

City of Syracuse

6/30/2011 FEDERAL SINGLE AUDIT REPORT

CORRECTIVE ACTION PLAN

Current Year findings:

Financial Statement Findings:

11-1

**Financial Reporting**

**Condition:**

There is not consistent review or oversight of the financial reporting for the various funds and departments of the City.

- The City should evaluate the impact of commitments and contingencies such as pending legal issues,
- Not all funds or departments financials are reviewed on a periodic basis,
- In certain instances, transactions were not recorded accurately or in the proper fiscal year.

**Recommendation:**

All financial information for all departments and funds should be monitored and reviewed on a timely basis.

**Response:**

The Finance Department works with individual departments on an as-needed basis throughout the fiscal year to insure that transactions are recorded properly. Funds are reviewed on an ongoing basis to insure that revenues and expenditures are recorded in a proper fashion.

Pending litigation is reviewed at the end of the fiscal year to be certain that any monetary liability for potential losses due to litigation is recognized properly.

Great care is taken to insure that expenditures are recognized when they occur. Occasionally, the processing of expenditures is delayed if the expenditures have been questioned or are subject to subsequent review before they can be paid. These expenditures are recorded when forwarded for payment. Care is taken to record to record them in the proper fiscal period.

**Contact:** David DelVecchio, Commissioner of Finance (315) 448-8279

## 11-2

**Condition:**

Not all funds/departments adhere to the City's purchasing procedures as outlined in the purchasing manual. There is decentralized purchasing throughout the funds and departments of the City.

**Recommendation:**

All disbursements should be made following the City's purchasing procedures in accordance with the purchasing manual.

**Management Response:**

Departments are directed to follow the City's purchasing policy as contained in the City purchasing manual. We concur that payments were made to a vendor with an expired contract; however, the payments were based on previously approved work orders. The contract has since been renewed. Payments were also made to a vendor without a purchase order. This vendor, however, had a contract with the City as its food and beverage supplier at the Airport. Care will be taken to produce an annual purchase order for services rendered under the contract in the future.

**Contact:** Maureen Fogarty, Fiscal Officer, City of Syracuse (315) 454-3263

## 11-3

**Condition:**

There is not proper oversight and review over grants management. There is decentralized grants management throughout the City. For example, the Department of Public Works, Department of Water, Department of Sewer, Special Grants Fund, Capital Projects Fund, Police Department, Department of Aviation, Department of Neighborhood and Business Development, as well as other funds and departments, have the authority to apply for, administer, and report to grantors.

**Recommendation:**

The City should consider designating certain individuals who possess the appropriate knowledge, skills and authority to oversee all of the grants in all of the funds and departments of the City. This should include maintaining a detailed schedule of all grants approved with appropriate detail to ensure accurate and timely expenditure and reimbursement, compliance and reporting requirements related to all grants.

**Management Response:**

The City Research Department has been given control over the filing for grants from all sources. When a grant is received, the department receiving the grant is responsible for compliance as to the expenditures charged to the grant and any filing requirements. Departments should be vigilant that grants do not expire before all funds awarded are expended in accordance with the grant document. The Aviation Department has a service provider to monitor grants and compliance. However, we are also aware that factors such as weather may inhibit the ability of the department to perform the work necessary in a timely fashion to earn reimbursement from a grant. While we will make our best effort to monitor all grants and their activity, it is not practical in the current economic situation to assign one person with the responsibility to monitor all grants in all funds. That responsibility should remain with the department which benefits from each grant. The Department of Finance provides review at the time of payment as to the appropriateness of charges and as to content and timeliness, but they are not aware of filing requirements, which remain the responsibility of the individual departments.

**Contact:** David DelVecchio, Commissioner of Finance (315) 448-8279  
Maureen Fogarty, Fiscal Officer, City of Syracuse (315) 454-3263

11-4

**Capital Assets****Condition:**

There is little or no monitoring, supervision or review of capital asset records, including the annual inventory done by individual departments. In addition, the City's capital asset guide does not specify procedures for identifying impairment.

