



**SUFFOLK COUNTY
OFFICE OF THE COMPTROLLER
AUDIT DIVISION**

**Joseph Sawicki, Jr.
Comptroller**

An Audit of the
Suffolk County Department of Health Services
Bureau of Public Health Protection
For the Period
January 1, 2011 through June 30, 2012

**Report No.: 2014-14
Date Issued: October 6, 2014**

**SUFFOLK COUNTY
OFFICE OF THE COMPTROLLER**

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EXECUTIVE SUMMARY

Introduction:

The Suffolk County Comptroller's Office reviewed the revenue procedures employed by the Bureau of Public Health Protection (Bureau) during the period January 1, 2011 through June 30, 2012.

Purpose:

The purpose of our review was to determine if the Bureau properly billed, collected and recorded all revenue; to determine if the Bureau complied with all laws, regulations and Suffolk County Standard Operating Procedures (SOPs) applicable to the revenue collection process; and to review and test internal controls related to the Bureau's processing of revenue.

Summary of Findings:

- Reconciliations were not performed to verify that all checks received had been properly recorded and deposited (p. 5).
- There is an inadequate segregation of duties regarding the custody of receipts and the recording function (p. 5).
- The Bureau does not restrictively endorse checks upon receipt or at any time during the batching process (p. 5).
- The Bureau did not send permit renewal billings to mobile food concession owners when the current permit was about to expire (p. 5).
- At the end of the calendar year, the Body Art section of the Radiation Control Unit purged the database used to record permit information throughout the year (p. 6).
- The Microsoft Excel check log used by the Bureau was not always properly completed (p. 6).
- Revenue was not always recorded in the appropriate revenue source code (p. 6).
- The Bureau did not comply with the provision in Suffolk County SOP D-08 which requires departments to deposit all proceeds within twenty-four hours of receipt (p. 6).

BACKGROUND

The Suffolk County Department of Health Services Bureau of Public Health Protection (Bureau) is responsible for protecting the public from adulterated food, unhealthy living conditions, health nuisances and enforcing the Suffolk County Sanitary Code and the Local Laws of Suffolk County. The Bureau is comprised of five units:

- Food Control
- General Sanitation
- Radiation Control
- Temporary Residences
- Training & Plan Review

The Food Control Unit is responsible for enforcing Article 13 of the Suffolk County Sanitary Code. The purpose of Article 13 is to protect public health by establishing safeguards for the control of food and preventing consumption of unwholesome, adulterated or otherwise unfit food. Each year the Food Control Unit issues nearly 6,000 food service establishment permits, conducts more than 11,000 inspections and investigates approximately 600 consumer complaints.

The General Sanitation Unit responds to general nuisance complaints involving garbage storage, sewage overflow, animal manure, stagnant swimming pools, rat infestation, inadequate heat and the discontinuance of utilities.

The Radiation Control Unit is responsible for the protection of the public from unnecessary and unhealthful exposure to radiation by inspecting radiation sources, investigating incidents involving exposure to individuals and releases of radioactive materials, sampling of air and water and monitoring the transportation of radioactive materials throughout the County. Reducing patient exposure and operator exposure from medical and dental x-rays to the lowest amount that is 'reasonably achievable' is the Unit's primary function.

The Temporary Residences Unit regulates temporary residences such as hotels and motels, cottage colonies, children's overnight, day and travel camps, campgrounds, migrant farm worker housing and mobile home parks. In addition to routine inspection, operators of these facilities are required to obtain operating permits from this unit.

Permit and fine information is recorded by the various units of the Bureau as follows:

- Food Control records food service establishment permit information in Dynamic Connect, which is a database management system (DBMS). During the audit period, permit information pertaining to temporary events and mobile food

establishments was recorded on Microsoft Excel spreadsheets; however, beginning in June 2012 this unit began utilizing SharePoint to record this information.

