

TO: THE COMMON COUNCIL DATE: January 17, 2007

FROM: THE DEPARTMENT OF
AUDIT & CONTROL

SUBJECT: Audit Report –
Division of City Clerk
7/1/2005 – 6/30/2006

We have performed an examination of accounts and records of the Division of City Clerk and present herewith our findings for the period July 1st, 2005 through June 30th, 2006. We present here our conclusions for the period described, as well as other such findings as we believe are appropriate.

Our examination was made in accordance with standards established by the Institute of Internal Auditors, and included such procedures as we considered necessary under the circumstances.

In our opinion, the accompanying comments present fairly the operations for the period then ended in conformity with generally accepted municipal auditing principles applied on a basis consistent with that of the preceding period.

It was the objective of the Audit team to determine the accuracy of the division's payroll as well as revenues, which include birth and death certificates, dog and marriage licenses, and other sources of revenue. Additionally we reviewed the Records Management Operation, City Pension Fund, and filing of Ethics Statements. We have added comments and suggestions on management and overall efficiency as our investigation uncovered circumstances that warranted such comments and suggestions.

To reach our conclusions, we performed the following:

- Analysis of all payroll records for the City Clerk's Office and Records Management Center
- Analysis of all revenue receipts deposited with the Division of Treasury and Collections
- Analysis of the corresponding systems of internal control
- Non-statistical test of cash deposits with the Division of Treasury and Collections
- Reconciliation of all revenue receipts deposited from certificates and licenses issued as shown from computer generated reports from the MUNIS System
- Review of the division's budget from computer reports generated from the MUNIS System
- Review of the City Pension Fund for Retired Fire and Police personnel
- Review of the Records Management Center operation
- Review of the Ethics Statements presented to the City Clerk for completeness

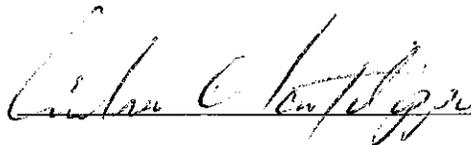
Our findings and recommendations are explained in greater detail in the attached Audit Report. There were eight areas that warranted comments from the Audit team. A copy of the report was discussed with the City Clerk in an exit interview on January 11, 2007. We note the

positive reception of the comments and the courtesy of the City Clerk's staff during the performance of the audit. Our conclusions are listed below.

- Payroll records are incomplete. The use of a daily sign-in/out sheet would provide for more effective tracking of time and attendance to ensure proper payroll procedures.
- Receipts for dog licenses are not reconciled on a timely basis. This internal control weakness prevents detection of the misappropriation of funds.
- Deposits for birth certificates are not reconciled to the recap sheet. Additionally, the manual transactions are not properly reconciled. Receipts are not being balanced on a daily basis. This lack of internal controls presents the opportunity for misappropriation of funds.
- Death certificate request forms are incomplete; payment type is unknown. Some forms are not signed. As with birth certificates, transactions are not properly receipted or balanced on a daily basis. This lack of proper internal controls again allows for the misappropriation of funds.
- Duties not properly segregated in marriage certificate processing. A different person should complete the monthly reconciliation form.
- It is recommended that a separate payroll group be established to process the remaining individuals in the City police and fire pension fund.
- While the operation of the Records Management Center was satisfactory, there is a concern that the Buffalo Sewer Authority is not paying to store their records there.
- We determined that all exempt employees that were required to file ethics financial disclosure statements did so during the audit period.

We have noted our concerns within the audit and await the City Clerk's formal response to the Council. If you have any questions in the meantime, the Department of Audit and Control would endeavor to provide an answer.

SIGNATURE:



DEPARTMENT HEAD: Andrew A. SanFilippo

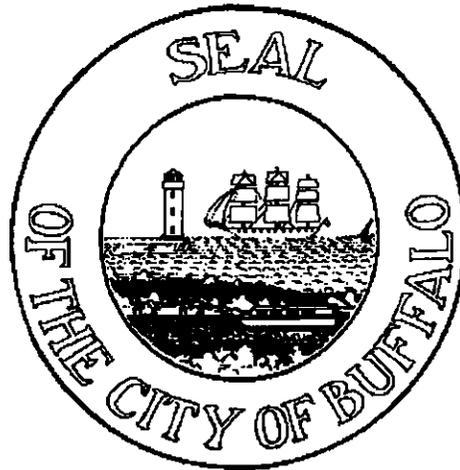
TITLE: Comptroller

CITY OF BUFFALO

Audit Report

Division of City Clerk

July 1, 2005 – June 30, 2006



City of Buffalo

DEPARTMENT OF
AUDIT AND CONTROL
COMPTROLLER'S OFFICE
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ANDREW A. SANFILIPPO
COMPTROLLER

ALBERT RENZONI
ACTING CITY AUDITOR

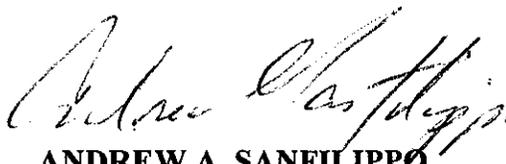
January 2007

**The Honorable
Common Council of the City of Buffalo**

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Our examination was made in accordance with standards established by the Institute of Internal Auditors, and included such procedures as we considered necessary under the circumstances.