**Recommendation:**

The City should ensure procedures are followed to monitor and review the annual inventory of capital assets and the capital asset records and reconciliations. Policies and procedures should be developed to address the potential impairment of capital assets.

**Management Response:**

Capital assets are recorded at the time that the asset is placed into service. Donated assets are recorded when received. Large construction projects are recorded when complete or, on occasion, when the majority of the expenditures have been recorded and the item is placed into service. The Department of Finance also receives a listing of the items that are sent to auction during the course of the year and removes them from the inventory. Impaired assets are repaired, removed from inventory or sold at auction. At the end of the fiscal year, an asset listing is sent to each department containing the items that are included in the assets reported in the financial statements. Each department is asked to review

the listing and advise of any additions and deletions that may not have been noted in the inventory. Some departments have designated an individual to monitor their assets. It is not financially practical to appoint an individual solely to perform physical departmental inventories. However, we will explore the possibility of alternate valuation techniques for future fiscal periods.

**Contact:** David DelVecchio, Commissioner of Finance (315) 448-8279  
Beth Rougeux, Department of the Mayor (315) 448-8005

## 11-5

### **Payroll – Parks and Recreation Department**

**Condition:**

Temporary employees are hired directly by the Parks and Recreation department. Also the head of the various bureaus adds the new employees, authorizes time cards and time sheets, and distributes payroll checks to the employees.

**Recommendation:**

All funds and departments should follow the established policies and procedures regarding the hiring of employees and the processing of payroll.

**Management Response:**

We have met with officials from the Parks and Recreation Department and the Personnel Department. We will work together to prevent this situation from occurring and to bring seasonal help into the normal hiring process.

**Contact:** David DelVecchio, Commissioner of Finance (315) 448-8279  
Baye Muhammad, Commissioner of Parks & Recreation (315)473-4330  
Robert Stamey, Director of Personnel (315) 448-8780

## 11-6

### **Highway Programs**

**Cause/Condition:**

There is not proper review or supervision over the reimbursement requests for the CHIPS Program or the Highway Planning and Construction Grants Program. Errors in the reimbursement requests could go undetected resulting in reporting errors.

**Recommendation:**

Policies and procedures should be developed to ensure reimbursement requests are prepared accurately and reviewed and approved by a supervisor who possesses the appropriate knowledge and skill to oversee the Highway Programs.

**Management Response:**

We have determined that the Department of Public Works (DPW) Administrative Officer will review all reimbursement applications before they are sent to the New York State Department of Transportation (NYS DOT). We have, and will remain, in close contact with the NYS DOT to be sure we continue to follow proper procedures to prevent reporting errors or denial of reimbursement requests. NYS DOT was told of this finding and appreciated management communicating with them. They have provided guidance on correcting the errors.

**Contact:** Kerry Honors, Fiscal Officer, Department of Public Works (315) 448-2489

## 11-7

### Parking Garages

**Condition:**

There are several City owned garages that are managed by third parties by contract. The City does not have appropriate monitoring and oversight over these third party garage managers. In addition, there are certain parking spaces that are billed directly by the City and there are no policies and procedures related to these parking spaces to ensure that invoices are prepared and payments are received timely.

**Recommendation:**

Policies and procedures related to all parking garages should be developed, implemented and monitored to ensure appropriate internal controls over the parking garage revenue cycle.

**Management Response:**

The Department of Public Works (DPW) has developed a written policy to monitor the revenue stream of the parking garages which will be put into practice before the end of the current fiscal year.

**Contact:** Kerry Honors, Fiscal Officer, Department of Public Works (315) 448-2489

## 11-8

### Parking Meters

**Cause/Condition:**

There are approximately 280 single space parking meters that do not have a tracking mechanism within them for coin collections. Without this tracking mechanism, there is exposure to theft.