- Radiation Control records inspection and billing information on Microsoft Excel spreadsheets. Body Art, a section of this unit, utilizes the Microsoft Access database management system for recording Body Art establishment permit information.
- Temporary Residences utilize the New York State Department of Health's Environmental Health Inspections and Permitting System (EHIPS) to record permit information.
- Fine information for the various units is recorded in Dynamic Connect.

All checks received by the Bureau are transported by courier to the Revenue Unit in Great River. In addition to depositing all checks received from the Bureau and recording the associated revenue in the County's Integrated Financial Management System (IFMS), the Revenue Unit also prepares the invoices, records the payments and processes the deposits for Radiation Control.

Most of the revenue generated for the County by the Bureau is from food service establishment permits. In 2011, the Bureau generated \$2,618,877 in fee revenue and an additional \$173,460 in fine revenue.

SCOPE AND METHODOLOGY

The scope of this audit is the billing, collection and recording of all revenue during the period January 1, 2011 through June 30, 2012.

We conducted our performance audit in accordance with generally accepted government auditing standards, except for the external peer review requirement. 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

- Suffolk County Laws, NYS Public Health and General Municipal Laws and Suffolk County Standard Operating Procedures (SOPs) were reviewed.
- Interviews with personnel from the Bureau and the Revenue Unit were conducted.
- A crystal report of public health fee and fine revenue for the audit period was obtained and reviewed.
- A reconciliation of the cash receipts to the crystal report was performed for the audit period.
- A copy of the Bureau's Dynamic Connect database in an Excel format, which contains the detail of the fines and food service establishment permits processed for the audit period, was obtained and reviewed.
- A copy of the Microsoft Access database in an Excel format, which contains the detail of the permits processed for the various temporary residences and petting zoos for the audit period, was obtained and reviewed.
- Copies of the Microsoft Excel Temporary Event and Mobile Food Concession permits processed and shared check logs for the audit period were obtained and reviewed.
- All payments recorded for fines, temporary residence and petting zoo permits were tested and reconciled to the deposit receipts for the audit period.
- Receipts issued for fine payments were obtained, reviewed and tested.
- A reconciliation of deposit receipts to the revenue recorded on the cash receipts was performed for fines, temporary residence permits, and food service establishment fees for 2011 and fines and temporary residence permits for January 1, 2012 through June 30, 2012.
- Testing procedures were performed on a sample of food service establishment permit payments.

AUDIT RESULTS

Reconciliations were not performed to verify that all checks received had been properly recorded and deposited. As a result, our audit testing revealed the following:

- There were numerous instances in which the revenue recorded in the Bureau's database did not agree to the actual payment received. Our audit testing revealed that payments for fifty-four food establishment permits, three mobile home permits, one temporary residence permit and five fines were not properly recorded in the database. Five of the fifty-four food establishments underpaid the permit fee due by a total of \$170. In addition, five payments for temporary residence permits and twelve fines were not recorded in the database.
- There were several instances in which checks accepted as payment for multiple permits were not issued for the appropriate amount due. Our audit testing revealed that a check accepted for three temporary event permits was \$30 short, while a check accepted for a two-year mobile food concession permit and a check accepted for seven food service establishment permits reflect overpayments of \$10 and \$20, respectively.
- Two checks submitted to the Revenue Unit for \$300 and \$1,060, respectively, were never deposited. The Revenue Unit verifies the check batches are correct when the courier delivers them; however, no reconciliation was performed to ensure that all checks received were deposited. It is noted that a \$300 replacement check was obtained and deposited in March 2012 and the \$1,060 check was replaced and deposited prior to the conclusion of the audit.

There is an inadequate segregation of duties regarding the custody of receipts and the recording function. Employees in both the Bureau and the Revenue Unit are responsible for opening the mail containing the checks, posting the receipts, maintaining custody of the checks and preparing the checks for deposit without any compensating controls to verify that posted payments are accounted for in bank deposits. Lack of compensating controls increases the risk of errors or the opportunity for fraud to occur.

