



# Town of Binghamton

## Selected Financial Operations and Information Technology

### Report of Examination

Period Covered:

January 1, 2011 — February 13, 2012

2012M-152



Thomas P. DiNapoli

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# State of New York Office of the State Comptroller

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## Division of Local Government and School Accountability

November 2012

Dear Town Officials:

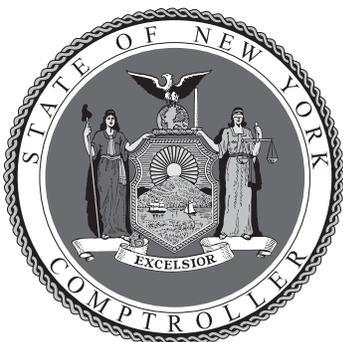
A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments 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 Town Board governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of the Town of Binghamton, entitled Selected Financial Operations and Information Technology. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the General Municipal Law.

This audit's results and recommendations are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller  
Division of Local Government  
and School Accountability*



## State of New York Office of the State Comptroller

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# EXECUTIVE SUMMARY

The Town of Binghamton (Town) is located in Broome County and has a population of 4,942. The Town is governed by an elected five-member Town Board (Board) comprising the Town Supervisor (Supervisor) and four Board members. The Board is responsible for overseeing the Town's operations and finances. The Supervisor, as the chief fiscal officer, is responsible for performing the basic accounting functions; however, the Supervisor hired a Bookkeeper, an Assistant Bookkeeper, and a water and sewer clerk to help in performing these accounting functions. The Town spent a total of \$3.7 million for the fiscal year ended 2011.

The Town contracts with an information technology (IT) consultant to handle maintenance, service, and support on the Town's computer system and network. The Town's administrative network comprises 14 workstations, one of which is also the network server. The Town's financial software has three modules (accounting, payroll, and utility) which are not integrated, and requires users to have different user accounts and passwords for each module.

### **Scope and Objective**

The objective of our audit was to review selected financial activities and IT for the period January 1, 2011 through February 13, 2012. We extended our scope through May 31, 2012 to review bank reconciliations. Our audit addressed the following related questions:

- Did the Board and Supervisor ensure that all moneys paid to the Town were accurately recorded and deposited intact and that all disbursements were for proper Town purposes?
- Did the Board ensure that computerized assets and data were properly safeguarded?

### **Audit Results**

Town officials have no assurance that all moneys paid to the Town are recorded and deposited in Town bank accounts, and that all moneys disbursed are for proper Town purposes. Money collected for the Town's recreation program was more than \$4,250 less than the amount that likely should have been collected. We found that four of six adjustments to water and sewer customer accounts, totaling nearly \$600, were not supported and/or approved by the Supervisor. We found deposits of water and sewer customer payments along with certain other receipts, totaling \$48,700, were not made timely. Inappropriate payments totaling \$2,500 were potentially made relating to employee reimbursement from a medical pool, along with a vague policy. Accurate check numbers for payroll are not recorded in the accounting software and one employee did not receive a direct deposit for more than \$1,250. There

were 27 checks that included the improper payment of sales tax, lacked adequate support, were listed on an approved warrant having a different check number, and listed on an abstract without evidence that the Board had audited those claims, as well as some claims not audited by the Board. Finally, none of the wire transfers were approved, and bank reconciliations were performed but had minor differences. These weaknesses occurred because the Supervisor assigned key financial duties without providing the proper oversight. While our examination reveals minor exceptions, a very significant risk exists when the Board and Supervisor cannot be sure that employees are performing their duties adequately.

The Board did not ensure computerized assets and data were properly safeguarded. There is not a written contract with the vendor who provides IT services to the Town, and there are no procedures in place to monitor compliance to their computer use policy. As a result, unauthorized individuals could inappropriately gain access to the Town's network and sensitive data could become compromised.

