

**DEPARTMENT OF CENTRAL POLICE SERVICES
AUDIT OF THE DNA BACKLOG GRANT
OCTOBER 1, 2010 – DECEMBER 31, 2012**



**STEFAN I. MYCHAJLIW
ERIE COUNTY COMPTROLLER**

**TERESA M. FRAAS
DEPUTY COMPTROLLER - AUDIT**

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



July 19, 2013

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

Dear Honorable Members:

The Erie County Comptroller's Office has completed an audit of the DNA Backlog Reduction Program (Grant) from the National Institute of Justice (NIJ) for the period October 1, 2010 through December 31, 2012 within the Department of Central Police Services (CPS).

We conducted our audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). 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.

The objectives of our audit were to:

- Document and evaluate controls over the Grant reimbursement process.
- Assess compliance with grantor requirements.
- Evaluate the economy and efficiency of the operations.

Management of CPS 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 any system of internal control, errors or irregularities may nevertheless occur and not be detected. Based on our examination, we feel that the internal controls presently in place over the Grant, except as disclosed in this report, are adequate.

Further, periodic reviews are performed by the American Society of Crime Laboratory Directors-Laboratory Accreditation Board (ASCLD-LAB). Performance standards over the forensic process are measured and in the June 2011 report, they noted no exceptions.

We would like to thank the staff of the Forensic Laboratory as well as representatives from other County departments for their assistance and cooperation during this audit. All of their valuable time and efforts spent on providing us information is greatly appreciated.

Respectfully Submitted,



Stefan I. Mychajliw
Erie County Comptroller

cc: Hon. Mark C. Poloncarz, County Executive
John A. Glascott, Commissioner, Central Police Services
Robert W. Keating, Director, Budget and Management
Erie County Fiscal Stability Authority

BACKGROUND

CPS was created in 1973 to provide administrative support services to law enforcement and criminal justice agencies on a countywide and regional basis. These services include the Forensic Laboratory which is the focus of the Grant. It has the dual accreditation from New York State and the American Society of Crime Laboratory Directors (ASCLD). The Forensic Lab processes, records, screens and analyzes forensic DNA samples and the purpose of the Grant was to reduce any backlog in this process. The Grant is received from the NIJ, a division of the United States Department of Justice (DOJ).

The Fiscal Year 2010 (FY10) Grant, budgeted for \$526,201, was originally for a term of eighteen months from October 1, 2010 to March 31, 2012. However, as a result of a request by CPS to be allowed to fully spend the original allocation, the grant period was ultimately extended another nine months through December 31, 2012 (see Appendix 1). This extension overlapped with the Fiscal Year 2011 (FY11) Grant (October 1, 2011 through March 31, 2013) causing some period specific payroll allocation issues.

OBSERVATIONS:

1. Controls within the Grant Reimbursement Process:

Per the Office of the Chief Financial Officer (OCFO) 2011 Financial Guide all expenditures must occur during the award liquidation period which is 90 days after the end date of the award and no new expenditures may be made during this liquidation period. **We were not able to obtain sufficient evidence that all salary and overtime reported in this project occurred during the project period or agrees to the amounts actually worked and/or paid.**

All employees of the Forensic Lab use the Erie County Employee Swipe System (ESS) to record time worked. Hours worked flow from ESS into the payroll module of the SAP system up to 40 hours. Overtime must be entered into payroll separately in order for employees to be paid, and for the overtime expense to be charged to the Grant. To facilitate this, overtime worked for each employee in the Forensics Lab is recorded on a daily timesheet. Timesheets are approved and sent to the Erie County Department of Personnel (Personnel) for data entry. Personnel must complete the data entry by Tuesday 10:00AM of the pay week. If Personnel misses this deadline, the Grant will be not be charged overtime and Forensic Lab employees will not be paid for their overtime hours worked until the following pay period. In addition, for each day, two sets of daily timesheets are copied and maintained in CPS. Data entry errors, if undetected would result in incorrect payments to Forensic Lab employees. We were not provided any evidence of a review that overtime recorded on timesheets agreed to overtime actually worked per the ESS system. We were unable to validate that overtime expense charged to the Grant was recorded to the proper payroll period.

WE RECOMMEND that CPS management perform the steps necessary to provide the detail supporting the salary expense charged to this Grant. Overtime hours claimed for reimbursement should be reconciled to hours actually worked. All salary expense items should be reconciled with payroll records. Timesheets that record and approve the overtime incurred should be used in this reconciliation.

Process Improvement Opportunity

Manual time sheets are prepared and used to charge salary and overtime to the Grant. This was the process used before the automated time recording system (ESS) was put in place beginning in 2009. We believe that using manually prepared timesheets for charging salary information to the Grant is antiquated, time consuming and inefficient. The current process requires the use of resources from two departments for making copies, and/or data entry and significant storage space for maintaining three sets of time sheets. Data entry errors, if undetected, would result in under/over payments to employees.

