
**REPORT TO THE ERIE COUNTY LEGISLATURE
92 FRANKLIN STREET
BUFFALO, NEW YORK 14202**

JANUARY 2009

**AUDIT OF THE ERIE COUNTY DIVISION OF PURCHASE
FOR THE PERIOD JULY 1, 2006 TO JUNE 30, 2008**



MARK C. POLONCARZ
ERIE COUNTY COMPTROLLER

Michael R. Szukala
Deputy Comptroller - Audit & Control

**HON. MARK C. POLONCARZ
ERIE COUNTY COMPTROLLER'S OFFICE
DIVISION OF AUDIT & CONTROL
95 FRANKLIN STREET
BUFFALO, NEW YORK 14202**

January 13, 2009



Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, New York 14202

Dear Honorable Members:

The Erie County Comptroller's Office has completed an audit of the Erie County Division of Purchase ("Purchasing"), for the period July 1, 2006 through June 30, 2008.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our objectives were to determine whether adequate internal controls exist over purchase orders, and the sale of scrap materials or auction of surplus items.

The scope of our audit included tests of itemized purchase orders, tests of formal and informal bids, tests of auction files, and an evaluation of cash receipts earned from auctions of surplus equipment and vehicles, and the sale of scrap materials. Compliance with the contract for auctioneer services was also tested. Additional details concerning the methodology employed in this audit are discussed in Appendix A.

We believe that the policies and procedures in use by Purchasing provide adequate internal control over the issuance of purchase orders, except for security over one function within SAP, Erie County's integrated business operations computer system. .

We do not believe that internal controls over the auction of surplus equipment or vehicles, cash receipts from auctions or surplus sales and contract compliance for auctioneer services are adequate.

SUMMARY:

Significant findings were observed in four areas:

- 1) ***Purchase Orders*** – testing of itemized purchase orders revealed one system related issue which may compromise the security of the purchase order process. The Director of Purchase (“Director”) has initiated a work order with the Division of Information and Support Services (“DISS”) to correct this issue.
- 2) ***Auctions*** – testing of auction sales of vehicles and surplus items revealed deficiencies in internal control over the auction process. One individual authorized auctions, was responsible for record keeping, and received proceeds from auction sales. In addition, the proceeds from one auction could not be identified or located.
- 3) ***Cash Receipts*** – testing of cash receipts from auction proceeds and sales of scrap materials revealed insufficient records and a lack of segregation of duties related to cash receipts. A single individual received proceeds from auctions and sales of scrap materials, maintained minimal records of the receipts, and prepared and submitted bank deposits with no supervisory approval. Total cash receipts for the audit period were \$584,000.
- 4) ***Contract Compliance*** – testing of the contract for auctioneer services, awarded under bid no. 270030, revealed instances of non-compliance with three specifications quoted in the bid. The vendor providing auctioneer services overcharged Erie County for consignment fees, did not pay penalties for remitting auction proceeds late, and charged expenses for auctions without proper receipts. Lack of oversight by Purchasing prevented these issues from being detected or prevented.

Purchasing has initiated corrective action in response to these findings. Significant findings were communicated to the Director via written communications.

Details of the preceding findings may be found in the section entitled “**AUDIT RESULTS AND RECOMMENDATIONS.**”

The Division of Audit would like to acknowledge the timely responses provided by the Purchasing staff to audit issues, and the assistance provided by the Director, especially in response to SAP queries, during Purchasing’s busiest time of the year.

REPORTING REQUIREMENTS:

A draft copy of this report was provided to Purchasing for their review. Their comments were considered in the preparation of this report. A summary of their comments is included in Appendix B.

BACKGROUND:

Pursuant to Article III, Section 306 of the Erie County Charter ("Charter"), and Article III, Sections 3.06 and 3.07 of the Erie County Administrative Code ("Code"), Purchasing is Erie County government's ("County") central purchasing agent for supplies, materials, equipment, insurance and service contracts. The Charter states: "The purchasing director shall, in accordance with requirements as to advertising and competitive bidding, make all purchases and sales of materials, supplies and equipment and contract for the rental or servicing of equipment for the county, except as otherwise provided in this charter or the administrative code." In addition, Purchasing oversees and controls the sale/auction/disposal of surplus items and scrap materials owned by the County. During the audit period, Purchasing was considered and budgeted as a unit of DISS. The Director is a Charter position whose occupant is directly appointed by and serves at the pleasure of the County Executive.

