

Dutchess County Department of Consumer Affairs
January 1, 2010 - December 31, 2010

As of 1/1/11 this Department was discontinued and currently is
The Division of Weights and Measures – Dutchess County Health
Department

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Comptroller's Summary

Background and Organization

Dutchess County established a Department of Consumer Affairs in 1979. Consumer Affairs enforced local laws regarding consumer protection including home improvements and unfair and deceptive trade practices. In 2011, due to a departmental consolidation and realignment, the Department of Consumer Affairs became the Division of Weights and Measures in the Health Department. Weights and Measures operate under Article 16 of the NYS Agriculture and Markets Law. The Division of Weights and Measures inspects scales and measuring devices; tests item pricing, scanner accuracy, labeling and petroleum products for octane, lead content, and clean air requirements; and issue Precious Metal licenses. The Division enforces State and Local laws in local commercial establishments by ensuring violations are corrected; by imposing penalties and may enact civil proceedings. As of 2011, Weights & Measures no longer handles consumer affairs complaints. Additional information is on their website: www.co.dutchess.ny.us./CountyGov/Departments/Health/CFindex.htm

Audit Scope, Objective and Methodology

In 2010, the Department of Consumer Affairs reported expenditures totaling \$368,135.47 and revenues totaling \$204,456.23. The audit scope included a review of the agency controls and procedures; revenue collection and reporting processes, selected expenses and inventory records.

Summary of Findings

- Password security was not limited.
- Master listing of vendors was not up-to-date.
- Revenue reconciliation procedures were not complete.
- Selected expenditures incurred could have been eliminated.

Detail Findings

Control Environment

Consumer Affairs had five positions in 2010: a Director who was responsible for oversight and management of the day-to-day activities and an Assistant Director, two Consumer Services Inspector II positions and a Secretary. During 2010, two positions were vacant for approximately six months. The 2011 transition to the Health Department as the Division of Weights and Measures resulted in a decrease in one position to four positions with the consolidation of the Director and Assistant Director positions to a Director of Weights and Measures. Management of day-to-day operations is under the auspices of the Director with additional oversight provided by the Health Department.

Control Activities

Revenue Collections – Departmental Revenues – 2010

<i>Dept/ Line</i>	<i>Revenue Account</i>	<i>Amount</i>
6610.19620	Weights & Measures Fees	\$82,315
6610.25450	Licenses	1,260
6610.26100	Fines & Forfeitures	101,750

Data Records - Inspection Reports

The inspection report, which is the key 'control' document, is required for all activities. The Division enters data into a computer program that replicates the inspection report. The program is a single user program and has only one sign on and password. At the time of our review, the secretary and one of the inspectors utilized the computer system. Assistance for reporting functions and software management is provided by OCIS.

The Director and the two Inspectors currently perform inspection activities. Division employees issue an inspection report for every service rendered and revenue received. Inspection reports are pre-numbered, list services provided, and charges for fees, inspections and fines imposed. Distribution logs were not maintained for inspection forms issued to inspectors.

The computer program can generate a master list of establishments from inspection report data.

There is an annual inspection on all weights and measure devices. Precious Metal inspections are on a 2-year cycle. If a site requires a re-inspection within the same calendar year, a fee is not charged. There are fines for violations. The Division adheres to state and local laws for the charging of fees and fines.

Observations:

A master list was obtained for review. From the reviewed list, we identified 60 establishments not inspected in 2010. The Director acknowledged inspections did not occur for some establishments due to staff vacancies. The director stated services were prioritized based on the impact to the consumer community by inspecting major establishments and fuel companies.

Findings:

- 1) Only one user password was available for the computer program. At the time of our review, two individuals used this password. This does not provide for proper security and internal control.

- 2) There was no log to track the distribution of the sequentially numbered Inspection Reports to employees.
- 3) The master list requested and made available at the time of audit was not up-to-date. The Division on our request reviewed the list and noted:
 - o many listed businesses were defunct;
 - o duplicates existed due to name variations or address changes;
 - o schools, local government, doctors etc, were listed but are not required by law to have periodic inspections.