The Bureau does not restrictively endorse checks upon receipt or at any time in the batching process. Checks are not restrictively endorsed until they are received by the Revenue Unit in Great River. The procedure of restrictively endorsing checks upon receipt limits the negotiability of the checks and therefore reduces the risk of theft.

The Bureau did not send permit renewal billings to mobile food concession owners when the current permit was about to expire. Our audit testing revealed that the Bureau discontinued a prior practice of mailing permit renewal documents to the owners and instead relied on the owners to contact the Bureau to renew the permit when the permit was expiring and the vehicle was still in operation.

At the end of the calendar year, the Body Art section of the Radiation Control Unit purged the database used to record permit information throughout the year. The permit information recorded for the previous year was replaced with the information for the current year in the Microsoft Access database; therefore, the Bureau could not provide a copy of the database or any information that was recorded in the database for the audit period.

The Microsoft Excel check log used by the Bureau was not always properly completed. The check log contains a column for entering the date the check was received. However, there were numerous instances in which the date was not provided making it difficult to determine how long the check was held by the Bureau before it was sent to the Revenue Unit for deposit processing.

Revenue was not always recorded in the appropriate revenue source code. Based on our analysis, revenue was overstated for fees and understated for fines by \$1,105 in 2011 and \$25,750 from January 1, 2012 through June 30, 2012.

The Bureau did not comply with the provision in Suffolk County SOP D-08 which requires departments to deposit all proceeds within twenty-four hours of receipt. Checks were not sent to the Revenue Unit in a timely manner. Based on our interviews and a review of the shared Excel check log, there were numerous instances in which checks were held by the Bureau for several weeks or longer before submission to the Revenue Unit for deposit processing.

RECOMMENDATIONS

- The Bureau should designate an employee independent of the staff performing the collection and deposit of revenues to verify that all checks received are recorded and deposited. Verification that the deposit agrees to the amounts recorded in the various databases would ensure that all payments due have been collected and recorded.
- The Revenue Unit and the Bureau should implement procedures to compensate for the lack of segregation of duties. A Revenue Unit supervisor should verify that posted payments for Radiation Control are accounted for in bank deposits by reviewing and documenting the review of the checks received, posted and deposited. A Bureau supervisor should perform this review for all revenue collected by the Bureau.
- The Bureau should restrictively endorse all checks immediately upon receipt. This procedure limits the negotiability of the checks and ensures that checks received can only be deposited into the County's bank account.
- Employees should properly complete the check log with all pertinent information.
- The Revenue Unit should ensure that revenue is recorded in the appropriate revenue source code.
- The Revenue Unit should explore the possibility of obtaining a check deposit scanner for the Bureau to process their check deposits on a daily basis. In addition to reducing the risk of loss or theft, the use of a check scanner would enable the Bureau to deposit checks within 24 hours of receipt in accordance with SOP D-08. If obtaining a scanner is not feasible, checks should be submitted to the Revenue Unit as often as the courier schedule allows.

We note that as a result of our audit findings, the following procedures have been implemented:

- The Bureau re-implemented mailings for mobile food concession permit renewal billings.
- The Body Art section of the Radiation Control Unit creates and retains a copy of the Microsoft Access database each year before a purge is executed.
- The Revenue Unit performs a reconciliation of the checks received from the Bureau to the checks deposited.

APPENDICES

APPENDIX A

COUNTY OF SUFFOLK



STEVEN BELLONE
SUFFOLK COUNTY EXECUTIVE

DEPARTMENT OF HEALTH SERVICES

JAMES L. TOMARKEN, MD, MPH, MBA, MSW
Commissioner

September 18, 2014

Frank Bayer, CPA
Executive Director of Auditing Services
Office of the Comptroller
H. Lee Dennison Building
100 Veterans Memorial Highway
Hauppauge, NY 11788-0099

Dear Mr. Bayer,

In response to your draft audit report entitled "An Audit of the Suffolk County Department of Health Services Bureau of Public Health Protection for the Period January 1, 2011 through June 30, 2012," the Department welcomes the opportunity to strengthen internal controls and offers the following comments for each of the audit findings and recommendations.

