



COUNTY OF ONONDAGA

Office of the  
*County Comptroller*

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November 9, 2017

Mr. Steven P. Morgan, Chief Fiscal Officer  
Finance Department  
421 Montgomery Street, 15<sup>th</sup> Floor  
Syracuse, New York 13202

Dear Mr. Morgan,

An audit of the Trust and Agency Account #085000-Other Funds, Subsidiary Account # 085000001 Cash for Safe Keeping-Sheriff was performed on June 1, 2017. We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the recorded account balance and the related expenditures are free of material misstatement. This recorded account balance and the related expenditures are the responsibility of the department's management. Our responsibility is to express an opinion on these amounts based on our audit. An audit includes examining, on a test basis, evidence supporting the account amount and expenditures. We believe that our audit provides a reasonable basis for our opinion.

At 5/31/17, Subsidiary Account # 085000001 had a debit balance of \$227,735 in error. Trust and Agency Accounts represent funds owed to others and generally will have a credit balance which indicates a liability.

Also, based on the information presented below, the funds in question clearly had no affiliation with the Sheriff's Office.

During the audit, we noted the following history:

On October 6, 2015 a cash report was prepared for a check in the amount of \$227,735 received from Cadwalader, Wickersham & Taft LLP, representing Van Duyn Home & Hospital's settlement proceeds from the New York State Department of Health relating to the resolution of the LeadingAge New York lawsuit challenging Medicaid Base Price Reduction Regulation. The amount was posted on October 7, 2015 with an original date of October 6, 2015, into Account # 085000-Other Funds, Subsidiary account # 085000002-Advanced Expenses (182, now 205) as a credit in PeopleSoft.

On May 16, 2016 a check in the amount of \$227,735 was paid to Upstate Services Group, the firm that purchased Van Duyn Home & Hospital, on straight claim # CL 307687. According to the straight claim this payment is for "Medicare revenues owed to new owner pursuant to terms of sale of Van Duyn Home & Hospital." The check was processed from Quicken Software used by the Finance Department. We understand from the Account Clerk III-Finance Department, the Quicken Software defaulted to subsidiary account #085000001, but the Financial Analyst-Finance Department instructed her that the amount had to be debited to subsidiary account #085000002-Advanced Expenses (182, now 205) because that is where it had been credited. The Account Clerk III-Finance Department informed Internal Audit on June 1, 2017 she did not know how to enter subsidiary account #085000002 into the software. She meant to write the correct subsidiary account on the Journal Entry document at month end, but forgot. In error, Journal Entry Document # FN0516TA completed by the Account Clerk III-Finance Department on June 2, 2016 was debited to subsidiary account #085000001 for \$227,735 instead of subsidiary account #085000002. This was posted in PeopleSoft on June 6, 2016 with an original date of May 31, 2016 (period 5).

The amount of \$227,735 remained in the subsidiary account #085000001 from May 31, 2016 until Internal Audit questioned Finance Staff on June 1, 2017 after which a correcting Journal Entry was prepared and posted in PeopleSoft.

We understand from the Accountant I-Finance Department, on a monthly basis, she reconciles the bank statement to the PeopleSoft Bank Balance. She then reconciles the PeopleSoft Bank Balance to the PeopleSoft General Ledger Trust & Agency Accounts on a high level. If she notices a wrong bank account was used on a document for either reconciliation, she will make the correction. She does not look at the detail in the subsidiary accounts.

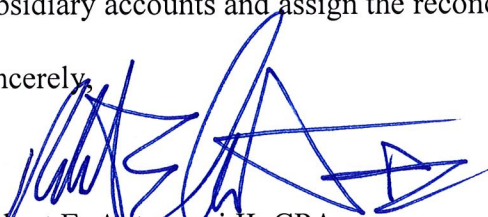
#### Recommendation

*We recommend Finance Department administration review and assign appropriate personnel to review the detail of the Trust & Agency Accounts and Subsidiary Accounts on a monthly or at least quarterly basis at a financial level to ascertain proper balances are recorded in PeopleSoft.*

*We also recommend employees are trained to be fully versed in Quicken Software.*

**Department Response:** Financial Operations will review the account detail quarterly for subsidiary accounts and assign the reconciliation duties where applicable.

Sincerely,



Robert E. Antonacci II, CPA

Cc: Onondaga County Legislature  
Joanne M. Mahoney, County Executive  
William P. Fisher, Deputy County Executive