A purchase requisition is created in SAP by the end-user department when goods or services are required. A purchase order is issued by buyers in Purchasing, based on the information in the requisition. Purchases expected to cost at least ten thousand dollars (\$10,000) are subject to the requirements of competitive bidding rules, outlined in General Municipal Law Section 103. Purchases of less than ten thousand dollars (\$10,000) may utilize informal bidding procedures as established by local policies and procedures, subject to the requirements of General Municipal Law Section 104-b. The Erie County Legislature approved of local policies on July 7, 2005 (Comm. 13E-13). A departmental purchase order, originated by the end-user department, may be used when the total cost is under one thousand dollars (\$1,000).

Purchasing's web site discusses the procedures to follow for submitting formal and informal bids. The site also states that companies wanting to do business with the County must add their names to the County vendor list. Once registered with the County, vendors are eligible to receive requests for quotations from a buyer in Purchasing, and may be considered for providing goods or services to the County.

The Charter and Code empower Purchasing to sell surplus items and scrap materials. Surplus items are sold at auctions, and scrap materials are sold directly to scrap dealers.

During the audit period, Purchasing had eight (8) budgeted positions of which seven (7) were occupied at times. The occupied positions were the Director, and Deputy Director, both of which are managerial confidential titles, three buyers, and two clerical staff. During the audit period, the title of Surplus and Equipment Worker was occupied twice.

Both individuals hired were removed during their respective probationary periods.¹ During the audit period, the Deputy Director, who formerly occupied the title of Surplus and Equipment Worker until being promoted to his current title in June 2006 was responsible for sales of surplus equipment. The Deputy Director position has been eliminated in the County's Adopted 2009 Budget.²

One of the buyers also functions as the department's Freedom of Information Officer ("FIO"). Upon request, the FIO provides the results of bids awarded.

AUDIT RESULTS AND RECOMMENDATIONS:

The findings observed during audit testing were documented and communicated to Purchasing in written and electronic communications. The details of the significant findings are presented in this section.

Significant findings and questioned costs:

- 1) *Purchase Order Testing* – a random sample of one hundred eleven (111) itemized purchase orders was tested. We noted that an electronic signature of the Director was printed on all documents in the sample. The Director also hand initialed all purchase orders with a total value over two thousand five hundred dollars (\$2,500). This limit is an internal Purchasing policy.

We found one SAP system issue related to purchase order processing, which has not been disclosed in this report for security reasons.

WE RECOMMEND that Purchasing follow through with efforts to remedy this situation, by monitoring progress on the work order which the Director has initiated with DISS to eliminate the problem.

- 2) *Auction Sales Testing* – the files for auction sales of surplus items and vehicles during the audit period were obtained and summarized in a schedule. Eight auctions were identified during the audit period. The County contracts with a vendor to perform auction sales of vehicles and surplus items.

We noted the following findings during the testing:

- a. No segregation of duties – one individual authorized auctions, was responsible for record keeping, and received proceeds from auction sales.
- b. No log book of scheduled auctions – a log book would provide more assurance of a complete history of auctions held
- c. No positive identification of vehicles sold – inventory lists provided by the auctioneer did not state the vehicle identification number of the items sold.

¹ The surplus and equipment worker title is represented by AFSCME, the County's blue collar union; the buyers and clerical staff are represented by CSEA, the County's white collar union.

² We note that while the Deputy Director title has been removed from the 2009 County Budget, the position is specifically delineated in Section 3.06(a) and (b) of the Administrative Code.

- d. Missing documentation – the settlement statement for an auction held on December 16, 2006 was not in the auction file. This statement identifies the gross and net proceeds from the auction. The proceeds from this auction (approximately \$8,720) have not been located.
- e. Slow payments by auctioneer – proceeds from auctions were paid thirty-three (33) to one hundred eighteen (118) days after the auction dates.