Reconciliations were not performed to verify that all checks received had been properly recorded and deposited. As a result, our audit testing revealed the following:

- There were numerous instances in which the revenue recorded in the Bureau's database did not agree to the actual payment received. Our audit testing revealed that payments for fifty-four food establishment permits, three mobile home permits, one temporary residence permit and five fines were not properly recorded in the database. Five of the fifty-four food establishments underpaid the permit fee due by a total of \$170. In addition, five payments for temporary residence permits and twelve fines were not recorded in the database.
- There were several instances in which checks accepted as payment for multiple permits were not issued for the appropriate amount due. Our audit testing revealed that a check accepted for three temporary event permits was \$30 short, while a check accepted for a two-year mobile food concession permit and a check accepted for seven food service establishment permits reflect overpayments of \$10 and \$20, respectively.
- Two checks submitted to the Revenue Unit for \$300 and \$1,060, respectively, were never deposited. The Revenue Unit verifies the check batches are correct when the courier delivers them; however, no reconciliation was performed to ensure that all checks received were deposited. It is noted that a \$300 replacement check was obtained and deposited in March 2012 and the \$1,060 check was replaced and deposited prior to the conclusion of the audit.

Recommendation:



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The Bureau should designate an employee independent of the staff performing the collection and deposit of revenues to verify that all checks received are recorded and deposited. Verification that the deposit agrees to the amounts recorded in the various databases would ensure that all payments due have been collected and recorded.

Department response:

The Bureau receives and processes approximately 7,500 checks per year. The eighty-five checks referenced in the report as underpaid, unrecorded, not properly recorded or not deposited represent less than 1% of the roughly 11,278 checks received during the period covered by the audit. However, the Bureau recognizes the importance of controls over cash receipts. As stated in your report, the Revenue Unit has implemented a reconciliation of checks received from the Bureau to checks deposited. In addition, the Bureau will institute the following:

- *The Bureau will designate an employee independent of the collection and deposit functions to reconcile payments collected to both payments recorded and payments deposited.*
- *The Bureau will conduct quarterly reconciliations of recorded receipts to deposits made by the Revenue Unit.*
- *The Bureau will email the Revenue Unit the number and dollar amount of checks in route for deposit; the Revenue Unit will verify this information to the shared spreadsheet and actual checks received.*
- *The Bureau is in the process of replacing the software used to maintain the Food Protection database, which will facilitate the accurate recording and tracking of payments.*
- *The Bureau will request full payment for all permit fees and fines. Underpayments will be processed and bills will be sent requesting additional funds.*

There is an inadequate segregation of duties regarding the custody of receipts and the recording function. Employees in both the Bureau and the Revenue Unit are responsible for opening the mail containing the checks, posting the receipts, maintaining custody of the checks and preparing the checks for deposit without any compensating controls to verify that posted payments are accounted for in bank deposits. Lack of compensating controls increases the risk of errors or the opportunity for fraud to occur.

Recommendation:

The Revenue Unit and the Bureau should implement procedures to compensate for the lack of segregation of duties. A Revenue Unit supervisor should verify that posted payments for Radiation Control are accounted for in bank deposits by reviewing and documenting the review of the checks received, posted and deposited. A Bureau supervisor should perform this review for all revenue collected by the Bureau.

Department response:

The Revenue Unit's Health Program Analyst I will perform a documented review of checks received, posted and deposited to verify that all Radiation Control receipts are properly recorded and deposited. The Bureau's Health Program Analyst II will perform a similar documented review on a quarterly basis to verify that payments posted by the Bureau are accounted for in the bank deposits.



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The Bureau does not restrictively endorse checks upon receipt or at any time in the batching process. Checks are not restrictively endorsed until they are received by the Revenue Unit in Great River. The procedure of restrictively endorsing checks upon receipt limits the negotiability of the checks and therefore reduces the risk of theft.

