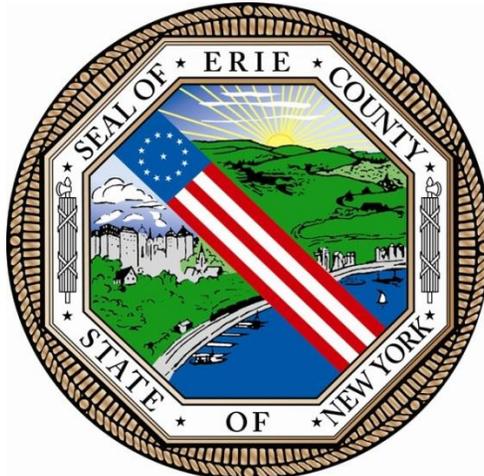


JANUARY 2019

**ERIE COUNTY
DEPARTMENT OF INFORMATION & SUPPORT SERVICES
AUDIT OF ENCUMBERED CONTRACTS PAYMENT PROCESS
JANUARY 1, 2018 THROUGH AUGUST 31, 2018**



**STEFAN I. MYCHAJLIW
ERIE COUNTY COMPTROLLER**

**HON. STEFAN I. MYCHAJLIW
ERIE COUNTY COMPTROLLER'S OFFICE
DIVISION OF AUDIT & CONTROL
95 FRANKLIN STREET
BUFFALO, NEW YORK 14202**



January 18, 2019

Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, New York 14202

Dear Honorable Members:

The Erie County Comptroller's Office (Comptroller's Office) has completed a contract compliance audit of the operating procedures and processes performed by the Erie County (County) Department of Information & Support Services (DISS) with respect to the encumbered contracts of services and goods invoiced and payments made during the period January 1, 2018 through August 31, 2018. Our objectives were to:

- Evaluate and assess the internal controls over the contract invoicing process.
- Evaluate and verify the services and goods invoiced under the terms of the contract.
- Determine compliance with established contract policies and procedures.
- Confirm the number of contracts and payments made.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To accomplish these objectives, we selected and tested vendor invoices paid to obtain reasonable assurance that they were in compliance with the Erie County Accounting Policies. Additionally we obtained confirmation from DISS management of all contracts open during our scope period. Our testing did not identify any weaknesses in DISS's vendor contract payment practices.

Management of DISS is responsible for establishing and maintaining a system of internal control. The objectives of such a system are to provide management with reasonable, but not absolute, assurance that transactions are executed in accordance with management's authorization and are recorded properly. Because of inherent limitations in the system of internal control, errors or irregularities may nevertheless occur and not be detected.

In our opinion, for the audit scope period examined, DISS procedures, processes, and internal controls with respect to payments of invoices for contracted goods and services were adequately designed and effective. Transactions were accurate, timely, and in compliance with regulations set forth by the Erie County Accounting Policies. No specific matters adversely affecting compliance with applicable laws, rules, and procedures came to our attention, except as disclosed in this report. Our audit was made for the purpose previously described, and would not necessarily disclose all instances of non-compliance with respect to areas of operations not audited.

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BACKGROUND

The Division of Information and Support Services (DISS) provides centralized information technology support services for all County departments, elected officials, and related agencies as well as network services for numerous towns and villages. The provisioning of information technology services by DISS permits the County to benefit from economies of scale, improved operational efficiencies, and reduced duplication of costs.

DISS has four major functional areas: Client Services, Enterprise Application Services, Infrastructure Services and Records Management.

DISS provides support services that are utilized by all County departments and assists those departments in their public service functions by alleviating the responsibility for procuring, provisioning, deploying, managing, and maintaining required technology assets and services. Technology assets are any asset which interfaces with a County computer and any asset that attaches to the network.

AUDIT FINDINGS

I. Segregation of Duties

We noted during our walkthrough of accounting processes that the Billing Collections Specialist has access in SAP to create Contract Encumbrance (purchasing) and perform goods receipt transactions. In addition, the Billing Collections Specialist approves invoices for payment. The Erie County Accounting Policy for Purchasing stipulates duties associated with purchasing, receiving and authorizing payments for goods and services must be segregated.

WE RECOMMEND that DISS segregate these three duties by training individuals to perform these functions. **WE FURTHER RECOMMEND** that the Billing Collections Specialist and any other employee have SAP access limited to one of the three transactions at any given time.

RESULTS OF EXIT CONFERENCE

An exit conference was held on February 7, 2019 with the Chief Information Officer DISS, one member of his staff, and a representative from Budget and Management. The draft of the audit report was reviewed and included a discussion of the Audit Finding. There was no written response to the report and the auditee was in general agreement with the information it contained.

The Erie County Comptroller's Office would like to thank the Chief Information Officer DISS for the courtesy and timely cooperation extended to us during the audit.

ERIE COUNTY COMPTROLLER'S OFFICE

Cc: Hon. Mark C. Poloncarz, County Executive
Michael Breeden, Chief Information Officer DISS
Robert W. Keating, Director of Budget and Management
Erie County Fiscal Stability Authority