

## Overview

The mission of the Onondaga County Department of Emergency Communications is to serve as the critical and vital link between the citizens of Onondaga County and the public safety agencies that serve them.

## Audit Period

July 1, 2009 to June 30, 2010

## Financial Overview

Object Code	Description	7/1/09 to 6/30/2010 Operating Index 305011	7/1/09-6/30/2010 Capital Project Index 305045
101	REGULAR EMPLOYEE WAGES	\$ 6,661,820	
102	OVERTIME WAGES	909,990	
103	OTHER EMPLOYEES WA	71,459	
120	EMPLOYEE BENEFITS	2,748,410	
300	SUPPLIES & MATERIA	40,380	
352	TECHNICAL SERVICES	0	1,866,409
355	CONSTRUCTION COSTS	0	6,930,698
356	FURNISHINGS & EQUI		22,057
357	MISCELLANEOUS		5,942
362	FORCE WORK - LABOR		3,548
365	DEBT AUTH & ISSUE		30,198
495	INTERDEPARTMENTAL	1,356,167	
401	TRAVEL/TRAINING	28,050	
408	FEES FOR SERVICES	847	
410	ALL OTHER EXPENSES	64,704	
413	MAINTENANCE, UTILI	1,587,976	
969	TRANSFER TO DEBT SERVICE	2,525,355	
	<b>TOTAL EXPENDITURES</b>	<b>\$ 15,995,158</b>	<b>\$ 8,858,852</b>
5	NON REAL PROP TAX	\$ 2,756,012	\$ (175,917)
22	ST AID - PUBLIC SA		2,000,000
51	RENTAL INCOME	70,966	
56	SALES OF PROP & CO	1,461	
57	OTHER MISC REVENUE	1,014,103	
80	BORROWING FOR CAP	0	1,800,000
	<b>TOTAL REVENUE</b>	<b>\$ 3,842,542</b>	<b>\$ 3,624,083</b>
	<b>LOCAL DOLLARS</b>	<b>\$ 12,152,616</b>	<b>\$ 0</b>

## General Fund Finding(s)

### Travel Expenses

Three out of eight travel claims were randomly selected for testing

1. The maximum amount an employee is allowed to expend for travel is pre-authorized by the County Executive's Office on Form *CE-Travel*. In the

instances where the Commissioner of E-911 travels the final straight claim (CL) is being prepared and authorized by the Accountant II.

*A subordinate employee should not be placed in a position of authorizing reimbursement for a claimant in which the claimant has authority over the authorizer. Although, there is a maximum amount authorized by the County Executive's Office, This weakness in the internal controls over travel reimbursements should be corrected by having the County Executive's Office review and authorize the Commissioner's travel claims. The Audit Division spoke with the Deputy County Executive and it would be over burdensome to have each claim made by department commissioners to be approved by the County Executive's Office as they had already pre-approved the trip.*

**Department Response:** Because the County Executive's Office does not have sufficient time to review these travel claims the Accountant II will continue to review them to ensure that all claims are in accordance with the approved Travel Authorization from the County Executive's office.

2. CL231290 for travel expenses- claimed 360 miles at .50cents/mile to equal \$180.00. This is the maximum amount authorized on the pre-authorization Form *CE-Travel*. Per Mapquest.com, the roundtrip to and from the employee's residence and the conference site is 314 miles. The reimbursement rate of \$.50/mile times 314 miles equals \$157 or \$23 less than the amount claimed and reimbursed.

*Where applicable the Department should use sites such as Mapquest as a guide to check mileage and where possible document the reasons for any large discrepancy.*

**Department Response:** The 9-1-1 Center will check Mapquest for estimated trip mileage and will investigate any material discrepancies. In this particular case the difference is 46 miles. There are several possible reasons for the difference between the actual mileage and the MapQuest mileage estimate: using a different route for fuel efficiency advantage or time of travel, a traffic problem that resulted in a temporary detour, off-site activities at the conference, or driving in and around the conference site for dinner, outside meetings, etc. Former Commissioner John Balloni was contacted regarding this claim. He stated that he recalled that there may have been a traffic problem that resulted in a detour and that the remainder was probably related to off-site activity.

#### Telephone Communications

Due to the significant dollar amount of each Verizon claim, twelve out of twelve claims were tested.

3. CL225098 in the amount of \$42,719.14 to Verizon, included a charge on acct# 315-425-2111-046-210 in the amount of \$14.95 on 11/11/09 to streaming

flixmoffee. The claim was sent by the department to the Comptroller's Office to be paid with the additional \$14.95 in the total. This amount was removed by the claims section of the Comptroller's office and the net amount was paid.

