



TESTONE  
MARSHALL  
DISCENZA  
CPAS

HELPING OUR CLIENTS'  
VISIONS ADD UP

To the Board of Directors  
Onondaga County Resource Recovery Agency  
North Syracuse, New York

In planning and performing our audit of the basic financial statements of the Onondaga County Resource Recovery Agency (OCRRA) as of and for the year ended December 31, 2010, we considered the OCRRA's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the OCRRA's internal control in our report dated February 28, 2011. This letter does not affect our report dated February 28, 2011, on the basic financial statements of the Onondaga County Resource Recovery Agency.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various OCRRA personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This letter is intended solely for the information and use of the Board of Directors, the Audit Committee, and management and is not intended to be and should not be used by anyone other than these specified parties.

February 28, 2011  
Syracuse, New York

## CURRENT YEAR COMMENTS

### **1) Comment:**

During our review of the OCRRA's general computer controls, we noted that information technology personnel are allowed to initiate and/or authorize transactions. In order to ensure adequate control over the OCRRA's information system, proper segregation of duties is necessary.

### **Recommendation:**

We recommend that information technology personnel be prohibited from initiating and/or authorizing transactions.

### **Management response:**

As we commented last year, the Agency understands that this comment regards internal controls and we also understand that there were no instances of transactions like this in 2010. We agree that in a perfect world a strict segmentation of duties is preferable. In a small organization, however this is not always practical or attainable. We have a limited number of personnel available to initiate and approve these transactions and it is important that during their absence/incapacity we continue to be able to conduct Agency business. Management is confident that there are sufficient safeguards in place to mitigate allowing our single information technology employee to initiate/authorize transactions that are limited to internal transfers within Agency accounts when absolutely necessary.

### **2) Comment:**

During our review of the OCRRA's cash receipts internal control testing, we noted several instances where the sales ticket at the composting sites lacked the employees' signature and/or the drivers' signature. To ensure proper internal controls over cash receipts are adequate, appropriate signatures should be obtained for each sales ticket.

### **Recommendation:**

We recommend that the OCRRA communicate to employees the importance of performing the procedures in place and ensure employee compliance.

### **Management response:**

This was a fairly new requirement instituted as part of our expanding compost operations and takes some practice to perfect. Management has brought it to the attention of the Compost Manager, although we understand that the problem had already been rectified and that no instances had been noted by the auditors subsequent to June 2010. We will continue our monitoring of the compost sales tickets.

**3) Comment:**

During our audit of the OCRRA's capital assets, we noted significant lag time in placing assets in service after completion from construction in process.

**Recommendation:**

We recommend that the OCRRA improve communication between the site managers and the accounting department to ensure timely capitalization of assets.

**Management response:**

The Agency rarely has any construction in progress and the final completion of this project was not properly communicated. The Agency has instituted new controls, including a monthly reconciliation of the account.

**DISPOSITION OF PRIOR YEAR COMMENTS**

**1) Comment:**

During our review of the OCRRA's general computer controls, we noted that information technology personnel are allowed to initiate and/or authorize transactions. In order to ensure adequate control over the OCRRA's information system, proper segregation of duties is necessary.

**Status:**

See current year comment.

**2) Comment:**

During our review of the OCRRA's payroll internal control testing, we noted that there are no employee authorized rate of payment forms. To ensure proper internal controls over payroll are adequate, authorized employee rate of pay forms are necessary.

**Status:**

Management has addressed the comment.

**3) Comment:**

During our audit of the OCRRA's payroll, we noted difficulties reconciling the total payroll reported on IRS Form 941 to general ledger payroll accounts.

**Status:**

Management has addressed the comment.