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December 21, 2012

Mayor Jeffrey Evener
Members of the Board of Trustees
Village of Groton
143 Cortland Street
Groton, NY 13073

Report Number: P4-12-30

Dear Mayor Evener and Members of the Board of Trustees:

A top priority of the Office of the State Comptroller is to help local government officials manage resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Board of Trustees governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

In accordance with these goals, we conducted an audit of three counties and seven local governments within these counties. The objective of our audit was to determine whether local governments can reduce information technology (IT) costs and/or enhance their efficiency through cooperative services. We included the Village of Groton (Village) in this audit. Within the scope of this audit, we examined the IT operations of Tompkins County, in which the Village is located, and determined whether there was any IT cooperation between Tompkins County and the Village for the period January 1, 2010, to August 8, 2011. In addition, we reviewed IT costs incurred by the Village during the same period.

This report of examination letter contains our findings and recommendations specific to the Village. We discussed the findings and recommendations with Village officials and considered their comments, which appear in Appendix A, in preparing this report. Village officials generally agreed with our findings and recommendations and indicated they plan to initiate corrective action. At the completion of our audit of the three counties and seven local governments within them, we prepared a global report that summarizes the significant issues we identified at all of the units audited.

Background and Methodology

The Village is located in Tompkins County (County). Its budgeted operating expenditures totaled \$3.9 million in 2011, which were funded primarily through real property taxes and sales tax revenue sharing. The Village is governed by a five-member Board of Trustees (Board). The Board's primary function is to provide general oversight of Village operations to ensure that necessary services are provided to Village residents.

The County IT Department (Department) has 10 employees and had a budget of approximately \$1.1 million in 2012. The Department provides IT support to law enforcement and software programs to five other local governments in the County and provides central dispatching software and support to all police agencies in the County. In addition, the Department shares geographic information system (GIS) software with the City of Ithaca and will soon allow other local governments to access its document indexing software. The Village could benefit from IT cooperation with the County for IT services, such as general IT support, anti-virus licenses and document indexing software, which the Department does not currently provide to its local governments.

We reviewed IT costs incurred by the Village for the period January 1, 2010, to August 8, 2011. In addition, we examined the IT operations of the County and determined whether there was any IT cooperation between the Village and County during the same period.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit is included in Appendix B of this report.

Audit Results

It is essential for local governments to provide necessary services in a cost-effective manner by actively seeking opportunities to cut costs, which includes the pursuit of intermunicipal cooperation. Centralized IT resources provide security for and easier access to relevant information, so that local government operations can be more effective and efficient. Intermunicipal cooperation can also leverage the advantages of shared IT services and help lower costs in the related areas of support services and software purchasing. Local governments within the County often use the same types of software; these similar business functions lend themselves to centralization. With one processing point housing the data and providing the software, the local governments benefit from economies of scale by sharing costs of equipment and services. For example, one county in our review (Schoharie County) provides 10 applications to 33 local governments and affiliates, and IT support to all towns and villages within its borders, at no cost.¹

The Village paid various vendors approximately \$26,000 for IT-related costs during our audit period, which included IT support, software and computer equipment purchases, annual maintenance fees, web hosting, document indexing, and anti-virus licenses. The Village could

¹ The applications include county clerk software, document indexing, dog licensing, governmental contacts, municipal backup, public announcements, tax collection software, web-based utility billing software, stand-alone utility billing software, and web hosting.

have saved approximately \$8,000, or 82 percent² of the Village's associated costs, on IT support,³ anti-virus licenses,⁴ and document indexing software⁵ if it were able to use the County for these services. The possible aggregate savings could be greater with the potential expansion of intermunicipal cooperation between the County and its local governments. (Due to the vastly different needs of each local government and the complexities of different applications, a specific dollar savings could not be calculated for other types of applications and services.)

Village officials were not aware of any intermunicipal IT services available at the County. According to the County's IT Director, the Department would need additional staffing resources to provide IT support and applications to more local governments in the County. (Our review did not include a determination of whether additional staff and associated costs would be necessary.) Nonetheless, the potential opportunities that exist for inter-municipal cooperation for IT services between the County and the Village can increase efficiency and enable greater public awareness and ease of access to government information. By sharing the costs of equipment and services, local governments can provide improved functionality and dissemination of information to their taxpayers and other parties.