Recommendation:

The Bureau should restrictively endorse all checks immediately upon receipt. This procedure limits the negotiability of the checks and ensures that checks received can only be deposited into the County's bank account.

Department response:

The Bureau will immediately order endorsement stamps to restrictively endorse all checks upon receipt.

The Bureau did not send permit renewal billings to mobile food concession owners when the current permit was about to expire. Our audit testing revealed that the Bureau discontinued a prior practice of mailing permit renewal documents to the owners and instead relied on the owners to contact the Bureau to renew the permit when the permit was expiring and the vehicle was still in operation.

Department response:

The Bureau has reinstated the process of mailing permit renewal documents to mobile/limited food establishments.

At the end of the calendar year, the Body Art section of the Radiation Control Unit purged the database used to record permit information throughout the year. The permit information recorded for the previous year was replaced with the information for the current year in the Microsoft Access database; therefore, the Bureau could not provide a copy of the database or any information that was recorded in the database for the audit period.

Department response:

The Body Art section of the Radiation Unit no longer overrides payments received in previous years. A separate spreadsheet is now maintained for each year.

The Microsoft Excel check log used by the Bureau was not always properly completed. The check log contains a column for entering the date the check was received. However, there were numerous instances in which the date was not provided making it difficult to determine how long the check was held by the Bureau before it was sent to the Revenue Unit for deposit processing.

Recommendation:

Employees should properly complete the check log with all pertinent information.

Department response:

The check log will be properly completed and for all entries including the date in which the check was received by the Bureau.



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Revenue was not always recorded in the appropriate revenue source code. Based on our analysis, revenue was overstated for fees and understated for fines by \$1,105 in 2011 and \$25,750 from January 1, 2012 through June 30, 2012.

Recommendation:

The Revenue Unit should ensure that revenue is recorded in the appropriate revenue source code.

Department response:

The Revenue Unit will verify the appropriate source code identified on the batch statement and ensure that revenue is recorded in the appropriate revenue source code.

The Bureau did not comply with the provision in Suffolk County SOP D-08 which requires departments to deposit all proceeds within twenty-four hours of receipt. Checks were not sent to the Revenue Unit in a timely manner. Based on our interviews and a review of the shared Excel check log, there were numerous instances in which checks were held by the Bureau for several weeks or longer before submission to the Revenue Unit for deposit processing.

Recommendation:

The Revenue Unit should explore the possibility of obtaining a check deposit scanner for the Bureau to process their check deposits on a daily basis. In addition to reducing the risk of loss or theft, the use of a check scanner would enable the Bureau to deposit checks within 24 hours of receipt in accordance with SOP D-08. If obtaining a scanner is not feasible, checks should be submitted to the Revenue Unit as often as the courier schedule allows.

Department response:

The Bureau is exploring the possibility of obtaining its own check scanner to deposit checks within twenty-four hours of receipt. In the interim, the Bureau will improve the timeliness of deposits by sending checks to the Revenue Unit on a weekly basis.

Should you have any questions, please contact Chris Sortino, Chief, Bureau of Public Health Protection at 852-5839.

Sincerely,



James L. Tomarken, MD, MPH, MBA, MSW
Commissioner

JLT/srg

cc: Barry Paul, Deputy Commissioner
Barbara Marano, CPA, Executive Assistant for Finance & Administration
Christopher Sortino, Chief, Public Health Protection



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APPENDIX B

Exit Conference Report

**Auditee: Suffolk County Department of Health Services Bureau of Public Health
Protection**

The Department did not request an exit conference, but did submit a written response to the audit report (Appendix A, p. 9). In its response the Department concurred with the audit findings and has implemented or intends to implement our recommendations. Therefore, no modification of the audit report is warranted.

We extend our gratitude to the personnel at the Department of Health Services for their cooperation during the audit and for taking corrective action to address the deficiencies identified in our report.