### **Comments of Local Officials**

The results of our audit and recommendations have been discussed with Town officials and their comments, which appear in Appendix A, have been considered in preparing this report. Town officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

# Introduction

## Background

The Town of Binghamton (Town) is located in Broome County and has a population of 4,942. The Town is governed by an elected five-member Town Board (Board) comprising the Town Supervisor (Supervisor) and four Board members. The Board is responsible for overseeing the Town's operations and finances. The Supervisor, as the chief fiscal officer, is responsible for performing the basic accounting functions; however, the Supervisor hired a Bookkeeper, an Assistant Bookkeeper (Assistant), and a water and sewer clerk to help in performing these accounting functions.

The Town provides various services for its residents including street maintenance, fire protection, and general government support. The Town spent a total of \$3.7 million for the fiscal year ended 2011, financed by real property taxes, State and Federal aid, sales tax and other miscellaneous revenues.

The Town contracts with an information technology (IT) consultant to handle maintenance, service, and support on the Town's computer system and network. The Town's administrative network comprises 14 workstations, one of which is also the network server. The Town's financial software has three modules (accounting, payroll, and utility) which are not integrated, and requires users to have different user accounts and passwords for each module.

## Objective

The objective of our audit was to review selected financial activities and IT. Our audit addressed the following related questions:

- Did the Board and Supervisor ensure that all moneys paid to the Town were accurately recorded and deposited intact and that all disbursements were for proper Town purposes?
- Did the Board ensure that computerized assets and data were properly safeguarded?

## Scope and Methodology

We interviewed appropriate Town officials and examined financial records and reports of the Town for the period January 1, 2011 through February 13, 2012. We extended our scope through May 31, 2012 to review bank reconciliations. Our audit disclosed areas in need of improvement concerning IT controls. Because of the sensitivity of this information, certain vulnerabilities are not discussed in this report but have been communicated to Town officials so they could take corrective action.

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 are included in Appendix B of this report.

**Comments of  
Local Officials and  
Corrective Action**

The results of our audit and recommendations have been discussed with Town officials and their comments, which appear in Appendix A, have been considered in preparing this report. Town officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

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. 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 Town Clerk's office.

## Cash Receipts and Disbursements

The Board is responsible for the oversight of the Town's financial operations. The Supervisor, as chief financial officer, is responsible for the day-to-day financial operations of the Town. These include the establishment of well-designed internal control procedures that provide reasonable assurance that significant thefts of cash receipts and significant record-keeping errors will be prevented or detected. Similarly, the Supervisor should establish control procedures that ensure that all disbursements are only made for proper Town purposes. The Board then monitors these control procedures through the Supervisor's periodic reports and the audit of all Town claims.

No one can be sure that all moneys paid to the Town are accurately recorded and deposited intact into a Town bank account. Furthermore, no one can be sure that disbursements are made for only proper Town purposes. The Supervisor did not design adequate controls for the collection or disbursement of Town money. Furthermore, Town officials did not provide the proper oversight. As a result, the Town's youth recreation programs had recorded revenues far less than what we believe should have been charged and collected, adjustments were made to water and sewer bills without proper authorization, deposits of other cash receipts<sup>1</sup> were not made timely, and disbursements were made without adequate support and/or authorization.

Recreation Fees – Money collected for the Town's recreation program was more than \$4,250 less than the amount that likely should have been collected. While the Town's accounting records reflected \$15,400 in fees charged the participants for the program in 2011, the insurance policy for the program listed 733 participants which equates to \$19,650 in program fees. The previous recreation program director was responsible for collecting the fee from the participants, maintaining related records and remitting those collections to the Bookkeeper. However, no one verified that all program participants were charged properly, or that all moneys collected were turned over to the Bookkeeper. As a result, moneys could be missing and no one would be aware that all moneys collected were not recorded and deposited.

