

Dutchess County Department of Consumer Affairs
January 1, 2008-December 31, 2008

October 22, 2009

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Comptroller's Summary

Background and Organization

The Dutchess County Department of Consumer Affairs was established in 1979. Consumer Affairs enforces local laws regarding consumer protection including home improvements and unfair and deceptive trade practices. In addition, the department inspects all scales and measuring devices in commercial establishments, and tests petroleum products for octane, lead content, and clean air requirements. Civil proceedings may be enacted and fines imposed when illegal practices are found, per Local and State laws. Additional information may be found at their website:

www.co.dutchess.ny.us./CountyGov/Departments/ConsumerAffairs

Audit Scope, Objective and Methodology

Consumer Affairs internal control processes for revenue collections and the department's fixed asset inventory tracking were reviewed.

Revenues for the period of January 1, 2008 through December 31, 2008 were recorded as \$213,685.88. Addendum I lists the 2008 revenues.

Summary of Findings

The department's overall cash receipting and maintenance of day-to-day recordkeeping were found to be in good order. However, Consumer Affairs should continue to streamline collection procedures using computerized records. Additional monitoring, oversight and written policies for the accounting of past due accounts is necessary. Inventory records should be updated.

Detailed Findings

Control Environment

Consumer Affairs maintained an adequate internal control environment, which fostered effective management of operating procedures consistent with laws, rules and regulations. The department is comprised of five employees who carry forth the duties as described by the state and county laws. Management and employees were open to recommendations to improve their operations and actively pursued computerization of accounting processes.

Control Activities

Data Records - Inspection Reports

Inspectors visiting a site use a pre-numbered inspection report to record the results of their site visit. An inspection fee is charged once per calendar year per site (*based on local and state laws*). If a site requires a re-inspection within the same calendar year, an inspection fee is not charged. If a violation is identified, a fine may be assessed. Upon return to the office, the inspector gives the inspection report to the secretary to log.

Finding:

Consumer Affairs maintains both manual and computerized logs. There is no provision in the computer system to enter both fees and fines for a single inspection which results in the need for two logs. In our sampling of the logs, we noted missing fees and fines when comparing one log to the other.

Recommendation:

To streamline and provide better accountability, all information should be entered and maintained in one system. *Consumer Affairs is working with Dutchess County's Office of Computer Information Systems to address this finding.*

Other

Inspection reports are also used for complaints, which in most cases do not result in revenues for the County.

Cash Receipting

The inspection report states that vendors should send monies owed directly to the Commissioner of Finance along with a copy of the report. However, at times vendors send checks to Consumer Affairs or the inspectors receive a check at the time of inspection. The secretary sends the checks with a transmittal form to Finance for posting into the county financial system LOGOS. Once posted, Finance sends a cash receipt to Consumer Affairs. When the cash receipt is received at Consumer Affairs, the secretary updates the log(s) to reflect the payment.

Findings:

Consumer Affairs did not have a process in place to monitor and verify the LOGOS entries posted by Finance.

In comparing selected department and county records, we found:

- Six entries that were not recorded correctly in the departmental logs.
- Misclassifications of fine and fee revenue in LOGOS.

Recommendations:

A process should be implemented to monitor revenue accounts to ensure accuracy in transaction postings and revenue reporting for Consumer Affairs.

Accounts Receivable and Past Due Collections

Fees/Fines

Monthly Consumer Affairs generates an unpaid fees report from the internal system. Consumer Affairs has two letters, a past due notice and a final notice, which are sent to delinquent vendors. If monies have not been received after the two attempts, then a request is sent to the County Attorney (usually after 120 days) for collection.

Outstanding violation fines are kept in a file for periodic review. The secretary reviews with the Director open items for follow-up that may result in a letter, phone call, or referral to the County Attorney for collection.

Findings:

Consumer Affairs did not have comprehensive fee/fine collection procedures in place.

- At the time of our fieldwork, there were limited written processes in place to handle outstanding accounts receivable.
- A comprehensive record of monies due for prior years was not maintained (2005, 2006, and 2007). We identified 2005 fines totaling \$24,000 with insufficient documentation. In addition, 2006 and 2007 fines follow-up was not consistently documented for accounts receivable.

Recommendations:

- Establish and implement written processes that define roles and responsibilities and the tasks necessary for accounts receivable handling and to ensure complete and accurate records.
- Establish and implement a process to maintain a comprehensive record for all actions on accounts receivable including dates, letters, phone calls to document all actions taken including final resolution.

Precious Metals Licenses

A completed precious metals application is submitted to Consumer Affairs with a \$75.00 initial fee (\$60.00 for renewals) for a 24-month period. Consumer Affairs holds the application and check until they receive notice from the DCSO regarding the background and fingerprints (usually 3 weeks). Consumer Affairs then issues the license. Consumer Affairs sends out renewal letters to the expiring vendors based on an internal list.

Finding:

Consumer Affairs did not have a process in place to monitor and verify the LOGOS entries posted by Finance. We noted a license fee recorded as an inspection fee.

Recommendation:

A process should be implemented to monitor revenue accounts to ensure accuracy in transaction postings and revenue reporting for Consumer Affairs.

NYS Aid – Economic Assistance

Consumer Affairs has a five-year contract with the NYS Dept of Agriculture & Markets for \$14,940.00 per year to conduct inspections, screening tests and sample fuel stored at retail fuel outlets. Quarterly claims to NYS for expenses are required by the contract.

Findings:

- The 1st and 2nd quarters for 2007 were not claimed until 3rd quarter 2008. There was no process in place for management to ensure all quarters were claimed. The claims were not accrued in 2007 and these monies were received in 2008 overstating 2008 revenue.

- All 2008 claims contained calculation errors resulting in additional monies due to Dutchess County. There was no process in place for management to review the claims prior to submission. As a result of our review, these monies were re-claimed to the state.

Recommendations:

- Management should ensure all claims are accrued in the correct year and claimed according to the schedule.
- Management should review and approve claims prior to submission.

Inventory

The department had six items listed on the county's fixed asset inventory which contains items with an original cost of at least \$3,000.

Findings:

- A portable scanner with DC Tag # 48649 purchased for \$3,487.50 on 2/28/98 had been loaned out to Ulster County. *As a result of this review, the portable scanner was returned to Consumer Affairs.*
- A 3-5 gallon Prover System with DC Tag #53865 purchased 3/30/05 for \$13,450.00 was not included on the department's internal inventory records.

Recommendations:

- A written record should be maintained for any items loaned outside the department.
- Consumer Affairs should notify Dutchess County Central Services to add this item to the department inventory. Periodic review of inventory should be conducted by Consumer Affairs.

Addendum I

Consumer Affairs collected a total of \$213,685.88 in revenues in 2008 from Inspection fees, License fees, Fines, and Economic Assistance (State Aid) for gasoline sampling.

| REVENUES | Description | Reported |
|---------------|-------------------------|----------------------------|
| 6610.19620 | Weights & Measures Fees | \$70,932.00 |
| 6610.25450 | Licenses | 780.00 |
| 6610.26100.00 | Fines & Forfeited Bail | 114,540.00 |
| 6610.37890 | Economic Assistance | 27,433.88 |
| | Total Revenues | <u>\$213,685.88</u> |