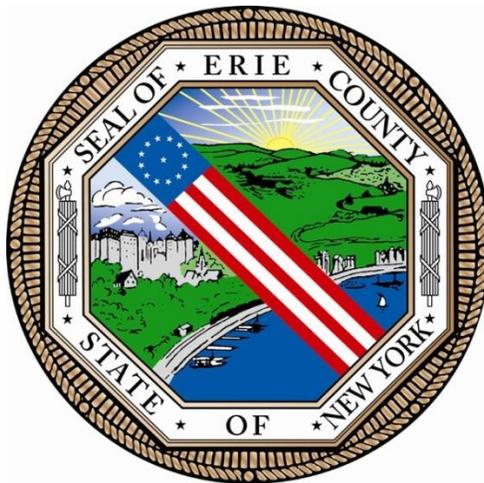


FEBRUARY 2019

**ERIE COUNTY DEPARTMENT OF PERSONNEL
AUDIT OF VENDOR 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**



December 24, 2018

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 procedures and processes handled by the Erie County (County) Department of Personnel (Personnel) with respect to payments of vendor invoices for contracted goods and services during the period January 1, 2018 through August 31, 2018.

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 based on our audit objectives. Our objectives were to determine whether payments of vendor invoices for contracted goods and services comply with the Erie County Accounting Policies; whether documentation and records are properly maintained and sufficiently support such transactions; and whether adequate and effective internal controls exist relevant to the administration of the contract payment process. 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. Our testing did not identify any weaknesses in Personnel's vendor contract payment practices.

Management of Personnel 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, Personnel's procedures, processes, and internal controls with respect to payments of invoices for contracted goods and services are adequately designed and effective. Transactions were accurate, timely, and in compliance with applicable law and 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

Personnel is responsible for implementing and maintaining programs and services that support and facilitate the recruiting, selection, hiring, development and retention of local government and school district employees located in the County based upon merit and in accordance with New York State Civil Service Laws and Regulations. The department also provides a full range of personnel administration services. These include position classification and compensation; fringe benefit development and administration; labor and employee relations; employee training and development; coordination of employee recruitment and selection; evaluation; and discipline programs and procedures.

AUDIT FINDINGS

ABSENCE OF POLICIES AND PROCEDURES

We noted during our discussion with staff that Personnel takes direction from the Erie County Department of Purchasing with respect to proper procedures for processing payment applications and does not have its own written procedures.

Personnel responded to this finding by stating that the department's goal is to develop a set of procedures going forward.

SEGREGATION OF DUTIES

We noted during our discussion of staff duties that one or two individuals are responsible for the authorization of payments, recordkeeping of payments, and approval of payments utilizing the goods receipt transaction code in SAP, the accounting system for Erie County. During employee absences, the Commissioner of Personnel compensates for the lack of segregation of duties.

Personnel responded to this finding by explaining that the lack of segregation of duties is temporary depending on employee absences. During such times, purchasing duties are assumed by a supervisor.

RESULTS OF EXIT CONFERENCE

An exit conference was held on January 25, 2019 with the Commissioner of Personnel, a member of his staff, and a representative from Budget and Management. The draft of the audit report was reviewed and included a discussion of both the Audit Findings as well as the Auditor Comments. Based on the department's written response to the audit, there was no objection to the content of 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 Commissioner and staff of the Department of Personnel for the courtesy and timely cooperation extended to us during the audit.

ERIE COUNTY COMPTROLLER'S OFFICE

Cc: Hon. Mark C. Poloncarz, County Executive
David A. Palmer, Commissioner of Personnel
Robert W. Keating, Director of Budget and Management
Erie County Fiscal Stability Authority