Water and Sewer – No one can be sure that all moneys collected for water and sewer user charges were recorded and deposited. The water and sewer clerk is responsible for billing, receiving, recording, and

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<sup>1</sup> These included payments from OSC, the County and other department heads.

depositing<sup>2</sup> payments, along with adjusting customer accounts. We compared the date of 22 receipts to the date of deposit and found eight deposits totaling \$46,400 that were not timely. In addition, we reviewed six adjustments made to customers' water/sewer bills and found that four of those adjustments were not supported and/or approved by the Supervisor. These four adjustments totaled nearly \$600. While the Supervisor approved the adjustments provided to him, he has no system to determine that he is seeing all of the adjustments made to customer accounts. Also, the Bookkeeper prepares a reconciliation of the control account in the accounting records as compared to the sum of all of the detailed customer accounts on a monthly basis. However, these controls do not fully mitigate the ability of the Bookkeeper to collect money for water and sewer charges (from the clerk) and not deposit it.

Other Cash Receipts – Furthermore, no one can be sure that other cash receipts collected are recorded and deposited. Currently, the Bookkeeper and Assistant have been assigned all duties relating to cash receipts with no oversight. We compared the date of receipt for 15 deposits totaling \$63,300 to the date of deposit, and found four deposits, totaling \$2,300, that were made more than five days after the money was collected. We could not determine the timeliness of two other deposits because the support for the money received did not have a date of receipt. We also could not verify that six of the deposits were made intact because the Bookkeeper did not specify if the money she received was in the form of cash or check. Untimely depositing of money or not keeping proper records to determine the intactness of deposits can increase the risk of loss or theft and limit the oversight of the receipt of cash.

Medical Pool Employee Benefit – We reviewed medical reimbursements made to five employees totaling \$6,600 to determine if their reimbursements were supported by detailed invoices. While most of the payments made to these five employees were supported by an invoice that described the type of service, cost, and patient name, eight payments totaling \$2,500 were supported by invoices that did not show the patient name or were based on receipts that only list the amount. In addition, one of the invoices submitted showed that the employee was paid \$50 which the employee's insurance company already paid to the provider. The Bookkeeper told us she made these reimbursements because the policy is very vague and does not detail the people or types of expenses that can be covered. Without a specific policy and detailed invoices, the program can be abused and employees reimbursed for inappropriate items.

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<sup>2</sup> After November 2011 the water and sewer clerk turns over moneys collected to the Bookkeeper who then deposits the money.

Payroll Disbursements – Town officials cannot be sure that all payroll disbursements are proper and are made only to Town employees. The Bookkeeper and Assistant are responsible for all payroll-related duties, including entering employee information into the payroll system, inputting timesheet information and deductions, preparing the direct deposits with the bank and printing the checks. The Supervisor does review the payroll register, and although he signs the checks, he does not review the payment information entered in the banking website for direct deposits. In addition, the accounting software does not require accurate check numbers to be used relating to payroll disbursements. As a result, check numbers are often duplicated or not used at all. Therefore, when we reviewed an employee earnings report showing the amounts paid to all Town employees, we could not verify that all payments made to the employees were listed on the earnings reports. We also attempted to verify the direct deposit transactions made for five payrolls during our audit period and found one payment, for more than \$1,250, which was recorded in the payroll system, was not actually paid to an employee. These weaknesses increase the probability that payroll moneys could be disbursed inappropriately.

Claims Audit and Approval – Town officials have no assurance that money is disbursed for only Board approved claims. Currently, the Bookkeeper and/or Assistant prepare the abstracts and provide them to the Town Clerk for Board approval. The Board audits the claims provided to them and the Supervisor approves the claims by applying his signature. The Bookkeeper and/or Assistant print the checks, which are then signed by the Supervisor. We reviewed 62 of 3,100 checks disbursed from the accounts payable checking account during our audit period and found 27 checks that included the improper payment of sales tax, lacked adequate support, were listed on an approved warrant with a different check number, and were listed on an abstract without evidence that the Board had audited those claims. For example, four payments (totaling nearly \$8,600) made for purchases on the Town’s credit card included more than \$2,800 for purchases without sufficient support for us to verify their propriety. One of the credit card payments also included \$80 in sales taxes which the Town did not need to pay. We also found that the Supervisor did not present three claims for payments to the Town’s health insurance vendor, totaling \$8,400. These payments were not listed on any approved warrant, and the Board did not audit all required claims prior to their payment. While the Board is auditing and approving the claims they are provided, they are not ensuring that they are seeing all claims prior to payment. Therefore, amounts could be paid inappropriately to vendors or for inaccurate amounts.