WE RECOMMEND that Purchasing obtain the missing documentation and proceeds from the December 16, 2006 auction, require the auctioneer to specify the vehicle identification number for all vehicles sold, and implement the use of a log book to record all scheduled auctions.

WE ALSO RECOMMEND that Purchasing monitor and enforce timely and full collections of auction proceeds, and increase the late payment penalties to encourage timely payments. The Director should also authorize and oversee all activity related to the auctions to help provide some degree of internal control.

- 3) *Cash Receipts Testing* – proceeds from auctions and the sales of scrap materials are deposited by Purchasing with the finance section of the Comptroller's Office. The files for deposits made during the audit period were obtained. A schedule of all checks contained in the deposit files was prepared. Auction proceeds and scrap sales amounted to five hundred eighty-four thousand dollars (\$584,000) for the audit period. A listing of the proceeds for auctions and scrap sales for the period of our audit, and the details of deposit dates is provided as Appendix C.

We noted the following findings during the testing:

- a. No segregation of duties – a single individual received payments, and prepared bank deposits without supervisory approval.
- b. No cash receipts journal maintained – payments from auctions, and sales of scrap materials were received but not recorded.
- c. Untimely deposits – deposits were made an average of thirty-eight (38) days after the check date.
- d. No receivable recorded – there were no receivables recorded in SAP to provide a record that cash was due from vendors.

WE RECOMMEND that Purchasing develop a system for receiving, recording and depositing cash receipts, including adequate internal controls. A revision of the bank deposit transmittal may be required. This will require the assistance of the Comptroller's Office, Division of Accounting.

WE ALSO RECOMMEND that Purchasing maintain records of amounts due, and establishes a receivable account in SAP to insure proper tracking of all amounts owing to the County.

- 4) *Contract Compliance Testing* – the contract for auctioneer services was awarded in January of 2007 through the competitive bidding process on bid number 270030 to Spandco Inc. / Scott Perry & Co. The contract has been extended through 2008. The terms of the contract were tested.

We noted the following instances of contract non-compliance:

- a. The auctioneer charged consignment fees ranging from 4.15% to 4.85% of gross sales, compared to a contract rate of 4.00%, resulting in an overcharge to the County of \$1,051.
- b. The County did not assess or collect late payment fees from the auction vendor as allowed in the contract. We calculated late payment fees at \$6,073 for the auctions tested.
- c. The County was charged advertising expenses of \$4,426 by the auction vendor. These expenses were not supported by receipts.

WE RECOMMEND that Purchasing establish procedures which tests for and enforces contract compliance. In addition, all late fees, overcharges, and unsupported expenses should be recovered from the auctioneer. A contract extension should not be granted to this vendor without submission of a corrective action plan by the auctioneer to the County and the County should consider conducting a new request for proposals for auction services.

The Director has scheduled a meeting with the auctioneer, Spanco Inc. / Scott Perry & Co., to discuss and resolve contract non-compliance issues. The meeting date was January 8, 2009.

AUDITOR COMMENTS:

Purchase orders are utilized for all expenditures within the County, as noted previously in this report. The use of purchase orders provides some degree of control over expenditures. A vendor must be established in SAP before a purchase requisition and the associated purchase order may be written.

The use of procurement cards, the equivalent of a corporate credit card in the private sector, may be a viable alternative to purchase orders in the case of small dollar-value expenditures. The savings from reduced labor processing costs may be quantified, and would depend on the number of credit card transactions. Additional benefits include reduced overall lead times for credit card purchases, and the ability to identify lowest product prices from online sources.

The Director may consider initiating a project to implement a procurement card program. The limited manpower in Purchasing could make such a program attractive. Recent work has been published which details the advantages of utilizing procurement cards in the government sector.³

³ The New York State Comptroller released report number 2007-S-27, dated June 16, 2008, and entitled "Multi-Agency Small Dollar Purchases". The report may be viewed at <http://www.osc.state.ny.us>.

Following a 2002 study by an outside accounting / consulting firm, the County implemented a purchase card program in 2003. This program was discontinued due to problems with the implementation. A new cost-benefit analysis should be performed.

