

**FEBRUARY 2019**

**ERIE COUNTY DEPARTMENT OF PROBATION  
AUDIT OF RESTITUTION COLLECTION AND DISBURSEMENT  
JANUARY 1, 2017 THROUGH DECEMBER 31, 2017**



**STEFAN I. MYCHAJLIW  
ERIE COUNTY COMPTROLLER**

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



October 31, 2018

Erie County Legislature  
92 Franklin Street, 4<sup>th</sup> Floor  
Buffalo, New York 14202

Dear Honorable Members:

The Erie County Comptroller's Office has completed a compliance audit of the Erie County (County) Department of Probation (Probation) with respect to restitution collection and disbursement for the period January 1, 2017 through December 31, 2017.

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 documentation and records are properly maintained and sufficiently support restitution collection and disbursement transactions and whether adequate and effective internal controls exist relevant to the administration of restitution payments. 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 a sample of restitution-related cases, which include receipts, disbursements, voids, and stale dated instruments. The purpose of our testing was to obtain reasonable assurance that transactions comply with applicable laws and regulations, and are properly recorded in both Probation's automated case management software and in the County's financial system. Our testing did not identify any weaknesses.

Management of Probation 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, Probation's operating procedures and processes with respect to restitution collection and disbursement are adequately designed. Transactions were accurate and in compliance with applicable law and regulations.

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 designed for the purpose previously described, and would not necessarily disclose all instances of non-compliance with respect to areas of operations not audited.

## TABLE OF CONTENTS

BACKGROUND .....	5
AUDIT FINDINGS .....	5
I. UTILIZATION OF AUTOMATED CASE MANAGEMENT SOFTWARE.....	5
II. APPLICATION OF DAILY REVIEW AND RECONCILING PROCEDURES.....	6
RESULTS OF EXIT CONFERENCE.....	6

## BACKGROUND

The Department of Probation's (Probation) mission is to ensure the safety of the residents of the County by providing community based supervision and rehabilitation through a multi-disciplinary approach to persons being adjudicated or convicted of crimes. The Adult Division of the department is responsible for the preparation of pre-sentence reports sent to the Courts for persons convicted of criminal offenses, and the supervision of any adult who is sentenced to a period of probation supervision. The Juvenile Division of the department prepares pre-dispositional reports for the Family Court for any youth adjudicated as a Person in Need of Supervision (PINS) or a Juvenile Delinquent (JD), as well as provides supervision of all adjudicated youths, working closely with the youth and their families to deliver needed services and to ensure community safety.

The administration function of Probation provides support for all departmental operations. Administration includes supervisory, grant writing, accounting, clerical, and cashier positions. The cashier's unit collects, records, deposits, disburses and properly monitors all fines, fees, restitution payments, penalty assessments and surcharges for proper disbursement as prescribed by law. The department is regulated, monitored and receives partial reimbursement and support from the New York State Division of Criminal Justice Services, Office of Probation and Correctional Alternatives.

## AUDIT FINDINGS

### I. UTILIZATION OF AUTOMATED CASE MANAGEMENT SOFTWARE

Probation employs Caseload Explorer, a comprehensive automated case management software developed by AutoMon, configured with the support of the New York State Office of Probation and Correctional Alternatives (OPCA). Caseload Explorer's Accounting and Reporting modules provide the ability to customize and display specific information.

Probation could not determine the year the current 450 open restitution accounts were created or whether the accounts had any running balances as of December 31, 2016. Probation was unable to provide an aggregate list of the account data requested for the period January 1, 2017 to December 31, 2017.

**WE RECOMMEND** that that management of Probation takes the steps necessary to appropriately train the staff in order to obtain the full benefits of what the automated case management software offers.

Probation responded to this finding by explaining that obtaining the requested information is certainly possible, but not practical due to labor intensiveness of the task, especially since the automated case management software cannot automatically retrieve it.

## II. APPLICATION OF DAILY REVIEW AND RECONCILING PROCEDURES

During our audit, no significant errors were identified, but several instances of inconsistency in the application of the department's own policies and procedures were noted.

1. On eight (8) instances out of 247 total restitution receipts tested, the drawer calculation charts utilized to record daily balancing information into the department's system lacked review and verification, i.e., no evidence of initials or signature by the Billing Account Clerk.
2. On four (4) instances out of 247 total restitution receipts tested, the balancing and reconciling procedures were performed by a Cashier, even though policy clearly states that such activities must be performed by an individual not responsible for the collection of payments received.

**WE RECOMMEND** that management of Probation compensate for the lack of verification evidence by training an additional reviewer familiar with the process as part of the procedure. In the event that the Senior Billing Account Clerk or Billing Account Clerk are unavailable to complete the daily balancing and reconciling procedures, **WE RECOMMEND** the policy be amended to include the Cashier, with the provision that the Cashier does not balance and reconcile their own drawer and the results of the activity are reviewed by the management of Probation.

Probation responded to the first finding by explaining that staff has been reminded of the importance of following all procedures in place regardless of turnover and the volume of paperwork. Probation responded to the second finding by explaining that the written policy and procedures have been amended to incorporate segregation of duties provisions.

## RESULTS OF EXIT CONFERENCE

An exit conference was held on February 15, 2019 with the Commissioner of Probation, 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 the Audit Findings. 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 Probation for the courtesy and timely cooperation extended to us during the audit.

### ERIE COUNTY COMPTROLLER'S OFFICE

Cc: Hon. Mark C. Poloncarz, County Executive  
Brian McLaughlin, Commissioner of Department of Probation  
Robert W. Keating, Director of Budget and Management  
Erie County Fiscal Stability Authority