4. CL231219 paid in the amount of \$42,656, included an amount for a charge on acct# 315-425-2111-046-210 in the amount of \$14.95 on 12//09 to streaming flixmoffee \$14.95. This does not appear to be a legitimate charge to the County and should not have been paid. It should be noted that the charge was reversed in the following month by Verizon.

*Documentation needs to be reviewed by the department and any necessary adjustments should be made before a claim is submitted for payment to the Comptroller's Office.*

**Department Response:** The \$14.95 charge on CL225098 was deducted before the claim was paid. The \$14.95 charge on CL231219 was credited on the next month's invoice paid with CL231235. We will be more diligent in the future in reviewing incoming invoices and bills.

Other Unclassified Revenue

Three out of three revenue transactions were selected for testing.

5. CR#101523 (\$503,506) from Sprint-Nextel for partial reimbursement to the County, for costs relating to purchasing new equipment to replace existing communications equipment that operates in the 800MHz frequency. This cash receipt was posted to the general fund incorrectly and needs to be moved to the capital projects fund. Costs relating to this (excluding personnel costs) are recorded in capital project 551520. Costs relating to personnel appear to be recorded in the general fund operating account. Resolution 309 of December 2009 is the legislative document regarding this issue. The resolution explicitly speaks to utilizing the reimbursement from Sprint-Nextel for personnel hours spent on rebanding and to be used as a credit toward the purchase of new equipment by individual responder agencies due to the 800MHz rebanding.

Ultimately, the equipment and personnel costs were borne by the County and not the individual responder agencies. Equipment costs recorded in the Capital Project fund were paid through the Interoperable Communication Systems Project which is funded through bonding, State Aid and Federal Aid. Personnel expenditures were incurred in the general fund and would be paid through property taxes.

In addition, the *Frequency Reconfiguration Agreement (FRA) #58109* section 3(C) states, Incumbent (County) warrants that the Reconfiguration Cost paid by Nextel to Incumbent shall be used for the purposes of affecting the System Upgrade or offsetting the costs already paid by the Incumbent for the System Upgrade of the Voice System, and for no other purpose.

*It's recommended that the reimbursement be transferred to the Capital Project Account 551520 to cover the equipment costs. Personnel costs recorded in the operating account have already been paid for through property tax levies.*

(Note: Correcting Entry was subsequently done before completion of audit after recommendation below was discussed with Department.)

**Department Response:** As stated above a transfer of funds from the 2010 Operating Budget to Capital Project 551520 has been made to comply with this recommendation. .

6. Pursuant to Article 6-A of the County Law of the State of New York, the County receives reimbursement from the State of New York through the Wireless 911 Program which is funded by the State's Special Revenue Fund. The County was awarded \$261,647 for 2007-2008 and \$248,950 for 2008-2009 State fiscal year. These amounts appear to have been incorrectly budgeted for and recorded in sub-object 2040 miscellaneous revenue instead of sub-object 0373 State Aid – Public Safety. The result of this is a misclassification on the County's financial records.

*The department needs to ensure revenues are recorded in the correct sub-object codes, to ensure the County's Financial Statements and other relevant reports are accurately stated.*

**Department Response:** The revenue was transferred from sub-object 2040 to sub-object 0373 for 2010 by a Letter of Adjustment to the Comptroller's Office. Revenue for 2011 has been placed in the 0373 sub-object as recommended.

### **Capital Project Fund Findings**

#### E-911 Surcharge

Note: There is one recommendation for findings 7-11 outlined at the end of finding number 11

7. The Laws of New York, County Law, Article 6, section 305 Collection of surcharge par. 1 states, "*The Appropriate service supplier or suppliers serving a 911 service area shall act as collection agent for the municipality and shall remit the funds collected as the surcharge to the chief fiscal officer of the county every month. Such funds shall be remitted no later than thirty days after the last business day of such period.*" It appears 16 of the 71 service providers remitting surcharge funds, are remitting them to the county on a quarterly basis instead of a monthly basis as prescribed by law. The amount remitted by the service suppliers for January 2010 to 10/2010 ranges from a low of \$11.76 to a high of \$128,707.

