**BROOME COUNTY**

**DEPARTMENT OF**

**AUDIT AND CONTROL**

**OFF LEDGER BANK ACCOUNTS STUDY**

**APRIL 2018**

***Alex J. McLaughlin, Comptroller***



April 25, 2018

Jason T. Garnar, County Executive:

The Department of Audit and Control, in conjunction with the Office of Management and Budget, has undertaken an exercise to examine the status of the County’s various off-ledger bank accounts.

The purpose of our exercise was to survey the owners/uses of the various accounts and to ascertain whether sufficient justification exists to maintain the accounts’ off-ledger status.

Based on the results of our exercise, we are recommending that some accounts remain as is and that some accounts be moved on to the ledger.

Details regarding our recommendations and the various accounts are outlined in this report.

Sincerely,

Alex J. McLaughlin

Comptroller

cc: Daniel J. Reynolds, Chairman of the Legislature

 Members of the Legislature

 Aaron M. Martin, Clerk of the Legislature

 Jerome Z. Knebel, Director of OMB

 Stephen K. Cornwell, District Attorney

 Robert G. Behnke, County Attorney

 David E. Harder, Sheriff

 Lorraine S. Wilmot, Probation Director

 Ryan P. LaClair, Nursing Home Administrator

 Lisa M. Schuhle, Director, OFA

 Nancy Williams-Frank, Commissioner, DSS

Joseph Mihalko, County Clerk



**BACKGROUND INFORMATION:**

An “off-ledger” bank account is an account that is not recorded in the County’s financial system. The establishment, management, activity and controls associated with such an account are solely the responsibility of the Department using the account. Accordingly, off-ledger accounts represent an increased level of risk.

As of December 31, 2017, Broome County had 21 off-ledger bank accounts, holding a combined $2.2m. Appendix A lists all of the accounts, including the Department responsible for managing the account and a brief description of what the account is used for. Appendix B shows account balance activity for all of 2017.

**RESULTS, RECOMMENDATIONS AND RESPONSES:**

The Department of Audit and Control, in conjunction with the Office of Management and Budget, asked each Department with an off-ledger bank account to justify the status of the account. Particularly, in light of the fact that the existence of most of these accounts far pre-dates standard modern banking and purchasing products that the County now has in place.

In summary, the results of our project are as follows:

**COUNTY CLERK**

Checking Account

Credit Card Account

E-Recording Account

DMV-Checking

STATUS JUSTIFICATION PROVIDED: None

RECOMMENDATION:

All accounts should be moved on to the Ledger.

MANAGEMENT RESPONSE:

The Broome County Clerk’s Office fully agrees that the status of these off-ledger bank accounts merits study and evaluation. Having only been in office for 56 business days, we feel it is crucial not to make either a premature or an incomplete analysis. A combination of both information and experience is needed for this type of assessment.We will wok in the coming months to review the off-ledger accounts, the level of risk associated with them and the operational impacts of potentially moving these accounts on-ledger.

**DISTRICT ATTORNEY**

STATUS JUSTIFICATION PROVIDED:

Account is needed to perform official functions. There is a need for access to funds 24/7/365, often with short notice. Not all disbursements would lend themselves to establishment of vendor numbers and other requirements associated with on-ledger activity.

RECOMMENDATION:

Account status should remain as-is.

**LAW DEPARTMENT**

**Witness Fee Account**

STATUS JUSTIFICATION PROVIDED:

Account was established to meet operating needs at a time when less flexibility and responsiveness was available through the County’s financial systems.

RECOMMENDATION:

Account should be moved on to the Ledger.

MANAGEMENT RESPONSE:

Agreed. The Law Department, Audit and Control and OMB will work together to migrate this activity to the Ledger and to ensure that all operational needs are satisfied.

**PROBATION**

**Restitution**

**IUP**

STATUS JUSTIFICATION PROVIDED:

20-50+ checks per week are disbursed. Payees are added daily on an as-needed basis, creating vendor identification numbers, including the attendant data collection, would be prohibitive and time consuming.

RECOMMENDATION:

Account status should remain as-is.