SUBSEQUENT EVENTS:

This section provides information on events which occurred after field work for this audit ended, and before the release of the audit report. The information is related to the findings presented in the report, and provides an update on corrective action initiated by the Director.

The Director met with representatives from Spanco Inc. ("Spanco"), dba Scott Perry & Company, the vendor which provides auction services for Erie County, on January 8, 2009. The purpose of the meeting was to discuss Spanco's non-compliance with terms of the contract for auction services.

The following findings were discussed with Spanco:

- 1) The Director requested that Spanco provide evidence that the proceeds from the auction held on December 16, 2006, were paid to Erie County. Spanco is apparently searching for evidence of the missing payment, but stated that a change in accounting software may have resulted in a non-payment for this auction. Spanco agreed to search for the check. As Erie County did not receive paperwork on this auction from Spanco, the \$8,720 due the County is only an estimate.
- 2) The Director requested that Spanco evaluate the overcharges for consignment fees and provide a settlement offer. Spanco agreed to do this.
- 3) The Director requested that Spanco review late payment penalties and provide a settlement offer. Spanco took the position that Purchasing gave Spanco permission to pay late, due to process delays related to the auctions. Spanco is searching for a memo from Purchasing which confirms this statement.

The Director has requested that Spanco prepare a proposal to Erie County to resolve the preceding issues. The proposal is due to Purchasing the week ending January 16, 2009.

RESULTS OF EXIT CONFERENCE:

An exit conference was held on December 31, 2008 with the Director, a representative from the Division of Budget and Management and a representative from the Department of Law. The contents of this report were discussed. The Director was generally in agreement with our findings.

In accordance with the County's Audit Response System and Procedures, we request that the Director prepare a written response to our office and the County Executive concerning the findings and recommendations. The final written response should be submitted to our office and the County Executive by January 30, 2009.

We also request that the Director forward copies of the response to the Erie County Legislature and the Erie County Fiscal Stability Authority by January 30, 2009.

ERIE COUNTY COMPTROLLER'S OFFICE

cc: Vallie Ferraraccio, Director of Purchase
Hon. Chris Collins, County Executive
Gregory Gach, Director of Budget and Management
Erie County Fiscal Stability Authority

APPENDIX A

Audit Methodology

The goals of this audit were to determine whether adequate internal controls exist over purchase orders, and the sale of scrap materials or auction of surplus items.

To achieve these goals we assessed the internal controls in place in Purchasing. Questionnaires were utilized to document discussions with staff related to the purchase order transaction cycle, and the sale of scrap materials and surplus items. Written procedures were reviewed for adequacy. Tests of controls were designed and executed, and then the strengths and weaknesses of the control system were identified.

Tests were performed on samples of itemized purchase orders, and formal and informal bids. Random statistical samples were selected using sample size tables for attributes. The purchase order sample assumed a 95% confidence interval, +/- 5% sampling error (precision), and a rate of occurrence of 5%. The bid sample assumed a 95% confidence interval, +/- 5% sampling error, and a rate of occurrence of 2%. All items in the sample were selected randomly by a computer program.

A schedule was prepared for all auction sales which occurred during the audit period. The presence of documents in each auction folder was tested, and the consignment fee charged by the auctioneer, as a percent of gross sales was calculated.

A separate schedule was prepared which documented all cash receipts deposited during the audit period. The number of days between the date of sale and date of check were calculated, as was the number of days between the check date and date of deposit.

Finally, we tested the terms in the contract for auctioneer services to determine whether the vendor was in compliance and whether Purchasing was monitoring and enforcing the terms of the contract.

The evidence, taken as a whole, was used to form an opinion based on our objectives.

APPENDIX B

Summary of Auditee Comments to Findings

The Director was generally in agreement with our findings. The findings reported in this document were communicated to Purchasing via four interim audit memorandums (IAMs). The Director provided responses to the findings and recommendations listed in the IAMs and provided planned corrective actions to address deficiencies, where appropriate.

The Director initiated corrective action prior to the release of this report, in order to remedy two of the significant findings. Specifically, a work order was created to correct the deficiency in SAP related to purchase order processing. In addition, a meeting was scheduled between Purchasing and the auction vendor to address the findings related to contract non-compliance for auctioneer services.

