



Review of Onondaga County Federal Revenue Tracking

Introduction

The Office of the Onondaga County Comptroller's Audit Division requested all County Departments, with federal revenue, identify dollar amounts for fiscal year ending December 31, 2012 and the associated pass through entities, along with the appropriate Catalog of Federal Domestic Assistance (CFDA) numbers. The Departments were also asked to separately categorize any funds which were part of the American Recovery and Reinvestment Act (ARRA). Federal dollars spent must be reported annually in the County's Schedule of Expenditures of Federal Awards as a condition of funding. These monies are subject to an annual outside compliance audit in accordance with the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*. Therefore, tracking fund source is a vital part of accounting operations.

Procedure

The Office of the Comptroller Audit Division sent each department a federal revenue confirmation letter as a starting point for their departmental review. The confirmation contained easily identifiable federal revenue grants, dollars and applicable catalog numbers. It was requested each department examine the information provided to them, make all necessary corrections and additions, sign the confirmation and return it to the Comptroller's Office in a timely fashion. Below is a list of the areas of concern which arose from department responses or the lack thereof.

Areas of Concern by Department

Facilities Management

1. The Department did not sign and return the confirmation letter. Upon inquiry it was discovered the department was have difficulty identifying federal revenue in PeopleSoft, the County's new accounting software.

Recommendation

It is essential the Department understand all aspects of their revenue and it sources, particularly those with special conditions attached. The Audit Division suggests the Department obtain a greater understanding of their revenue and have the ability to respond to similar requests in the future. If the Department is in need of additional

PeopleSoft instruction they should contact the Auditor assigned to their Department and request the necessary information.

2. Upon further investigation the Audit Division noted a sum of \$60,000 was incorrectly booked to “Other Unclassified Revenue” and was actually federal. These funds were passed through to the County from the Central NY Regional Planning and Development Board as part of the Climate Showcase Communities Grant Program.

Recommendation

Booking revenue items to an “other” account makes it exceedingly difficult to identify funding source. The “Other Unclassified Revenue” account should only be used in situations where there is truly no other alternative. If funds are classified as federal an appropriate federal code must be utilized. If no such code exists, a request can be made of the Comptroller’s Office to create one.

District Attorney

1. The Department missed federal revenue in the amount of \$72,365 on the confirmation returned to the Audit Division.

Recommendation

As the confirmations sent were only considered starting points for identifying 2012 federal revenue, all revenue should have been reviewed to ensure none was missed. It is the responsibility of the Department to return the appropriate information to the Comptroller’s Office. Failure to provide all federal revenue suggests the Department did not review their 2012 revenue in its entirety or does not have a thorough understanding of their funding sources. Either situation should be remedied to prevent overlooking funds in the future.

Health Department

1. Historically, the Department has provided the applicable contract numbers associated with federal dollars. During our review, the Audit Division noted several contract numbers were not appropriately updated and the Department was reporting outdated information.

Recommendation

It is essential all data be updated annually and reported as such. The Department tracks numerous contracts and systematic updates are crucial to continued organization of the various funding requirements and sources.

2. A CFDA number was reported incorrectly on the confirmation returned by the Department. Upon research the correct number was obtained and amended accordingly.

Recommendation

All federal revenue needs to be tracked by CFDA number considering the County must report the associated expense amounts on an annual basis and have this information audited, as required by OMB Circular A-133.

3. The Department applied a 50% reduction to certain federal revenue accounts which historically have been reported in their entirety. The total amount deducted was \$1,949,647. Upon inquiry it was discovered the Department had no back up to support this reduction. They stated they had received verbal instruction from the Department of Social Services to proceed as such due to the inclusion of state and local dollars in those accounts.

Recommendation

For a reduction of this magnitude the Department should have inquired further and requested something in writing for their records. Also, monies from several sources in the same program should be appropriately recorded and not lumped into a federal revenue account.