**SHERIFF**

**Bail & Fine**

STATUS JUSTIFICAITON PROVIDED:

Account is used daily, potentially 24/7/365 for transactions with inmates and/or their representatives. Compliance with on-ledger disbursement requirements like vendor number establishment and maintenance would be prohibitive, if not impossible.

RECOMMENDATION:

Account status should remain as-is.

**Agency Funds**

STATUS JUSTIFICATION PROVIDED:

Account activity is managed through an expensive, secure and recently upgraded computer system. Funds are collected from debtors and disbursed to creditors in accordance with court orders. Compliance with on-ledger disbursement requirements like vendor number establishment and maintenance would be prohibitive, if not impossible.

RECOMMENDATION:

Account status should remain as-is.

**Commissary Fund**

STATUS JUSTIFICATION PROVIDED:

Commissary Funds are required by law to be segregated from all other monies and accounted for separately. Access to funds is required 24/7/365.

RECOMMENDATION:

Account status should remain as-is.

**Inmate Funds**

STATUS JUSTIFICATION PROVIDED:

This account holds funds that belong to the inmates. Access is required 24/7/365.

RECOMMENDATION:

Account status should remain as-is.

**WILLOW POINT**

**Resident Funds 1**

STATUS JUSTIFICATION PROVIDED:

Resident accounts, savings (social security checks deposited for residents). This account allows us to accept income for residents. In many cases these residents do not have the capacity to make financial decisions or a way to conduct any type of banking. This is a DOH established requirement.

RECOMMENDATION:

Account status should remain as-is.

**Resident Funds II**

STATUS JUSTIFICATION PROVIDED:

Resident accounts, checking – used to pay bills, services, etc. This account allows us to pay bills on behalf of residents at their request. For example, cable TV service, insurance, or a haircut. This account allows us to access their funds so that they have access to services. This is a DOH established requirement.

RECOMMENDATION:

Accounts status should remain as-is.

**Memorial Fund**

STATUS JUSTIFICATION PROVIDED:

An account that Residents/Families contribute funds to for items that are not included in our operating budget, such as decorations, comfort furniture, special activies, etc. The use of this money is controlled by the Activities Director and overseen by the Administrator. A request form is filled out and approved by the Administrator, then sent to the Fiscal Dept. who then issues a check. This allows us as a nonprofit to accept donations on behalf of the residents in the absence of a foundation. Examples include reclining chairs, Christmas gifts for resident haircuts and clothing in the absence of ability to pay.

RECOMMENDATION:

Account status should remain as-is.

**OFFICE FOR AGING**

STATUS JUSTIFICATION PROVIDED:

Account was established to meet operating needs at a time when less flexibility and responsiveness was available through the County’s financial systems.

RECOMMENDATION:

Account should be moved on to the Ledger.

MANAGEMENT RESPONSE:

Agreed. The Office for Aging, Audit and Control and OMB will work together to migrate this activity to the ledger and to ensure that all operational needs are satisfied.

**SOCIAL SERVICES**

**Legal Unit**

STATUS JUSTIFICATION PROVIDED:

DSS Legal’s checking account is used to draft checks for statutory subpoena fees. These subpoenas are extremely time sensitive. They are used to require witness testimony and document production in serious child abuse and neglect cases. Oftentimes we have emergency hearings to substantiate removal of a physically or sexually abused child, or siblings of a child after a fatality. The PeopleSoft process would require going to the County Office Building to pick up checks. Given the exigency of this type of litigation, this would be too time consuming. It would add a burdensome distration from our core responsibility, which is to effectively substantiate child abuse and neglect, to protect Broome’s children. The current system, which includes our off-ledger checking acocunt and immediate service of required subpoenas by our Paralegal, is effective and necessary.

RECOMMENDATION:

Account status should remain as-is.

**SCU Bail Account**

STATUS JUSTIFICATION PROVIDED:

We are working on moving this account into a trust account on PeopleSoft and funds will be deposited into bank 136.

RECOMMENDATION:

Account should be moved on to the Ledger.