The pay stations that do have a tracking mechanism in place are not monitored for financial reporting purposes. There is not a process in place to ensure that the collections at the pay stations are deposited, however it is noted that a third party transport company makes scheduled pick-ups of meters and delivers funds to the bank for the bank to count and deposit on a daily basis.

There is not segregation of duties at the Department of Public Works related to parking meter revenue cycle, nor are there proper policies, procedures and controls in place over the parking meter collections.

**Recommendation:**

Policies and procedures related to parking meters should be developed, implemented and monitored to ensure appropriate internal controls over the parking meter revenue cycle.

**Management Response:**

The Department of Public Works (DPW) is developing policies for the control of parking meter revenue.

**Contact:** Kerry Honors, Fiscal Officer, Department of Public Works (315) 448-2489

**11-9**

**Disbursements**

**Condition:**

The three interns hired by the Department of Neighborhood and Business Development were not paid through payroll, and therefore had no withholdings or payroll taxes paid on their behalf.

**Recommendation:**

The Department of Neighborhood and Business Development should follow the City's policies and procedures, and applicable State and Federal laws and regulations.

**Management Response:**

The Commissioner of Neighborhood and Business Development considered the interns to be independent contractors and they were treated as such. A 1099 was issued for their earnings.

**Contact:** Paul Driscoll, Commissioner of Neighborhood & Business Development (315) 448-8100

**11-10**

**U.S. Department of Transportation  
Airport Improvement Program 20.106**

**Condition:**

The accounting department for the Aviation Fund is relatively small. There is a lack of segregation of duties over the cash function. Cash receipts are not recorded timely in the accounting system. Check logs maintained are not reconciled to deposit slips, accounts receivable detail or the general ledger. Grant receivables are not recorded in the accounting system until a request for reimbursement is submitted. In addition, the Aviation Department lacks a formal policy relative to the preparation and review of journal entries.

**Recommendation:**

Grant receivables and revenue should be recorded when a grant-related expenditure is incurred. Cash receipts should be recorded timely in the accounting system. Policies and procedures should be enhanced to address the segregation of duties issues and preparation and review of journal entries.

**Management Response:**

The Aviation Department has taken action to correct the above items. All ledger entries will be reviewed and approved by appropriate personnel other than the preparer. Deposits will be reconciled and recorded in a timely fashion. Complete information will be supplied with payment requests to ensure timely recording of any receivables associated with the expenses.

**Contact:** Maureen Fogarty, Fiscal Officer, City of Syracuse (315) 454-3263

**11-11**

**U.S. Department of Housing and Urban Development**

**CDBG – Entitlement Grants Cluster:**

**Community Development Block Grants/Entitlement Grants 14.218**

**Community Development Block Grants ARRA Entitlement Grants 14.253**

**Condition:**

We noted the following during our audit of the Neighborhood & Business Development Fund:

- There is no evidence of monitoring of the loan and related escrow balances.
- Bank reconciliations provided were not consistently evidenced as being reviewed.
- Five vouchers in our testing lacked the signature of the Commissioner of

Neighborhood & Business Development.

**Recommendation:**

We recommend that policies and procedures be established to monitor loan and escrow balances. Bank reconciliations should be evidenced as prepared and reviewed. All vouchers must be reviewed by a supervisor and this review should be evidenced in writing.

**Management Response:**

- The review of loan and escrow balances will be evidenced in writing in the related files.
- Bank reconciliations are reviewed and that review will be evidenced in writing.
- Care will be taken to ensure all vouchers are signed by the appropriate personnel. Unsigned vouchers will not be processed.

**Contact:** Paul Driscoll, Commissioner of Neighborhood & Business Development (315) 448-8100

**Federal Award Findings and Questioned Costs:**

11-12

**U.S. Department of Housing and Urban Development**

**CDBG – Entitlement Grants Cluster:**

**Community Development Block Grants/Entitlement Grants 14.218**

**Community Development Block Grants ARRA Entitlement Grants 14.253**

**Condition:**

There had been significant turnover in the Department of Neighborhood & Business Development Department (NBD) in the prior year.

