

# Sheriff's Office Grants Audit Report

## Introduction

The Audit Division conducted an audit of selected grants, testing expenditures and closeout processes. This report also includes an informational review of the telephone grant as well as any associated findings.

## Purpose

To ensure the Sheriff's Office is posting expenses and revenues properly to selected grants as well as closing out grants in a timely fashion.

## Procedure

Procedures included reviewing the written procedures provided by the Sheriff's personnel and reviewing paperwork together with grant agreements associated with selections.

## Scope

The scope of this audit was limited to the Sheriff's Office grants. The Audit Division selected three current grants and tested a sample of their expenditures and revenues.

As of 9/30/11

GRANT	Title	Revenue	Expense	Balance
782121	COPS TECHNOLOGY 2008	\$ 689,003	\$ 702,468	\$ (13,465)
782133	JAG 2009	\$ 99,393	\$ 33,618	\$ 65,775
782160	TELEPHONE 2011	\$ 237,448	\$ 28,529	\$ 208,919

The Audit Division selected fourteen grants for closeout testing. The Sheriff's Office has thirty-four open grants.

## Summary of Findings

### Expenditures

1. The Sheriff's Office could not provide supporting documentation to ascertain the propriety of a partial refund in the COPS Technology 2008 grant #782121 from IBM in regards to computer equipment on Purchase Order #118337. The Audit Division was informed the Sheriff's Office was working with the Department of Information Technology (IT). IT indicated these components were a bundle package and the specific component cost data was not readily available. The Audit Division asked IT to request supporting documentation from IBM to substantiate the refund, as of October 12, 2011 this information had not been provided.

*The Audit Division recommends the Sheriff's Office fiscal unit make every effort to verify all financial impacts on their appropriations.*

## Closeout

2. The Audit Division noted one out of 14 grants, #782136 – Child Passenger Safety Program 2010, selected for close out testing failed to claim approximately \$840 before the expiration of the claiming period. The Sheriff's Office has 45 days after the end of the grant period to submit a claim for reimbursement. These costs will not be reimbursed by the granting agency and have been transferred out of the grant fund to the Sheriff's Office general operating fund; index #410001 – Police/Civil Department. This instance took place during a transitional period of personnel.

*The Audit Division recommends individuals responsible for grant management become familiar with the established internal controls, as outlined in section #11, Financial Reports, Site Visits, and Fiscal Program Review, of the "Onondaga County Sheriff's Office Grant Management Procedures Manual" dated August 2011. A timely review of grants should ensure all expenditures have been claimed for reimbursement.*

## Telephone Revenue Grants

In April of 2000, the County Legislature passed resolution #112, authorizing the Sheriff to make telephones available to inmates for the purpose of making collect calls while incarcerated at the Justice Center. The profits per recommendation of the New York State Commission of Correction were to be used for items, which further inmate rehabilitation or welfare or otherwise improve operations at the facility. The revenues collected from this service were to be accounted for in a project account. It authorized the County Executive to enter into contracts to implement this resolution. The Sheriff's Office has established annual grant projects with adopted budgeted revenues and appropriations.

A private vendor is responsible for providing and maintaining the phones. It also collects monies and establishes accounts from individuals wishing to receive a collect call from a respective inmate.

The following issues came to our attention regarding this revenue:

3. It appears the sole governing factor for the use of these funds is County Resolution #112. A specific New York State Commission of Corrections regulation could not be located addressing the accounting of or use of funds generated from phone revenues. In a letter dated November 9, 1999, from the NYS Commission of Correction, it states "With regard to jail telephone system profits, we are not aware of any statutes, regulations, or other guidelines governing the use of such funds. Counsel's Office has *recommended* that such profits be used for items which further inmate rehabilitation or welfare, or which otherwise improve operations at the jail. Ultimately, however, the use of such profits will be decided by the sheriff and/or other county officials." A review of expenditures from the current grant and past grants have included payments to Verizon Wireless Services, Interfaith Works of CNY, Oneida County for security services, Swanson Services Corp. for hygiene/legal indigent packs, and Halls Electric Motors for repairs to two high speed floor buffers. These costs are within the realm of resolution #112.