Wire Transfers – Town officials cannot be sure that wire transfers are only made for proper Town purposes. The Bookkeeper and the Assistant make wire transfers with no oversight. We reviewed 35 wire transfers totaling \$101,700 and found that none of them were authorized by the Supervisor. While our testing showed all of these transfers were for proper purposes such as employee withholdings and/or debt-related payments, no one in the Town verified their propriety. As a result of the lack of oversight, money could be inappropriately transferred out of a Town bank account.

Moreover, while the Bookkeeper did make an attempt to reconcile the adjusted cash balances recorded in the accounting records to the balances per bank statements, she was not able to balance the two during our audit period. We tested three months of bank reconciliations and found her differences ranged from \$181 to \$2,300. Currently the Bookkeeper is keeping a running cash balance outside of the accounting software and at the end of the year tries to reconcile the amount of cash per this record to the software. Then adjustments are made for such things as payroll checks and wires written out of the main checking account that were not recorded in the ledgers, unrecorded interest earnings, and returned checks. These changes were made December 31, 2011 in the accounting software to enable the ledgers to agree with the running cash balance kept outside of the accounting software. However, these adjustments are not approved by the Supervisor. The likelihood that errors would be detected is increased when successful and timely reconciliations are performed. Conversely, when reconciliations are unsuccessful, it is highly likely that errors or irregularities have occurred to cause the imbalance.

All of these weaknesses occurred because the Supervisor assigned key financial duties without providing the proper oversight. Without proper authorization and verification, errors such as noted previously can continue to occur without detection. This significantly elevates the risk of loss or misuse for Town assets, by allowing for moneys to be collected and not deposited, and/or inappropriate payments to be made. Only when the Supervisor maintains adequate oversight of Town assets can the risk of loss be reduced.

## **Recommendations**

1. Town officials need to ensure that the duties performed by the water and sewer clerk, the Bookkeeper and the Assistant are adequately segregated or put mitigating controls in place if segregation of duties is not feasible.
2. The Board should require that the total recreation fees collected and deposited be reconciled with the aggregate program enrollment by someone who is not involved in the collection and/or deposit of those fees.

3. The Board should clarify the medical pool employee benefits outlined in the Town's personnel policy, to ensure that reimbursements are provided for only the purposes they intended.
4. The Supervisor should ensure that all non-payroll disbursements are approved by the Board and listed on a warrant with the actual check numbers used, which should be used sequentially.
5. The Supervisor should ensure that he approves all wire transfers prior to the money actually being transferred and that such approval is properly documented.

# Information Technology

Board members are responsible for establishing an internal control environment over IT assets and data. If the Board decides to outsource IT services, it should ensure that a written agreement is in place between the Town and the service provider. Moreover, the Board should ensure that they establish policies that address the people, processes, and technology of their IT environment, and implement procedures to monitor the policies.

The Board did not ensure computerized assets and data were properly safeguarded. They did not establish a written contract with the vendor who provides IT services to the Town. In addition, they did not have procedures in place to monitor their computer use policy. As a result, unauthorized individuals could inappropriately gain access to the Town's network and sensitive data could become compromised.

## Written Agreement

As with most Town contracts, the Board is responsible for approving any service agreements with vendors, including IT services. A written agreement for technology services should clearly define the services to be provided and the related security. It is important that the Town Clerk retains a copy of all signed agreements, along with supporting details, to ensure that providers are performing services as indicated in the agreements.

The Town uses a third-party service organization for various IT services, including periodic maintenance, server and computer set up, firewall configurations, virus protection, and other services as needed. However, the Board's written agreement with this organization does not clearly define the services to be provided or detail any related security over these services. The organization has direct access to the Town's data with a user account and has the firewall password. Therefore, any personal, private or sensitive information is at risk of unauthorized access.