Recommendation

1. The Village should engage in discussions with the County to determine if the County could provide certain IT services, such as:
 - County-provided IT support
 - County-provided anti-virus licenses
 - County-provided document indexing.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of the General Municipal Law.

² The Village paid \$9,765 during our audit period for IT support, anti-virus licenses, and document indexing software (\$8,000 divided by \$9,765).

³ We multiplied the actual hours of IT support used by the Village during the audit period by the average hourly wage for the County employee that would provide IT support services. We then subtracted this number from the total cost paid by the Village for IT support during the audit period.

⁴ We compared the actual cost-per-anti-virus license paid by the County to the actual anti-virus license cost paid by the Village in 2010.

⁵ We calculated the average cost for document indexing paid by the three local units audited in the County to determine the average savings because the County did not plan on charging for this service. We recorded \$0 savings for units that either did not pay for document indexing services or that paid less than the fee charged by the County.

For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make this plan available for public review in the Village Clerk's office.

Sincerely,

Steven J. Hancox
Deputy Comptroller
Office of the State Comptroller
Division of Local Government
and School Accountability

APPENDIX A

RESPONSE FROM VILLAGE OFFICIALS

The Village officials' response to this audit can be found on the following page.

Mayor
Jeffrey W. Evener

Village of Groton, N.Y.

Clerk-Treasurer/Administrator
Charles V. Rankin, RMC, CMFO

Trustees
Elizabeth T. Conger
Jean E. Morey
Christopher J. Neville
James A. Perkins

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Dept. of Public Works Supervisor
Chad M. Shurtleff

Electric Utility Supervisor
Stephen E. Teeter

Code Enforcement Officer
Michael Andersen

June 19, 2012

H. Todd Eames
Chief Examiner
Binghamton Regional Office
Office of the State Comptroller
State Office Building – Room 1702
44 Hawley Street
Binghamton, NY 13901-4417

RE: Response to Draft Report Number: P4-12-30

Dear Mr. Eames,

We have reviewed the above-mentioned report in regards to the Village's possible participation with the County of Tompkins for certain IT services. I commend your office in taking on this project and your commitment to increase efficiency and save money for the Village of Groton and ultimately other local governments.

The projected savings would definitely warrant that the Village would save money and we would definitely consider participation in this endeavor if the County were to offer such a service.

It must be noted that the Village has taken advantage of the IT support for specialized law enforcement software used by the Police Dept. The Village also has document indexing software of its own, which was obtained through a State Archives Record Grant.

Also, I must note that the report is hypothetical in nature, based on accounting estimates and on the premise that a service that is, to the best of my knowledge, not presently being offered by the County. It would have been impossible for the Village, under these conditions, to have achieved these savings.

Regardless, we will contact the County to see if they would be willing to provide certain IT services.

Sincerely,

Jeffrey W. Evener
Mayor

Cc: Board of Trustees
Charles V. Rankin, Clerk-Treas./Administrator

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to evaluate whether intermunicipal cooperation for IT services between the County and the Village would result in cost savings. We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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 based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

- We interviewed Village officials to gain an understanding of the type of IT services received from the County and obtain background information on the Village's IT operations.
- We reviewed the Village's 2011 adopted budget to document the Village's total budgeted expenditures and reviewed expenditure reports and invoices for the period January 1, 2010, to August 8, 2011, to determine the total amount the Village spent during our audit period for IT-related costs.
- We reviewed 2010 and 2011 salary data to determine the cost-per-hour of the County IT position that would provide support, if offered by the County, by taking annual salaries and dividing by 26 pay periods and 80 hours per pay period.
- We calculated the support savings that the Village could realize by taking the hourly cost for the County to provide support and multiplying by the total number of hours of IT support that the Village received from vendors during the audit period. We then subtracted this number by the total amount spent by the Village for IT support during the audit period.
- We reviewed invoices and vendor history reports to determine the cost-per-anti-virus license for the County. We then subtracted the cost-per-anti-virus license of the County from the cost-per-license incurred by the Village and multiplied this number by the total number of anti-virus licenses used by the Village to determine the amount of anti-virus license savings that the Village would realize.
- We reviewed invoices and expenditure reports for the Village to determine the cost for document indexing and used this number for the total savings that the Village could realize because the County plans to provide this service for free.