8. The Laws of New York, County Law, Article 6-A section 334 and Onondaga County Local Law #9 of 2009 increased the line surcharge from \$.35/access line to \$1.00/access line to the billings of all service supplier customers as of December 1 2009. Upon review of the E-911 surcharge cash reports and remittance documentation, it was noted that Manhattan Telecommunications Corporation, D/B/A Metropolitan Communications has not remitted \$377.74 for December 2009 and \$2,252.43 for Jan, Feb, and March of 2010 for the \$.65/access line increase.
9. A letter from the Commissioner to the service supplier was sent on April 20, 2010 and a phone call was made to the same on January 25, 2010. As of November 12, 2010, it does not appear that the service provider has remitted the service charge increase to the County for the above time-period.
10. The Laws of New York, County Law, Article 6-A section 334 and Onondaga County Local Law #9 of 2009 increased the line surcharge from \$.35/access line to \$1.00/access line to the billings of all service supplier customers as of December 1 2009. Upon review of the E-911 surcharge cash reports and remittance documentation, it was noted that Birch Communications, Inc on CR02974 dated 5/4/10 remitted a payment of \$245.60 (\$250.60 less \$5.00 admin fee) for the month of January, February and March of 2010. The amount charged and collected for the access lines was \$.35/line verses the required \$1.00/line
11. The Laws of New York, County Law, Article 6 section 305 par 4 states, "*service supplier shall annually provide to the municipality an accounting of the surcharge amounts billed and collected*". Verizon provides payment through the automated clearing house (ACH) but does not provide a remittance slip nor an annual statement disclosing the amount of surcharge billed and the amount collected.

*It is recommended the department follow up with the service suppliers on any balances due to the County in regards to the surcharge. It is recommended the department contact the service supplier and inform them of their obligation to provide an accounting of the surcharge billed and collected for Onondaga County under the Laws of New York State as cited above.*

**Department Response:** The 9-1-1 surcharge revenue collection is managed by the Division of Management and Budget. We will forward these recommendations to Budget staff. It should be noted that the Comptroller's Audit staff investigated to determine the feasibility of instituting this recommendation (see attached copy). After discussions with Tom Burke of the New York State Public Safety Commission the audit staff's report offered the following conclusion, "It appears the State is unable to provide a list by supplier by County to ensure telecommunications providers are operating in specific areas. There also appears to be a loophole for Internet and prepaid telephone services to bypass the collection of E-911 surcharges. Due to these weaknesses, at this

time it does not appear the County can ensure all applicable E-911 surcharges are being collected and remitted to County.”

800 MHz Frequency Reconfiguration

12 A revenue budget was not created in Interoperable Communication System capital project 551520 for the contractual reimbursement Sprint Nextel for the 800MHz re-banding.

*The Interoperable Communication System capital project account #551520 should have budgeted estimated revenue to be received from Sprint-Nextel in accordance with revenue agreement #58109.*

**Department Response:** This recommendation will be forwarded to the Division of Management and Budget for action. It should be noted that the original contract amount of \$1,007,011 was based on an estimate of the County’s expense to re-assign radio frequencies. The initial payment of \$503,506 has been received (see #5). The radio frequency re-assignment process has been completed and the actual cost was less than originally estimated. We recently applied for an additional \$368,410.11 in reimbursement based on actual cost. This amount, however, is not finalized as it is subject to final reconciliation with Sprint-Nextel.

**Emergency Communications  
E-911  
Surcharge**

**Purpose**

Contact the NYS Public Service Commission (PSC) and attempt to obtain a list of telecommunications suppliers operating in Onondaga County.

**Number of Potential providers**

Number of active telecommunications providers noted on PSC's website is 443.

**Overview of discussion**

The Audit Division has had several discussions with the PSC trying to obtain a list of service suppliers operating in Onondaga County. The New York State Comptroller's Office issued a 2003 report which recommended using the Local Exchange Routing Guide database in order to obtain information. PSC stated they do not track information anymore as to who is operating in what area. As stated in State Comptroller's report suppliers were assigned and area code and an exchange number, ex area code 518 and exchange # 200 would be assigned to Verizon, area code 518 and exchange 210 would be AT&T. The PSC no longer does this.

PSC indicated that due to federal laws counties are losing funds due to VOIP internet supplies such as Magic Jack, etc. The State has gone to court on these issues and they are considered to be information providers under federal law and not telecommunications required to collect e-911 surcharges. Pre-paid phones also do not charge or collect e-911 surcharges.

PSC did indicate if there was a known provider operating in County, and there were no e-911 surcharge remittances, PSC could look up the provider and determine if they fall under surcharge law and a letter could be sent to company to tell them to collect and remit surcharge.

PSC believed the County was collecting 90% of surcharge because Verizon and AT&T the major suppliers, are remitting payment.

Other than the above PSC has no way to provide who is supplying service in any county in NYS.

PSC suggested the only other thing the County could do was to send a letter to each of the 443 providers and have them respond back to County as to whether or not they are provide service in the County. He believed it would be futile, due to amount of work and they will probably not respond.

PSC also stated he was not aware of any cases where a supplier was collecting a surcharge but not remitting it to a county.

**Conclusion**

It appears the State is unable to provide a list by supplier by County to ensure telecommunications providers are operating in specific areas. There also appears to be a loophole for Internet and prepaid telephone services to bypass the collection of e-911 surcharges. Due to these weakness, at this time it does not appear the County can ensure all applicable e-911 surcharges are being collected and remitted to County.