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**ANDREW A. SANFILIPPO
COMPTROLLER**

I. DESCRIPTION & HISTORY

The Division of City Clerk performs the following functions as set forth in the City Charter:

To assist elected officials in carrying out their duties.

To be available to the general public in assisting them in obtaining information or aid through City government or agencies administered by same.

To record accurately and file all certificates of birth, fetal deaths and deaths occurring within the City, except those deaths at Buffalo State Hospital and the V.A. Hospital.

To issue copies of these records to all appropriate requesters.

Performs duties as Records Management Officer of the City of Buffalo.

Prepares, certifies and maintains a journal of the proceedings of the Common Council and publishes it in the manner prescribed by ordinance.

Record every ordinance enacted by the Common Council.

Record every Local Law and notify the State Comptroller and Secretary of State of changes in the Charter of the City of Buffalo.

Notify the Commissioner of the Board of Elections if a local law is subject to referendum.

Give notice in writing to every officer of his election or appointment and of the amount of the official bond or undertaking required.

Publish all notices, advertising matters or proceedings required by ordinance or law.

Issue marriage licenses and keep permanent records thereof.

Record on microfilm copies of all records pertaining to the issuing of marriage licenses before original records are forwarded to Albany.

Prepare statements and forms pertaining to monies due the State of New York collected in the issuing of marriage licenses.

File disclosure statements per Chapter VIII, Sec.90 – Code of Ethics.

Administer the Local 25- year pension plan of retired policemen and fireman.

Check billings sent from health care providers pertaining to the retirees and add or delete as necessary.

Issue dog licenses and prepare statements and form pertaining to the monies due the County of Erie and the State of New York collected in the issuing of these licenses.

Clerk of the Zoning Board of Appeals and Pension Board.

Clerk of the Board of Review.

Performs such other duties as conferred upon it by the provisions of general law or as directed by the Common Council.

II. AUDIT OBJECTIVES

It is the objective of the Audit team to determine the accuracy of the division's payroll as well as revenues, which include birth and death certificates, dog and marriage licenses, and other sources of revenue. Additionally we will review the Records Management Operation, City Pension Fund, and filing of Ethics Statements. In addition, comments and suggestions on management and overall efficiency may appear if our investigation uncovers events that warrant such comments and suggestions.

III. SCOPE AND METHODOLOGY

In order to achieve the audit team's objectives, we have performed the following:

Analysis of all payroll records for the City Clerk's Office and Records Management Center.

Analysis of all revenue receipts deposited with the Office of the City Treasurer.

Analysis of the corresponding systems of internal control.

Non-statistical test of cash deposits with the Office of the City Treasurer.

Reconciliation of all revenue receipts deposited from certificates and licenses issued as shown from computer generated reports from the Munis System.

Review of the division's budget from computer reports generated from the Munis System.

Review of the City Pension Fund for Retired Fire And Police personnel.

Review of the Records Management Center operation.

Review of the Ethics Statements presented to the City Clerk for completeness.

IV. SUMMARY OF FINDINGS AND RECOMMENDATIONS

1. Payroll Records Are Incomplete.

At the current time each employee "time stamps" their arrival and departure time on an 8 ½" X 14" form which shows the employee "Name", "For The Week Of" and "Approved By" on the header and a daily "In" and "Out" block for each day of the week. The Audit Team reviewed two consecutive payroll periods. We found only first names used to identify the employee, "For The Week Of" and "Approved By" left blank on several occasions. If an employee is sick, on vacation or personal leave it is just hand written in that day's block.

It is recommended that the division use the standard employee DAILY SIGN-IN/OUT SHEET to record daily time activity. Employee must "sign" their name in each day when they time stamp in and out. All absent employees will be added to the bottom of the sheet with the absentee code entered in the proper column. In addition a form should be created for sick, vacation and personal leave time requests and be approved by the City Clerk or one of the Deputies. Any employee calling for a day off will fill out the form on their return to work. When completed it should be attached to the daily time sheet. The daily sign in sheet should be approved and used as the source document for entering payroll onto the TIME KEEPER system.

2. Dog Licenses – Deposits Not Reconciled To Recap Sheet.

The audit team reviewed one month of dog licenses and found minor differences in the dollar amount reported and the dollar amount deposited with the City Treasury Office. In most cases monies were deposited but not shown on the monthly recap sheet maintained by the Division. Revenues for both the Division and the Animal Shelter are credited to the City Clerk and combined in the Spayed and Non-spayed categories. Deposits from the Animal Shelter are not being deposited daily. Also, the recap sheet does not show the euthanasia and bite observation revenue sources.