Mental Health Department

1. The Department showed \$128,463 in “Other Unclassified Revenue” which was actually federal money.

Recommendation

Booking revenue items to an “other” account makes it exceedingly difficult to identify funding source. The “Other Unclassified Revenue” account should only be used in situations where there is truly no other alternative. If funds are classified as federal an appropriate federal code must be utilized. If no such code exists, a request can be made of the Comptroller’s Office to create one.

Libraries

1. Upon review it was discover the Department made a revenue deferral entry which resulted in a faulty \$90,000 reduction to a federal revenue account. When the grant accounting was viewed as a whole this entry caused the grant to show negative revenue.

Recommendation

All journal entries should be reviewed by the Department on the grant level to catch errors such as this. Also, the entries should be further scrutinized by the Accounting Division in the Comptroller’s Office as an additional level of internal control.

2. The Department booked \$28,761 to state revenue which was actually federal. As the County’s financials identify state and federal aid separately, erroneously coded revenue increases the potential of materially misstated financial statements.

Recommendation

A concerted effort should be made to appropriately classify revenue and departmental accounting procedures surrounding such should be strengthened, using the applicable grant agreements as a reference, to avoid this situation in future periods.

Parks and Recreation

1. The Department recorded federal revenue in the amount of \$30,212 for which they could not provide viable backup.

Recommendation

Each Department must take full responsibility for all federal revenue which is coded to them. Upon a request for appropriate backup the Department should be ready and willing to providing the information, as this is an essential part of the required audit work which is completed annually. Going forward all future federal revenue should be tied to the appropriate agreement.

Sheriff's

1. The Department booked \$505,894 to state revenue which was actually federal. The applicable resolutions to the County Legislature were in turn incorrect in regards to true funding source. As the County's financials identify state and federal aid separately, if revenue is inaccurately coded the potential of materially misstating the financial statements increases.

Recommendation

A concerted effort should be made to appropriately classify revenue and departmental accounting procedures surrounding such should be strengthened, using the applicable grant agreements as a reference, to avoid this situation in future periods.

2. Certain CFDA numbers reported to the Comptroller's Office were incorrect and not updated by the Department.

Recommendation

All federal revenue needs to be tracked by CFDA number considering the County must report the associated expense amounts on an annual basis and have this information audited, as required by OMB Circular A-133.

3. The Department failed to identify ARRA revenue, which is a requisite of receiving such funds.

Recommendation

On the County's Schedule of Expenditures of Federal Awards all ARRA funds must be separately identified. Any remaining ARRA funds must be sufficiently tracked by the Department and correctly reported to the Comptroller's Office.

Community Development

1. The Department mistakenly reported funds under a specific federal program when actually the funds should have been divided under two programs. One of which is financed through the ARRA and should be classified as such.

Recommendation

The Department should have a full understanding of all the grants it receives and correctly report the associated dollar amounts. On the County's Schedule of Expenditures of Federal Awards all ARRA funds must be separately identified. Any remaining ARRA funds must be sufficiently tracked by the Department and correctly reported to the Comptroller's Office.

Board of Elections

1. The Department booked \$102,288 of Federal revenue to "Other General Governments". The two federal programs it included were Help America Vote Act Requirements Payments and Voting Access for Individuals with Disabilities - Grants to States.

Recommendation

Booking revenue items to an "other" account makes it exceedingly difficult to identify fund source. The "Other General Governments" account should only be used in situations where there is truly no other alternative. If funds are classified federal an appropriate federal code must be utilized. If no such code exists a request can be made of the Comptroller's Office to create one.

Conclusion

The Audit Division completed the 2012 Schedule of Expenditures of Federal Awards and discovered various areas of concern. The report above includes all concerns with their corresponding recommendations. The Audit Division recognizes this was the County's first year using PeopleSoft, its new accounting software, and the way revenue information was extracted from the system changed from years past. As the departments adjust to the new system, every effort should be made to rectify the above situations and streamline the process.