WE RECOMMEND that management of CPS take the steps necessary to ensure that the amounts claimed for salary expense are allowable and adequately supported by automating this process. This could be accomplished by approving and charging salaries and overtime directly to the Grant through SAP by preparing an Internal Order. The Internal Order requires work by the department, the Office of Budget and Management (Budget) and Personnel to set up. Once it is set up, it will streamline the entire process. CPS personnel would enter their overtime into SAP, which would be approved by the Director of the Forensic Lab. Once approved, the dollars would automatically be charged to the Grant. If need be, changes to the Internal Order could be done timely. Automating this process would eliminate timesheet preparation, thus allowing the Director of the Forensics Lab to spend his time more productively. Eliminating timesheets would also eliminate the need for Personnel to data enter the information and store the timesheets. Reconciliations between salary expense charged to the grant and actual time incurred would no longer be necessary.

2. Compliance with Grantor Requirements

We have determined that CPS is in compliance with all financial and performance indicators the grantor requires. All quarterly and semi-annual required reports were submitted on time with no exceptions noted

3. Opportunity for Process Improvement

The 4th quarter 2012 payroll costs for FY10 exceeded the grant budget by \$130,000. A correcting entry was made and the \$130,000 was subsequently charged to the FY11 Grant which is an acceptable practice because the Grant has been continuing over several years and effective dates are overlapping. Due to recent announcements of

cutbacks in Federal grant spending, this Grant may not continue to renew each year or the amounts of funding could be significantly reduced. There is a chance that all the overtime incurred may not continue to be completely funded by the federal government and Erie County (County) would have to fund the remainder. WE RECOMMEND that CPS management continue to create operating efficiencies and closely monitor overtime to minimize any increased cost to the County should federal funding be reduced or eliminated.

Also during the 18-month period of the FY10 Grant, there were various budget line item adjustments that were not reconciled resulting in an excess receivable amount of \$696. Since this is not a recoverable or reimbursable amount for the FY10 Grant, the accounts receivable balance in SAP is overstated.

To minimize the possibility of similar problems occurring, WE RECOMMEND that CPS management ensure that Grant expenditures are more closely monitored to prevent the submission of excess reimbursable costs. WE ALSO RECOMMEND that budget line changes be more closely scrutinized so that requests for changes mirror the grantor's change approvals.

Results of Exit Conference

An exit conference was held on July 9, 2013 with the Commissioner, members of his staff, and a representative from Budget. The contents of our report were discussed.

During the course of the Exit Conference, changes to our recommendation in Observation #1 were suggested by Budget if management of CPS was able to provide, within a few days, detailed salary and overtime expenditure information for each quarter listed in Appendix 1 of the report. In addition, overtime hours charged to the Grant should reconcile to actual overtime worked. The cost center report data we received on July 10, 2013 did not reconcile to the grant expenditures claimed nor was there any information provided that validated that overtime hours charged to the Grant were actually worked.

In accordance with the County's Audit Response System and Procedures, we request that CPS prepare a written response to the County Executive by August 19, 2013. We further request that the County Executive forward copies of the response to the Erie County Legislature and this Office by September 3, 2013.

Appendix 1 – Grant Reimbursements & Expenditures

	2nd Quarter 2011	3rd Quarter 2011	4th Quarter 2011	1st Quarter 2012	2nd Quarter 2012	3rd Quarter 2012	4th Quarter 2012	Total
SAP Report Date	7/1/11	10/5/11	1/10/12	4/5/12	7/12/12	10/16/12	12/31/12	
Regular Salaries	\$ 8,696	\$ 10,467	\$ 4,270	\$ 13,916	\$ 23,961	\$ 24,270	\$ 24,969	\$ 110,549
Overtime	-	-	48,010	66,678	66,426	79,003	(27,370)	232,747
Fringe Benefits	<u>4,844</u>	<u>7,697</u>	<u>9,049</u>	<u>13,302</u>	<u>19,792</u>	<u>22,541</u>	<u>12,312</u>	<u>89,537</u>
Payroll Total	\$ 13,540	\$ 18,164	\$ 61,329	\$ 93,896	\$ 110,179	\$ 125,814	\$ 9,911	\$ 432,833
Supplies	\$ -	\$ -	\$ 15,696	\$ 11,285	\$ -	\$ 3,224	\$ 693	\$ 30,898
Contracts	21,162	-	-	-	-	-	-	21,162
Other	<u>-</u>	<u>3,499</u>	<u>31,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,699</u>	<u>41,308</u>
Total	<u>\$ 34,702</u>	<u>\$ 21,663</u>	<u>\$ 108,135</u>	<u>\$ 105,181</u>	<u>\$ 110,179</u>	<u>\$ 129,038</u>	<u>\$ 17,303</u>	<u>\$ 526,201</u>