Usage of a grants account allows for the carryover of unexpended revenue to subsequent years. The 2010 phone grant #782143 as of December 2010 had carryover revenue of \$136,250; as of September

2011 this balance has been exhausted by expenditures of approximately \$65,217 and encumbrances of approximately \$71,033. The 2011 phone grant #782160 as of October 13, 2011 has a current net revenue balance of approximately \$183,181; approximately \$54,000 of expenditures and encumbrances has been recorded to date.

The 2011 phone budgeted revenue is \$250,000. It is estimated the actual revenue for this years grant will be approximately \$313,000, or \$63,000 in excess of its original budget.

This revenue stream is generated from a service provided to family and friends of inmates. It is not the inmate's money. It appears reasonable to treat this revenue as fees from services and record it in the operating account.

*The Audit Division recommends any excess revenues not spent in the fiscal year be returned to the general fund to offset local dollars. Although the Sheriff's Office has done nothing to circumvent the intent of resolution # 112 and has acted in good faith, had these funds been recorded in the general operating account the unused balances could have been used to offset local dollars. If the Legislature deems it to be necessary the language of the resolution would have to be modified requiring any excess balances from telephone revenues be returned to the General fund to offset local dollars.*

4. The Audit Division noted the following inconsistency in the recording of revenue on Cash Report #110082, which split the November 2010 phone revenue of approximately \$22,500 to the 2010 grant #782143 in the amount of approximately \$6,500 and the balance of \$16,000 to the 2011 grant #782160. The full amount of November's revenue should have been posted to the 2010 grant. Posting the revenue in this manner resulted in the 2010 grant meeting its budgeted revenue of \$225,000. However, it appears to have circumvented Legislature oversight regarding the excess budgeted revenue respective of the 2010 grant. It is estimated based on 2011 revenue activity; the 2011 grant #782160 will also exceed its budgeted revenue of \$250,000 by about \$63,000. Note this estimate is based on November's 2011 or 13 months of revenue activity being posted to the 2011 phone grant.

*The Audit Division recommends grant revenue is posted to its proper grant and time period. Any excess revenue compared to its adopted budget should be brought to the Legislature for authorization purposes.*

5. The Audit Division also noted the Accountant I in Comptroller's Accounting Division has not properly recognized 12 months worth of revenue as year end phone revenue accruals were not prepared or posted for 2009 for grant #782130.

*The Audit Division recommends year-end revenue is recognized on a modified accrual basis instead of a cash basis.*

6. The Audit Division noted the Sheriff's Office is not independently verifying the amount of monthly revenue received from the vendor. The vendor has provided the Sheriff's Information Technology Section access to generate reports. Upon our request, the Sergeant attempted to generate financial data reports corresponding to the monthly revenue received, however the system was unable to produce these reports.

*The Audit Division recommends the Sheriff's Office devise procedures to independently verify the monthly revenue received and request the vendor's assistance in generating financial data reports.*

7. The Audit Division noted the Sheriff executed the phone grant revenue contract with the vendor. This is contrary to the County Charter, which states the County Executive shall "make, sign, and implement, except as otherwise provided in the Charter or this code, all contracts on behalf of the County within authorized appropriations." The Charter does not afford such powers to the Sheriff. Furthermore, based on a review of the executed contract provided by the Sheriff's Office, it could not be determined if any member of the County Law Department had reviewed the contents of the contract prior to its signature. This original contract was signed August of 2005 and a two-year renewal term was signed in May of 2010, extending the agreement until August 24, 2012. This is prior to resolution #241 of October 12, 2010 requiring revenue contracts to be procured through written request for proposals. The Audit Division also noted the contract did not stipulate the initial connection fees or subsequent rates per minute for different types of calls, for example local or interstate.