All revenue accounts should be listed on the monthly recap sheet and balanced to the Daily MUNIS report with separate categories for monies collected in the Clerk's office and the Animal shelter. All deposits should be made daily. These are critical internal controls. More care needs to be exercised in the reporting and accounting of daily dog license revenues. Categories should be established for the euthanasia and bite observation on the monthly recap sheet.

A dog license canvas of the various council districts exceeded estimated revenue figures in fiscal years 2005 and 2006. This practice should be continued in the coming fiscal years as it is a recurring revenue stream.

3. Birth Certificates – Deposits Not Reconciled To Recap Sheet.

Again the Audit team randomly selected one month of birth certificates to review. We were unable to reconcile several days deposits between the City Treasury and the recap sheet. Some

forms were not completed and/or not receipted due to the cash register not functioning properly on a given day.

All receipts must be balanced on a daily basis. This is a critical internal control. Forms requesting birth certificates whether applied for in person, through the US Mail or the internet should be completed. In the event a machine receipt can not be placed on said form and must be written, all information and the person doing so should be noted.

4. Death Certificates – Incomplete Forms.

One month of death certificates were reviewed by the audit team and as with the birth certificates, some forms were incomplete and/or not receipted due to the cash register malfunctioning on a given day. Some request forms were not signed by the individual receiving them but since funeral personnel are not required to sign the forms, it is difficult to tell the difference.

Forms should be completed and the forms not signed by an individual should be noted or marked as funeral personnel. If unable to be machine receipted, all information should be noted on the form and the person doing so should be noted.

5. Marriage Certificates – Improper Segregation Of Duties.

Once again, one month of marriage certificates were reviewed by the audit team. The room rental form had no indication as to whom is receiving payment. Form of ID accepted is not always shown on the marriage certificate form. Both monthly reconciliation report, and daily summary report are being prepared by the same person. Forms are not always signed or machine receipted.

The room rental form should indicate whom is receiving payment. Some form of ID should be shown on the marriage certificate form. The person preparing the monthly reconciliation form should be different than the person compiling the daily summary report. If personnel restraints prohibit this, a separate individual should review. All forms should be signed. If the form cannot be machine receipted, the information should be written on it and signed by the person doing the work.

6. City Pension Fund For Retired Fire and Police personnel.

There are only 10 widows and/or children left on this pension fund. Records appeared to be in satisfactory order. A check is drawn every month from the General fund and deposited into two separate bank account for the disbursement to the participants. It is strongly recommended that these remaining pensioners be set up as a separate payroll group and paid out of the City Salary account on a monthly basis eliminating the need for maintaining these two accounts. Since we have no direct contact with these individuals, an affidavit should be sent annually to the participants to be signed and notarized to keep the benefits intact.

7. Records Management Center

The audit team visited the Records Management Center on Riverview Drive. The operation and storing of various city department forms and records is in satisfactory order. The only exception would be very old birth records. These pages are very brittle and are literally falling apart. Since the public still has access to these records, every avenue should be researched to preserve these records. Earlier records of this nature were sealed in plastic and bound in hard cover binders. This is a very expensive process but something should be done to preserve these records, possibly through a grant.

The Buffalo Sewer Authority and Board of Education are also using the Center to store their records. The Board of Education pays a monthly fee for this service, but the Buffalo Sewer Authority does not. Negotiation with the Buffalo Sewer Authority should commence to pay for their portion of space used.

8. Ethics Statements

Ethics Statements have been filed for all exempt employees with the exception of the Secretary to the Human Resources Commissioner. Since this person was hired subsequent to the Audit period, we recommend that the Ethics Board follow up on this omission.

9. General Comments

Changes made to the Monthly Summary Report for payments are often changed due to mathematical errors or entries placed in the wrong revenue column that are found at a later date. The individual who makes these changes should initial them.

If possible, all credit card fees should be separated from payments. An account should be established for Credit Card revenues from the internet. When payments are processed, a separate revenue should be processed.

The total summary control report generated by the Munis system is changed almost daily, which seems excessive. Entries that are entered into the Munis system incorrectly are crossed out and moved to the correct account which is also changed. More care should be exercised when making the Munis entries. A supervisor should review all changes made on a regular basis.

Applications for all licenses and certificates should be consecutively numbered for better internal control.

Several people who receipt the various fees for licenses and certificates use the cash register in the office. The ID is assigned to the Council Clerk only. This does not change when the Council Clerk is not at work. The register does not allow for multiple ID's to be assigned to it. Since there is a wait time for documents to be processed, we recommend that discussions begin with the Division of Treasury, the Division of Audit and the Department of Management Information Systems to have all payments received in the Division of Treasury.

A New York State grant is available to microfiche all vital statistics. The City Clerk's office should apply for this grant in the coming fiscal years.