The Director has planned corrective action to address the segregation of duties findings related to auctions and the cash receipts transaction cycle. The assistance of the Comptroller's Office has been requested, and will be provided.

A member of the audit staff met with the Director on January 6, 2009 to review a second draft of the audit report which reflected input provided by the Director during an exit conference which was held on December 31, 2008.

APPENDIX C
 Division of Purchase
 07/01/06 - 06/30/08

Date of Sale	Description	Total Deposit Amount	Sale Amount	Days between Sale Date & Check Date	Days between Check Date & Deposit Date	Days between Sale Date & Deposit Date
5/27/2006	Erie County surplus auction	\$ 41,225.66	\$ 4,399.39	31	23	54
4/15/2006	Heavy machinery and equipment auction		\$ 29,893.20	73	23	96
6/1/2006	Sale of scrap and excess material		\$ 10.00	46	3	49
3/31/2006	Sale of scrap and excess material		\$ 2,334.91	89	22	111
6/15/2006	Sale of scrap and excess material		\$ 376.80	12	23	35
6/6/2006	Sale of scrap and excess material		\$ 340.40	10	34	44
5/1/2006	Sale of scrap and excess material		\$ 138.00	42	38	80
6/6/2006	Sale of scrap and excess material		\$ 399.60	3	41	44
7/17/2006	Sale of scrap and excess material		\$ 3,333.36	0	3	3
4/30/2006	Sale of scrap and excess material	\$ 4,296.10	\$ 574.40	75	45	120
7/13/2006	Sale of scrap and excess material		\$ 359.95	7	39	46
7/24/2006	Sale of scrap and excess material		\$ 1,285.50	1	34	35
7/27/2006	Sale of scrap and excess material		\$ 846.80	12	20	32
8/2/2006	Sale of scrap and excess material		\$ 214.90	9	17	26
8/7/2006	Sale of scrap and excess material		\$ 143.50	6	15	21
8/21/2006	Sale of scrap and excess material		\$ 135.00	2	5	7
8/24/2006	Sale of scrap and excess material		\$ 736.05	1	3	4
7/22/2006	Fleet reduction auction	\$ 108,708.39	\$ 104,260.64	68	14	82
8/1/2006	Sale of scrap and excess material		\$ 2.20	56	16	72
9/25/2006	Sale of scrap and excess material		\$ 187.15	4	13	17
8/31/2006	Sale of scrap and excess material		\$ 93.00	7	35	42
9/6/2006	Sale of scrap and excess material		\$ 2,876.40	0	36	36
5/23/2006	Sale of scrap and excess material		\$ 1,289.00	83	59	142
10/5/2006	Sale of scrap and excess material	\$ 14,441.38	\$ 382.85	4	114	118
1/10/2007	Sale of scrap and excess material		\$ 185.00	6	15	21
12/13/2006	Sale of scrap and excess material		\$ 210.90	6	43	49
11/28/2006	Sale of scrap and excess material		\$ 4,893.70	0	64	64
1/22/2007	Sale of scrap and excess material		\$ 208.00	3	6	9
12/4/2006	Sale of scrap and excess material		\$ 106.50	6	52	58
10/3/2006	Sale of scrap and excess material		\$ 164.25	6	114	120
12/7/2006	Sale of scrap and excess material		\$ 612.00	13	42	55
11/27/2006	Sale of scrap and excess material		\$ 197.25	10	55	65
10/5/2006	Sale of scrap and excess material		\$ 659.25	28	90	118
9/1/2006	Sale of scrap and excess material		\$ 150.00	46	106	152
10/1/2006	Sale of scrap and excess material		\$ 250.00	46	76	122
12/1/2006	Sale of scrap and excess material		\$ 5.00	48	13	61
7/25/2006	Sale of scrap and excess material		\$ 683.62	114	76	190
6/16/2006	Sale of scrap and excess material		\$ 3,022.60	126	103	229
8/30/2006	Sale of scrap and excess material		\$ 1,305.01	89	65	154
9/8/2006	Sale of scrap and excess material		\$ 204.60	103	42	145
7/18/2006	Sale of scrap and excess material		\$ 1,200.85	121	76	197
12/31/2006	Sale of scrap and excess material	\$ 10,277.84	\$ 2,373.65	32	61	93
3/26/2007	Sale of scrap and excess material		\$ 130.50	2	6	8
12/20/2006	Sale of scrap and excess material		\$ 513.00	48	56	104
1/1/2007	Sale of scrap and excess material		\$ 8.80	50	42	92
2/2/2007	Sale of scrap and excess material		\$ 91.00	2	58	60
3/27/2007	Sale of scrap and excess material		\$ 3,098.88	0	7	7
2/7/2007	Sale of scrap and excess material		\$ 284.05	2	53	55
3/15/2007	Sale of scrap and excess material		\$ 365.80	5	14	19
12/13/2006	Sale of scrap and excess material		\$ 103.12	0	111	111
1/25/2007	Sale of scrap and excess material		\$ 3,309.04	0	68	68
3/30/2007	Sale of scrap and excess material	\$ 13,479.82	\$ 1,196.50	7	19	26
4/4/2007	Sale of scrap and excess material		\$ 682.55	9	12	21

