



COUNTY OF ONONDAGA

*Office of the  
County Comptroller*

Martin D. Masterpole  
*Comptroller*

William M. Ryan  
*Chief of Staff*

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Philip M. Britt  
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August 27, 2020

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

Dear Mr. Morgan,

We performed a limited scope audit of the Purchase Performance Bonds, Trust and Agency Account #037000-0000004 for the period January 1, 2018 through and as of May 31, 2020. 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 the 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.

Based on our test work the individual responsible for this account should make further inquiries into \$5,071.80 of the \$6,178.78 balance of this account as reported in the financial system as of 5/31/20.

We believe our audit provides a reasonable basis for our recommendation to the findings presented below.

**Findings:**

- We noted the written procedures do not clearly define which department associated with the performance bond should be responsible for initiating the release of funds and at what administrative level can actually authorize the release of said funds.

- We noted Financial Operations is not provided with adequate information at the initial deposit to ensure a proper review of the account and audit inquiries can take place.
- We noted a periodic review has not been performed.
- We noted two vendor performance bond deposits which require further attention as the contract ending dates expired several years ago:
  1. GP Land & Carpet - Blanket Contract - # 24516
    - a. BID #8526 - Term - 11/1/2016 - 10/31/2017  
Deposit amount plus accrued interest at 5/31/2020 is \$503.27.
  2. Feed Water Treatment Systems - Blanket Contract #18610
    - a. BID #6894 - Term - 12/9/2009 - 1/19/2010
    - b. Revised - (3/8/2010) - Term -1/20/2010 - 1/19/2011  
Deposit amount plus accrued interest at 5/31/2020 is \$4,568.53.

**Recommendations:**

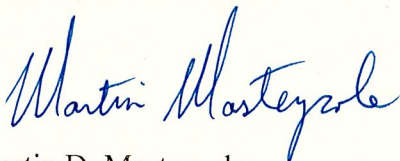
*We recommend the Chief Fiscal Officer implement procedures to ensure the individual in Financial Operations receives the proper authority to release the funds upon job completion.*

*We recommend the Chief Fiscal Officer appoint appropriate personnel to provide contract information to Financial Operations at the time of deposit. At a minimum, we suggest this information include the contract end date and a contact person to ascertain the status of the work and, ultimately, the accuracy of the deposit.*

*We recommend the Financial Operations department develop and implement sufficient procedures to ensure the account balance is periodically reviewed. We suggest this review be performed at least annually.*

*We recommend the status of the two deposits identified above be resolved and appropriate measures be taken.*

Sincerely,



Martin D. Masterpole  
Comptroller

Cc: J. Ryan McMahon II, County Executive



## DEPARTMENT OF FINANCE

DIVISION OF FINANCIAL OPERATIONS

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J. RYAN McMAHON

*County Executive*

STEVEN P. MORGAN

*Chief Fiscal Officer*

KRISTI SMILEY

*Deputy Director of  
Financial Operations*

August 27, 2020

Mr. Martin Masterpole, Comptroller  
Onondaga County Comptroller's Office  
421 Montgomery Street, 14<sup>th</sup> Floor  
Syracuse, New York 13202

Dear Mr. Masterpole,

I have reviewed your audit letter dated August 20, 2020 regarding Purchase Performance Bonds, Trust and Agency Account #037000-0000004. I would first like to clarify that the majority of all Purchase Performance Deposits are secured with Bond Certificates and therefore do not get deposited into the Trust and Agency account #037000-0000004.

For the few performance deposits that are secured with cash the Division of Financial Operations in collaboration with the Purchasing Department have developed and will formalize and implement the following procedures:

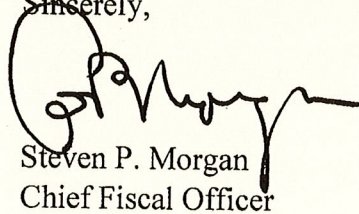
- For all Performance deposits that are not secured with bond certificates the Purchasing Department will provide to Financial Operations the following information along with the check/money order for deposit:
  - Bid/Contract Number
  - Department contact who can verify work was completed satisfactorily and approve release of funds
  - Term of the contract
- Financial Operation will be responsible for keeping the master spreadsheet of all deposits along with the contract expiration date
- Upon expiration of the contract, Financial Operations will reach out to the department contact to verify whether funds can be released
  - If funds can be released, the interest earned will be calculated by Finance and a check will be issued and mailed to the vendor per the department's instructions
  - If funds cannot be released, a note will be placed in the master file with a date of next check in
  - The department contact has the authority to request that Financial Operations release funds prior to the end of the contract term. This may be done if the project

was completed early or if the department decided not to move forward with the contract

- Financial Operations will reconcile the balance of account #037000-0000004 as part of its year end process, ensuring that all funds within the account are properly documented on the master spreadsheet and all expired contracts have either had funds returned or have been documented properly

Lastly, Financial Operations will immediately conduct a reconciliation of the account to ensure disbursal or documentation of any current expired contract deposit where funds are still being held in account #037000-0000004.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Morgan", written over the word "Sincerely,".

Steven P. Morgan  
Chief Fiscal Officer