MANAGEMENT RESPONSE:

We hope to complete this in 2018.

**DSS Revolving Fund**

STATUS JUSTIFICATION PROVIDED:

We have limited the use of this account and it is used mainly for emergency situations that are time sensitive. This account is used when the procurement card cannot be used.

RECOMMENDATION:

Account status should remain as-is.

**ARENA**

STATUS JUSTIFICATION PROVIDED:

This account is used to receive, hold and disburse funds associated with Arena events. Receipt/disbursement capability is required 24/7/365. (Shows are settled when they close, which is usually very late at night and often on weekends and holidays.)

RECOMMENDATION:

Account status should remain as-is.

**APPENDIX A**

**Broome County Off Ledger Account Descriptions**

**County Clerk: Checking** - All receipts are deposited into this account. Revenue distributions to County & State agencies are made from it.

**County Clerk: Credit Card** - Receives remote credit card payments from customers who order documents from the website.

**County Clerk: E-Recording** - Receives payments from customers who electronically record land documents such as mortgages or deeds

**DMV – Checking** - Daily operations - all funds collected in office deposited here and dispersed accordingly

**District Attorney** – This account is for vendors who require immediate payment, for dollar values which don’t need to be approved by BAC or the legislature, including community outreach events and employee parking.  It is also used for witness expenses.

**Law: Attorney Witness Fee** - Used primarily for payment of witness fees. Occasionally used to pay for service of legal documents.

**Probation: Restitution -** Used to hold restitution money when we can’t find the victim. Once we’re able to locate the victim, funds are transferred back to the IUP account and disbursed.

**Probation: IUP** – Used to collect restitution from the defendants then issue checks to the victims.

**Sheriff: Bail & Fine** - Bail funds received are deposited here.

**Sheriff: Agency Funds** - This account primarily serves the Civil Division, which by statute handles the collection of monies owed for civil judgments and funds received from debtors via wage garnishments or cash payments at the Sheriff’s Office. For each debtor, separate records of amounts owed and paid are maintained. Also, any revenue received, such as ID’s, records, money, safety income (ie: alarms), and pistol permits is deposited here. We also process through this account fees charged for our civil deputies performing process services of legal documents, orders of protection, and evictions.

**Sheriff: Commissary Fund** – Profits realized from commissary sales are deposited here and used to pay for items that are directly beneficial to the inmates.

**Sheriff: Inmate Funds** – Funds taken from inmates upon arrest, given to inmates by family or friends, or earned by inmates while incarcerated are deposited here. This money is posted to individual inmate accounts. This money can be used by the inmates to purchase commissary items. The money is also used to pay for disciplinary surcharges, restitution to the county for damages to county property, haircuts, and in limited instances to pay for other expenses such as utility bills or car payments.

**Willow Point: Resident Funds I -** Resident accounts, savings (social security checks deposited for residents)

**Willow Point: Resident Funds II -** Resident accounts, checking - used to pay bills, services, etc.

**Willow Point: Memorial Fund** - An account that Residents/Families contribute funds to for items that are not included in our operating budget, such as decorations, comfort furniture, special activities, etc. The use of this money is controlled by the Activities Director and overseen by the Administrator. A request form is filled out and approved by the Administrator, then sent to the Fiscal Dept. who then issues a check.

**Office of Aging (OFA)** **Act #303011874** - Office for Aging’s main account. The bank account is set up to record deposits made daily from the Broome County Senior Nutrition Centers and contributions and reimbursements received at the OFA Fiscal Department.

Funds are recorded to PeopleSoft monthly by means of a Revenue Transmittal. A check is written from this account to the Broome County Director of OMB based on the total amount of all contributions/reimbursements for the month.

**DSS: Legal Unit** - Used to issue statutory subpoena fees in time sensitive child abuse and neglect cases

**DSS: SCU Bail Account -** Court ordered trust fund

**DSS: Revolving Fund** - Reimbursement for foster care expenses (child needing birth certificate, driving expense to visit child/parent, etc.)

**Arena / Parks: BC Arena** - Used for shows to settle with promoters & artists night of show

APPENDIX B