Recommendations:

- 1) Each employee who has access to the computer program should have a separate sign on and password for correct security and internal control.
- 2) Since the inspection report is the 'control' document that tracks every service and applicable revenue, it is important that all pre-numbered inspection reports are properly accounted for. A log should be maintained and proper oversight implemented.
- 3) Inspection fees and licenses of local commercial businesses drive the Division's revenue. As a result, an accurate and up-to-date master list of establishments should be maintained at all times. This listing should be used as a control document to identify all establishments requiring inspection and identify whether a fee is applicable. *At the time of our review, the Health Department, the Division and OCIS acknowledged they were reviewing program and reporting enhancements.*

Cash Receipting

The inspection report includes a statement that vendors should send payments directly to the Commissioner of Finance along with a copy of the report. Finance receives a majority of the checks directly from establishments. However, occasionally Division employees receive some payments directly and transmit to Finance. Finance enters payments into the County's financial system and sends the Division a receipt. A Division employee enters the payment into the computer system crediting the appropriate establishment with the payment.

Findings:

- 1) The Division did not have a process in place to review the revenue receipts applied to the General Ledger revenue accounts used by the Department of Finance. As a result:
 - o A fine violation amounting to \$1,200 was credited to inspection fees.
 - o In 2011, 2010 accounts receivable payments totaling \$1,300 were credited to revenue. This resulted in 2011 revenues being overstated and 2010 accounts receivable left open.
- 2) The Division did not have authorization to obtain the LOGOS (county financial system) report "Receipts by G/L Distribution Report – Detail" which is a tool for reconciliation.

Recommendations:

- 1) A process is necessary to ensure the verification of revenues reported in the County's financial system. The process should include the handling of discrepancies.
- 2) All LOGOS financial system reports that can assist staff in reconciliation should be made available.
 - *Further review found that reports available in LOGOS were not accessible to the Division due to structure and other limitations of LOGOS, the county financial system. Permissions to access data have not been expanded.*
 - *OCIS is working with the Health Department - Weights and Measures Division to provide necessary reconciling reports via a work-a-round.*

Accounts Receivable and Past Due Collections

The Division sends out initial and final past due notices to establishments who have not paid their assessed fee or fine. Usually 30-45 days after fee assessment, unpaid fees/fines are reviewed and an initial past due notice is sent to the establishment; they have 10 business days to pay after which a second/final notice is sent. The computer system generates the letter. The Division may refer to the County Attorney's Office establishments that persist in not paying the imposed fee or fine.

Finding:

As of the audit date there was a 2010 uncollected accounts receivable of \$4,285. A second notice was not processed.

Recommendation:

The Division should follow up on the open receivables and document the process.

Revenue Collections – New York State Aid – Economic Assistance

<i>Dept/ Line</i>	<i>Revenue Account</i>	<i>Amount</i>
6610.37890	Economic Assistance	\$19,131

The Division had a five-year contract (which originated in April 2004) with an additional five-year extension with the NYS Department of Agriculture & Markets. The extension agreement dated April 2009 through March 2014 for a total amount of \$73,010 provides an approximate annual amount of \$14,602.

The contract requires the Division to conduct inspections, screening tests and sample fuel stored at retail fuel outlets. The Division received \$19,131.23 in 2010. The State schedules samples and the Division bills and is reimbursed for the sampling. The State monitors sampling over the 5-year contract period as not to exceed the contract amount.

Consumer Affairs – 2010 Selected Expenditure Review

<u>Account</u>	<u>Description</u>	<u>2010</u>
6610.4460	Commercial Printing	\$1,598
6610.4609	Maintenance – Service Contracts	830
6610.4612	Repairs/Alt to Equipment	1,257
6610.4670	Subscriptions & Dues	2,146
	Total Expenses	<u>\$5,831</u>

Findings:

- 1) While reviewing expenditures, a 2010 expense for a subscription for Consumer Affairs costing approximately \$1,700 annually was continued in 2011. The Division explained the subscription was maintained in 2011 to assist in closing open Consumer Affairs and the subscription would cease in 2012.
- 2) A maintenance contract for two software products that were not in use (approximate cost \$300) was incurred. According to Division staff, changes and reduction of staff caused the lack of software implementation.

Recommendations:

- 1) The Division should ensure it discontinues the 2012 subscription costs since consumer affairs is no longer a part of their mission.
- 2) The Division should ensure it does not incur expenditures for software not used.

Inventory

The Division had four items listed on the County's fixed asset inventory, which is comprised of items with an original cost of at least \$3,000. The Division also maintains an internal list of significant items that contains 54 items. The Division accounted for all items on the inventory lists.