**Recommendation:**

Written policies and procedures should be put in place for monitoring the inspections of properties where reconstruction/rehabilitation has occurred.

**Management Response:**

NBD has a process in place and is developing formal written policies and procedures.

**Questioned Costs:**

None

**Contact:** Paul Driscoll, Commissioner of Neighborhood & Business Development (315) 448-8100

11-13

**U.S. Department of Housing and Urban Development  
Community Development Block Grants/Special Purpose Grants/Insular Area 14.227**

**Condition:**

There is no evidence that subrecipient agreements were obtained for two subrecipients. There has been significant turnover in the key staff responsible for this program. Several employees were laid off due to budget cuts within the Department of Neighborhood & Business Development. The restructuring of personnel in the Department did not re-assign the workloads and responsibilities of this program.

**Recommendation:**

The City should obtain all subrecipient agreements and re-establish internal controls over subrecipient monitoring with respect to this program.

**Management Response:**

We are aware of the lack of contracts for these two subrecipients and that is not the practice currently followed. Agreements will be obtained for all subrecipients.

**Questioned Costs:**

None

**Contact:** Paul Driscoll, Commissioner of Neighborhood & Business Development (315) 448-8100

11-14

**U.S. Department of Housing and Urban Development  
Community Development Block Grants/Special Purpose Grants/Insular Area 14.227  
Community Development Block Grants/Brownfield Economic Development Initiative  
14.246**

**Condition:**

Internal controls over reporting were not in place which may have been a result of the staff turnover in the Department of Neighborhood & Business Development. The progress reports were not submitted for many of the grants within these major programs.

**Recommendation:**

Progress reports should be submitted as required in the grant agreement unless a written waiver is obtained.

**Management Response:**

NBD is in the process of reviewing all open projects. Progress reports will be submitted for all open projects in the future.

**Questioned Costs:**

None

**Contact:** Paul Driscoll, Commissioner of Neighborhood & Business Development (315) 448-8100

**11-15**

**U.S. Department of Housing and Urban Development**

**CDBG – Entitlement Grants Cluster:**

**Community Development Block Grant ARRA Entitlement Grants 14.253**

**Condition:**

The subrecipients were not provided with the federal award number, CFDA number, amount of ARRA funds, nor were they instructed to identify the required information in their SEFA and SF-SAC.

**Recommendation:**

The subrecipient agreements should include the federal award number, CFDA number, amount of ARRA funds, and should reference the required appropriate identification in their SEFA and SF-SAC.

**Management Response:**

All required information will be provided to subrecipients.

**Questioned Costs:**

None

**Contact:** Paul Driscoll, Commissioner of Neighborhood & Business Development (315) 448-8100

**11-16**

**U.S. Department of Transportation**

**Airport Improvement Program 20.106**

**Condition:**

The City does not have proper internal controls over the compliance requirement Procurement, Suspension and Debarment. There was no evidence that the City checked the EPLS website to determine that each vendor was not listed as suspended or debarred prior to payment.

**Recommendation:**

The City should consider adding a clause in all contracts that relate to Federal funding about suspension and debarment. In addition, the city should add a procedure for a vendor to be checked against the EPLS system prior to payment of invoice.

**Management Response:**

The Aviation Department has received confirmation from its consultants that they will review bids as part of their assigned projects and will check EPLS as part of their recommendation process. Other departments will be contacted to be certain that they are checking EPLS before suggesting vendors for projects and services. The Corporation Counsel will be contacted regarding the addition of a clause concerning suspension and debarment.

**Questioned Costs:**

None

**Contact:** Maureen Fogarty, Fiscal Officer, City of Syracuse (315) 454-3263

11-17

**U.S. Department of Transportation  
Airport Improvement Program 20.106**

**Coindition:**

The City does not have a process in place to ensure that certified payrolls are received, reviewed and maintained as required. Certified payrolls related to certain test selections were not readily available when requested.