APPENDIX C
 Division of Purchase
 07/01/06 - 06/30/08

Date of Sale	Description	Total Deposit Amount	Sale Amount	Days between Sale Date & Check Date	Days between Check Date & Deposit Date	Days between Sale Date & Deposit Date
4/12/2007	Sale of scrap and excess material		\$ 11,600.77	6	7	13
4/7/2007	Annual spring equipment auction	\$ 66,950.62	\$ 52,710.90	33	12	45
2/22/2007	Sale of scrap and excess material		\$ 225.00	61	28	89
3/29/2007	Sale of scrap and excess material		\$ 5,999.85	50	4	54
1/26/2007	Sale of scrap and excess material		\$ 3,451.37	81	35	116
2/19/2007	Sale of scrap and excess material		\$ 733.30	74	18	92
3/30/2007	Sale of scrap and excess material		\$ 1,898.40	32	21	53
4/30/2007	Sale of scrap and excess material		\$ 420.75	11	11	22
4/1/2007	Sale of scrap and excess material		\$ 20.00			51
3/1/2007	Sale of scrap and excess material		\$ 18.20			82
4/25/2007	Sale of scrap and excess material		\$ 283.80	2	25	27
4/4/2007	Sale of scrap and excess material		\$ 332.10	33	15	48
5/1/2007	Sale of scrap and excess material		\$ 562.00	7	14	21
5/8/2007	Sale of scrap and excess material		\$ 294.95	6	8	14
5/19/2007	Erie County surplus auction	\$ 17,867.35	\$ 7,838.84	19	34	53
5/22/2007	Refund - returned and paid (per stub)		\$ 98.00	0	50	50
5/18/2007	Sale of scrap and excess material		\$ 114.25	1	53	54
5/7/2007	Sale of scrap and excess material		\$ 85.50	10	55	65
5/16/2007	Sale of scrap and excess material		\$ 267.30	6	50	56
5/22/2007	Sale of scrap and excess material		\$ 145.41	0	50	50
5/22/2007	Sale of scrap and excess material		\$ 105.30	1	49	50
5/23/2007	Sale of scrap and excess material		\$ 2,969.56	0	49	49
6/7/2007	Sale of scrap and excess material		\$ 298.30	5	29	34
6/18/2007	Sale of scrap and excess material		\$ 587.18	2	21	23
4/30/07	Sale of scrap and excess material		\$ 4,711.61	32	40	72
6/14/2007	Sale of scrap and excess material		\$ 77.10	15	12	27
5/1/2007	Sale of scrap and excess material		\$ 69.00			71
?	Sale of scrap and excess material		\$ 500.00		19	
na	Replacement of bounced check	\$ 79,258.09	\$ 7,838.84		6	
5/12/2007	Auction at Chestnut Ridge Park		\$ 68,997.80	75	6	81
6/1/2007	Sale of scrap and excess material		\$ 6.00	48	13	61
7/5/2007	Sale of scrap and excess material		\$ 305.10	13	14	27
7/18/2007	Sale of scrap and excess material		\$ 70.00	3	11	14
5/23/2007	Sale of scrap and excess material		\$ 2,040.35	61	9	70
8/14/2007	Sale of scrap and excess material	\$ 18,247.72	\$ 1,098.72	43	61	104
9/28/2007	Sale of scrap and excess material		\$ 1,335.00	38	21	59
6/27/2007	Sale of scrap and excess material		\$ 407.00	58	94	152
7/31/2007	Sale of scrap and excess material		\$ 945.25	36	82	118
9/30/07	Sale of scrap and excess material		\$ 158.60	16	41	57
10/1/2007	Sale of scrap and excess material		\$ 5.20	46	10	56
7/10/2007	Sale of scrap and excess material		\$ 913.90	36	103	139
10/30/2007	Sale of scrap and excess material		\$ 490.50	6	21	27
11/3/2007	Sale of scrap and excess material		\$ 669.00	4	19	23
9/21/2007	Sale of scrap and excess material		\$ 2,643.68	0	66	66
10/9/2007	Sale of scrap and excess material		\$ 448.72	2	46	48
8/2/2007	Sale of scrap and excess material		\$ 3,712.15	8	108	116
8/17/2007	Sale of scrap and excess material		\$ 300.00	5	96	101
7/16/2007	Sale of scrap and excess material		\$ 270.90	21	112	133
8/1/2007	Sale of scrap and excess material		\$ 311.65	12	105	117
8/28/2007	Sale of scrap and excess material		\$ 1,191.90	2	88	90
8/31/2007	Sale of scrap and excess material		\$ 366.85	6	81	87
11/8/2007	Sale of scrap and excess material		\$ 471.80	6	12	18
10/15/2007	Sale of scrap and excess material		\$ 2,341.40	0	42	42

