have an address for the owner; or (b) the holder can demonstrate that the only address that the holder has pertaining to the owner is not the current address of the owner. 2. Where notice is required by subdivision one of this section, each holder shall, with respect to property listed in such report whose value is in excess of one thousand dollars, send a second written notice to the owner by certified mail, return receipt requested not less than sixty days prior to the applicable reporting date for such unclaimed property, provided that no notice pursuant to this subdivision shall be required where: (a) such holder has received a claim from the owner of the property; or (b) the original mailing was returned as undeliverable. 3. The written notice required by this section shall advise the owner that the property to which the owner appears to be entitled will be reported as abandoned property and will be remitted to the state comptroller unless such property is claimed by an entitled party before the required remittance date. 4. The failure of any holder of abandoned property to comply with the requirements of this section shall not in any way affect the reporting of abandoned property pursuant to the provisions of this chapter. 5. Costs paid to the postal authorities by holders of unclaimed property to provide such written notice by certified mail, return receipt requested, may be deducted from the property as a service charge."

The Department of Finance submitted a request to the Post Standard Legal Notice Department to have the abandoned funds advertised in the Post Standard Newspaper on January 2018, however this does not fulfill the New York State Law requirement.

Recommendation:

We recommend management review the most current Handbook for Reporters of Unclaimed Funds from the NYS Comptroller's Office of Unclaimed Funds, December 2018, to ensure compliance. We recommend annual follow up with the courts as to obtain addresses of the

person(s) named on the abandoned property report and document the efforts to demonstrate evidence of their due diligence before submission to the NYS Comptroller's Office of Unclaimed Funds.

Management Response:

The Department of Finance in response to audit finding:

The department implemented procedures to comply with the due diligence requirement in February of 2019. Letters were mailed on March 8, 2019. As the audit noted, the 'Unclaimed Funds Handbook' was published in December 2018. This audit addressed the procedures in place for funds abandoned to New York State in April 2018, but did not make mention of the fact that the department's current procedures comply with the recommended action.

Auditors Response:

Thank you for correcting this procedure. The Scope of the audit testing was prior to the Finance Department implementing current procedures therefore was not acknowledged in the report.

Finding 2

From the monthly Court and Trust Segregated Deposit Account (SDA) Bank Statement, the Account Clerk III, Finance Department posts bank interest to individual plaintiff action accounts in her Monthly Interest Report and Plaintiff Report in Excel. She completes a Bank Reconciliation Report to balance sub-account interest on the bank statement to her excel worksheet. The monthly reconciliation report is also done to track the individual accounts and for State reporting. The Account Clerk III forwards copies of this report, Monthly Interest Report and Plaintiff Report to the Budget Analyst III-Finance Department who performs the overall bank reconciliation.

Although the Account Clerk III notes the Bank Balance on the monthly bank reconciliation report, the report doesn't state it is balanced to the Book Balance and PeopleSoft Balance.

Further, we noted this reconciliation is lacking a supervisory review. A review of the monthly reconciliation report should be performed and documented by an individual independent of its preparation.

Recommendation:

We recommend the monthly Bank Reconciliation Report include the SDA Bank balance reconciled to the Book Balance and PeopleSoft General Ledger Subsidiary Account (#061000001) balance.

We also recommend the Finance Department administration assign an individual the responsibility of reviewing and signing off on the monthly reconciliation report.

Management Response:

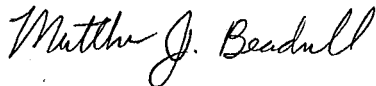
The Department of Finance in response to audit finding:

The Account Clerk does, in fact, balance the SDA to PeopleSoft. The issue is that "the report doesn't state it is balanced to the Book Balance and PeopleSoft Balance." The format of the report has since been revised to make this obvious. We will assign an individual, other than the Budget Analyst III who already reviews it, the responsibility of reviewing and signing off on the monthly reconciliation report.

Auditors Response:

Thank you for adding the control procedure.

Sincerely,



Matthew J. Beadnell
Comptroller

Cc: J. Ryan McMahon II, County Executive