**Recommendation:**

Policies and procedures should include monitoring to ensure that the weekly certified payrolls are received, reviewed and maintained as required by Federal compliance requirements.

**Management Response:**

This was identified as a concern for the Aviation Department. The Airport does not normally see the supporting documentation for a payment voucher until after a payment has been made. The Airport will work with the appropriate personnel to

establish a system whereby the Airport is provided copies of the certified payrolls for their records.

**Questioned Costs:**

None

**Contact:** Maureen Fogarty, Fiscal Officer, City of Syracuse (315) 454-3263

**11-18**

**U.S. Department of Transportation  
Airport Improvement Program 20.106**

**Condition:**

There are not proper internal controls over the disposition of capital assets acquired with Federal funds.

**Recommendation:**

Policies and procedures should be implemented to ensure that dispositions of capital assets acquired with Federal funds are reported appropriately to the Federal Awarding Agency and that the proceeds received from the dispositions are properly recorded and used within the Federal guidelines for the Airport Improvement Program.

**Management Response:**

The Airport discovered conflicting guidance between OMB Circular A-133 and Federal Aviation Administration (FAA) publications. Essentially, OMB states the proceeds of such a sale should be returned while the FAA says the funds should be used for Airport purposes. The Airport has opted to follow FAA guidance until notified otherwise.

**Questioned Costs:**

None

**Contact:** Maureen Fogarty, Fiscal Officer, City of Syracuse (315) 454-3263

**11-19**

**U.S. Department of Transportation  
Highway Planning and Construction Grants 20.205 (Also a Financial Statement Finding -  
See 11-6)**

**Condition:**

There is not proper review or supervision over the reimbursement requests for the Highway Planning and Construction Grants Program.

**Response:**

See financial statement finding 11-6.

**Questioned Costs:**

None

**Contact:** Kerry Honors, Fiscal Officer, Department of Public Works (315) 448-2489

**11-20**

**U.S. Department of Transportation**

**Airport Improvement Program 20.106 (Also a Financial Statement Finding - See 11-10)**

**Condition:**

See financial statement finding 11-10.

**Recommendation:**

See financial statement finding 11-10.

**Response:**

See financial statement finding 11-10.

**Questioned Costs:**

None

**Contact:** Maureen Fogarty, Fiscal Officer, City of Syracuse (315) 454-3263

**11-21**

**U.S. Department of Housing and Urban Development**

**CDBG – Entitlement Grants Cluster:**

**Community Development Block Grants/Entitlement Grants 14.218**

**Community Development Block Grants ARRA Entitlement Grants 14.253**

**(Also a Financial Statement Finding - See 11-11)**

**Cause/Condition:**

See financial statement finding 11-11.

**Recommendation:**

See financial statement finding 11-11.

**Management Response:**

See financial statement finding 11-11.

**Questioned Costs:**

None

**Contact:** Paul Driscoll, Commissioner of Neighborhood & Business Development (315) 448-8100

**11-22**

**Schedule of Expenditures of Federal Awards**

**Condition:**

Procedures are not in place for preparation and review of the SEFA.

**Recommendation:**

Internal controls should be developed to ensure proper preparation of the SEFA. An individual that possesses the proper knowledge, experience and authority should be assigned the oversight of the review of the SEFA to determine that it is accurate and complete.

**Management Response:**

As noted in the response for finding 11-3, it is not practical to assign an individual to monitor all expenditures over all grants and funds. The Finance Department will gather the information pertaining to Federal grants and programs and prepare the Schedule of Expenditures of Federal Awards to make it easier for the auditors, but the accuracy of the information reported will remain the responsibility of the departments.

**Questioned Costs:**

None

**Contact:** David DelVecchio, Commissioner of Finance (315) 448-8279