APPENDIX C
 Division of Purchase
 07/01/06 - 06/30/08

Date of Sale	Description	Total Deposit Amount	Sale Amount	Days between Sale Date & Check Date	Days between Check Date & Deposit Date	Days between Sale Date & Deposit Date
10/25/2007	Sale of scrap and excess material		\$ 55.00	2	30	32
9/26/2007	Sale of scrap and excess material		\$ 56.50	5	56	61
8/30/2007	Sale of scrap and excess material		\$ 54.00	5	83	88
7/28/2007	Erie County surplus equipment auction	\$ 32,525.44	\$ 4,364.59	121	1	122
10/6/2007	Fleet reduction auction		\$ 28,160.85	51	1	52
11/28/2007	Sale of scrap and excess material	\$ 3,521.92	\$ 3,521.92	0	0	0
10/15/2007	Sale of scrap and excess material	\$ 3,691.53	\$ 3,239.77	47	20	67
12/14/2007	Sale of scrap and excess material		\$ 52.00	2	5	7
12/6/2007	Sale of scrap and excess material		\$ 387.76	7	8	15
11/1/2007	Sale of scrap and excess material		\$ 12.00	15	35	50
2/5/2008	Sale of scrap and excess material	\$ 8,518.79	\$ 109.00	6	24	30
12/11/2007	Sale of scrap and excess material		\$ 1,069.90	52	34	86
12/1/2007	Sale of scrap and excess material		\$ 6.00	55	41	96
1/1/2008	Sale of scrap and excess material		\$ 7.00	49	16	65
2/6/2008	Sale of scrap and excess material		\$ 403.56	5	24	29
1/29/2008	Sale of scrap and excess material		\$ 3,469.93	0	37	37
1/22/2008	Sale of scrap and excess material		\$ 510.00	2	42	44
1/17/2008	Sale of scrap and excess material		\$ 1,104.40	5	44	49
2/27/2008	Sale of scrap and excess material		\$ 817.20	1	7	8
2/25/2008	Sale of scrap and excess material		\$ 522.00	2	8	10
1/9/2008	Sale of scrap and excess material		\$ 499.80	6	51	57
4/30/2008	Sale of scrap and excess material	\$ 10,663.70	\$ 697.50	0	6	6
4/24/2008	Sale of scrap and excess material		\$ 575.75	1	11	12
4/22/2008	Sale of scrap and excess material		\$ 583.10	2	12	14
3/19/2008	Sale of scrap and excess material		\$ 471.50	5	43	48
4/3/2008	Sale of scrap and excess material		\$ 764.40	4	29	33
3/26/2008	Sale of scrap and excess material		\$ 610.90	2	39	41
3/27/2008	Sale of scrap and excess material		\$ 3,860.31	0	40	40
3/6/2008	Sale of scrap and excess material		\$ 438.00	0	61	61
3/18/2008	Sale of scrap and excess material		\$ 507.50	2	47	49
3/28/2008	Sale of scrap and excess material		\$ 70.00	4	35	39
2/1/2008	Sale of scrap and excess material		\$ 5.00	42	53	95
3/1/2008	Sale of scrap and excess material		\$ 44.80	48	18	66
2/27/2008	Sale of scrap and excess material		\$ 391.25	30	39	69
1/15/2008	Sale of scrap and excess material		\$ 705.55	50	62	112
3/31/2008	Sale of scrap and excess material		\$ 353.60	3	33	36
2/28/2008	Sale of scrap and excess material		\$ 584.54			68