*The Audit Division recommends the County Executive execute all future contracts and the phone revenue contract comply with the above resolution. The Audit Division also suggests the applicable rate structure per call be included in the next contract.*

# Onondaga County Sheriff's Office

Kevin E. Walsh  
Sheriff



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Warren R. Darby  
Undersheriff

Ted A. Botsford, Chief Deputy, Police Department  
John M. Balloni, Chief Deputy, Civil Department  
Richard E. Carbery, Chief Deputy, Custody Department

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Sheriff's Office	315-435-3044
Police Department	435-3036
Human Resources	435-1767
Civil Department	435-3060
Custody Department	435-1717
Criminal Investigations	435-3081
Police Records	435-3010
Custody Records	435-1782

July 30, 2012

Robert C. Antonacci, III  
Onondaga County Comptroller  
John H. Mulroy Civic Center, 14<sup>th</sup> Floor  
421 Montgomery Street  
Syracuse, NY 13202

Regarding: Response to Sheriff's Office Grants Audit Report

Dear Comptroller Antonacci,

We were pleased to assist your office with this audit and commend the professionalism of the personnel you had conducting the audit. It is the desire of the Sheriff's Office to conduct our business in accord with the highest standards of integrity and nationally accepted best practices. It is helpful to have an outside professional organization look at our practices as there is always the opportunity to improve operations. This is one of the major reasons we sought and obtained accreditation for every department within the Sheriff's Office. With that in mind we would like to respond to a number of items in your audit report.

1. PO118337 – refund received \$1,738.85. We concur with the finding that the Sheriff's Office should make every effort to verify all financial impacts on our appropriations. We would point out that when we received the check, we called IBM to get an explanation. They indicated that it was for items for which we were overcharged. They verified that the check did apply to PO118337 and that we were owed the money. Subsequent attempts to get specific information from IBM and IT were unsuccessful. We believe we made every effort to verify all financial impacts and do so on a regular basis. In this instance despite our best efforts we had only the verification of the vendor that the refund check was legitimate.
2. Closeout – Again we concur with this finding. As stated in the finding, it had been a transition period for both the fiscal manager and the grants manager. Approximately 40 grants were researched and closed out from the beginning of 2011 to the time of the audit. This particular grant was on the list to review. The grants manager did reach out to the funding source to see if they would make an exception to the claiming deadline since it was only \$840, but they would not. We currently review the status of all grants monthly.
3. The stated purpose of this audit was to “ensure that the Sheriff's Office (Department) is posting expenses and revenues properly to selected grants as well as closing out grants in a timely fashion.” The auditors found that the Sheriff's Office use of telephone revenue was consistent with both the Onondaga County resolution and with New York State Commission of Cor-

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rection recommendations regarding such revenue. Therefore, funds are being used in accordance with the desires of both the County Legislature and the Commission of Correction. We strongly disagree with the recommendation contained in the report and suggest that before any changes are made both the Comptroller's Office and the Legislature consider the following:

- The possibility that the Commission of Correction will not allow the funds to be used for any purpose if their recommendations are not followed.
  - The fact that nearly all the expenses paid for by the telephone funds were not discretionary expenses and would have to be paid for by local tax dollars were it not for the availability of these telephone revenues. Therefore, the off-set in local dollars realized if these funds were treated as revenues in the operating budget rather than put into a grant project account would be minimal or non-existent.
4. Beginning with the 2012 budget there is one roll forward telephone grant, number 782160. The Comptroller's Office Accounting Division concurs with this method of accounting. As all revenues will be posted to the one grant, this is a non-issue going forward.
  5. Twelve months of revenue are posted each year. There was only one year, 2009, where 12 months of revenue were not recognized.
  6. We agree we are not, in this instance, independently verifying the amount of monthly revenue received. However, even if the reports mentioned could be produced, they would rely on data provided by the vendor and therefore could not be used as a method of independently verifying amounts. The only way to verify the amounts without relying on the vendor's data would be to have County personnel somehow develop a system of logging calls. However, per its contract with County, part of the service the vendor provides is "the processing of all telephone call records." Although we agree with the concept that revenue received should be independently verified if possible, in this case it is not practical to do so.

Again, we appreciate the opportunity to work jointly with the Comptroller's office and look forward to doing so again in the near future.

Sincerely,

John M. Balloni  
Chief Civil / Administrative Deputy

cc: Sheriff Kevin E. Walsh  
Joanne M. Mahoney, County Executive  
J. Ryan McMahan, II, Chairman of the Legislature  
Members of the Onondaga County Legislature