5/5/2008	Sale of scrap and excess material	\$ 18,405.40	\$ 465.75	2	63	65
5/9/2008	Sale of scrap and excess material		\$ 2,825.76	3	58	61
5/13/2008	Sale of scrap and excess material		\$ 1,129.50	2	55	57
5/19/2008	Sale of scrap and excess material		\$ 1,185.75	1	50	51
5/28/2008	Sale of scrap and excess material		\$ 1,699.45	2	40	42
6/5/2008	Sale of scrap and excess material		\$ 1,900.26	1	33	34
6/6/2008	Sale of scrap and excess material		\$ 1,260.00	3	30	33
6/10/2008	Sale of scrap and excess material		\$ 596.40	1	28	29
6/20/2008	Sale of scrap and excess material		\$ 1,526.70	4	15	19
6/25/2008	Sale of scrap and excess material		\$ 218.40	2	12	14
6/16/2008	Sale of scrap and excess material		\$ 868.00	2	21	23
11/29/2007	Sale of scrap and excess material		\$ 647.70	19	204	223
4/30/2008	Sale of scrap and excess material		\$ 533.48	47	23	70
4/22/2008	Sale of scrap and excess material		\$ 2,407.50	27	51	78
3/20/2008	Sale of scrap and excess material		\$ 1,091.00	46	65	111
5/1/2008	Sale of scrap and excess material		\$ 5.00			69

APPENDIX C
 Division of Purchase
 07/01/06 - 06/30/08

Date of Sale	Description	Total Deposit Amount	Sale Amount	Days between Sale Date & Check Date	Days between Check Date & Deposit Date	Days between Sale Date & Deposit Date
5/22/2008	Sale of scrap and excess material		\$ 44.75			48
7/8/2008	Sale of scrap and excess material	\$ 5,573.48	\$ 62.00	6	11	17
5/24/2008	Erie County fleet reduction	\$ 84,989.35	\$ 58,921.79	69	3	72
5/31/2008	Niagara Frontier Equipment Auction		\$ 20,288.49	62	3	65
6/1/2008	Sale of scrap and excess material		\$ 12.00	51	13	64
6/2/2008	Sale of scrap and excess material		\$ 2,918.98	53	10	63
na	Sale of scrap and excess material		\$ 2,848.09		11	
5/12/2008	Sale of scrap and excess material	\$ 14,707.32	\$ 2,485.75	102	12	114
4/30/2008	Rental of RP - Concession		\$ 711.76	77	49	126
6/25/2008	Sale of scrap and excess material	\$ 27,128.13	\$ 1,362.00	68	7	75

Total of Deposits	<u>\$ 584,478.03</u>			
Average number of days to deposit		24	38	63
Maximum number of days to deposit		126	204	229

na not applicable.

Not full deposit amount, some of the service occurred outside our scope period and therefore not included in amount.

No specific date, just month shown on invoice, therefore used last day of the last month (conservative approach)

? information not available in the deposit folder.

Note 1: Areas that are blank resulted from missing information that was not obtainable from Purchase records.

Note 2: Deposit amounts are composed of the proceeds from one or more scrap or auction sales