Due to the lack of a detailed written agreement, it would be difficult for the Board to determine whether the organization is providing the agreed upon services and has adequate security over the IT services it provides to the Town. In addition, there is an increased risk that unauthorized individuals could inappropriately gain access to the Town's network and sensitive data could become compromised.

## Computer Policies

The Board should establish IT policies that define appropriate user behavior and describe the tools and procedures needed to protect data and information systems. The policies should address issues such as

acceptable computer, e-mail and Internet use, data backup, disaster recovery, and software downloads. The Board should also stipulate who is specifically responsible for monitoring the policy.

While the Board-adopted policy does stipulate acceptable computer, e-mail and internet use, and software downloads, it does not address data backup or disaster recovery. In addition, the Board did not stipulate who would be responsible for monitoring the policy or have any procedures in place to ensure employee compliance with the policy. Therefore, compliance to the policy is not being monitored. Because of these weaknesses, we reviewed two desktop and two laptop computers and found one computer had an online computer game downloaded on it.

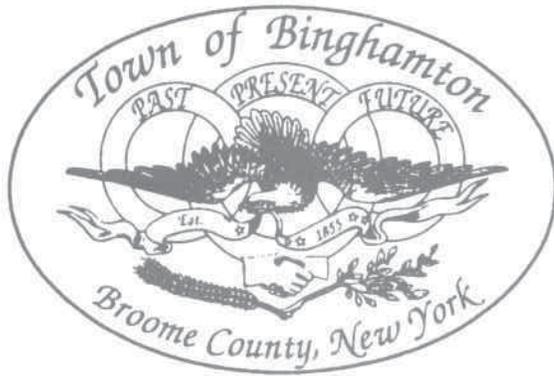
While computer policies do not guarantee the safety of the Town's computer system or the electronic information it has been entrusted with by taxpayers, customers, employees, and others, the lack of policies and/or monitoring significantly increases the risk that data, hardware and software systems may be lost or damaged by inappropriate access and use.

## **Recommendations**

6. The Board should ensure that it has an approved, formal, written agreement between the Town and the third-party service provider that clearly defines the services and the related security to be provided to the Town.
7. The Board should adopt a comprehensive IT policy that also addresses data back-up and disaster recovery, and develop procedures to monitor compliance with this policy.

**APPENDIX A**  
**RESPONSE FROM LOCAL OFFICIALS**

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



# Town of Binghamton

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Phone (607) 772-0357 Fax (607) 772-6911

November 20, 2012

Office of the State Comptroller  
Division of Local Government  
44 Hawley Street  
Room 1702  
Binghamton, NY 13901

Attn: H. Todd Eames, Chief Examiner, Binghamton Regional Office  
Re: Town of Binghamton Audit

Dear Mr. Eames,

This will acknowledge receipt, on November 6, 2012, of the report of the examination of the accounts and fiscal affairs of the Town of Binghamton – County of Broome for the period beginning January 1, 2011 and ending February 13, 2012.

Yours Truly,

Timothy P Whitesell  
Town of Binghamton  
Town Supervisor

## APPENDIX B

### AUDIT METHODOLOGY AND STANDARDS

To accomplish our objective, we interviewed appropriate Town officials, vendors and employees, reviewed policies, records and reports of the Town, and examined pertinent documents for the period January 1, 2011 through February 13, 2012. We extended our scope through May 31, 2012 to review bank reconciliations. Our examination included the following:

- We examined the Town's insurance documentation to determine how many children were signed up for the 2011 youth program. We compared the fees listed on the registration forms to the amount recorded as youth bureau revenue in the accounting system for 2011.
- We examined 22 water and sewer packets (packet corresponds with the deposit, of which some include more than one days receipts) of paid stubs totaling \$63,300 (selected randomly, making sure that at least a few chosen were after when the Town's process changed in November 2011) to determine if payments were recorded in the water/sewer computer system (in total), recorded in the accounting system, and deposited timely and intact. In addition, for 22 individual customer payments totaling \$6,100 (by selecting the first customer of each packet with a hand-written stub), we traced the payments to their individual water and sewer customer accounts. If there were no hand-written stubs, we selected the first customer in each packet not having a hand-written stub.
- We sent water and sewer account confirmation letters to 25 customers to determine if the amounts due in the water/sewer computer system equal what the customers' records show as due. To select these customers, we used a list of outstanding accounts as of April 11, 2012 and selected the first one from each book (which represents a district), the fifth one from books one to eight, and the eighth one from books one to eight (excluding book seven).
- We tested six water and sewer account adjustments to ensure they were approved by the Supervisor, supported, and reasonable. We selected five adjustments from the January 1, 2011 through September 28, 2011 Water/Sewer Adjustments Report. We judgmentally selected to test at least one negative and one positive adjustment, the largest adjustments, and multiple adjustments to the same customer. We also added the adjustment from the current billing cycle's report.
- We obtained the re-levy listing from the tax collector and traced the total amount on the re-levy listing to the outstanding amounts in the water/sewer computer system and to the amount re-levied on the 2012 tax roll.
- We examined the accounts receivable balances and the outstanding water and sewer rents per the water and sewer system for January 2012 to determine if the water and sewer accounts receivable balances in the accounting system are supported by the individual customer accounts.

- We examined a listing of payments sent to the Town from OSC, Broome County, the Town Justice, the Town Clerk, and the building department for the months of August 2011 and January 2012. We traced the 15 payments totaling \$63,300 per these third party documents to the accounting records (cash receipts journal), deposit slips and the bank statements to determine if the Bookkeeper deposited money given to her from various third party sources, both timely and intact.
- We reviewed the July 2011 health insurance bill and selected five employees (selecting the first person on the list and then the seventh and fourteenth employees listed) to determine if they were eligible to receive health insurance from the Town.
- For the 12 employees in our deductions step, we reviewed the health insurance bill and employees' deductions to determine if they are contributing the proper amount for their health insurance.
- We judgmentally selected and tested five reimbursement requests totaling \$6,600 to determine if they were properly supported and complied with the Town's medical pool policy. We chose highest claim paid to the Bookkeeper because she prepares the payments. We chose the highest claim paid to the water/sewer clerk because she works next to the Bookkeeper. We chose the two highest claims paid that were not the maximum amount allowed and we chose one claim where the maximum amount was paid. We also verified eligibility for the reimbursements.
- For all 17 employees paid a medical pool reimbursement in 2011, totaling \$30,000, we verified that they did not get more than the Board approved amount.
- For five employees who got the medical pool reimbursement in 2011, selected judgmentally based on their titles, we determined if they were eligible for the reimbursement as per the medical pool policy.
- We traced 30 payments to employees totaling \$17,000 (we selected one check from each page of four months of check images, excluding Trust and Agency checks) to their employee earnings reports to ensure they were all posted in the accounting system.
- For the two Bookkeepers employed during our audit period, we traced all payments via the direct deposit confirmation reports to their employee earnings reports to ensure they were posted in the accounting system.
- We attempted to trace the gross amount in the payroll system to the July 2011 Quarterly Report. Then, for the sample of six employees we selected in our salary testing sample, we added up the gross amounts reported for these people on the four quarterly reports and traced it to their W-2 to determine if the W-2s were reliable.
- For the sample of 11 employees selected in our salary testing step, we subtracted their net pay from the gross pay for the 2011 fiscal year (per the payroll system) to ascertain the amount of deductions per person.

- For five pay periods totaling \$85,000 (one in each quarter during our audit period), we determined if the direct deposit listing sent to the bank matched what the Supervisor approved and what was in the payroll system.
- We selected five employees from the payroll register (from the July 17, 2011 payroll we selected the first and third hourly people from the first page, the first hourly person from the second page, and the first and second hourly person from the last page) to determine if they were paid at the proper rate and for the actual hours worked. We also tested the same sample and for the same criteria in the October 23, 2011 payroll.
- We scanned the payroll data for employees with no or low withholdings and reviewed nine employees' personnel files to determine if any fictitious employees were paid.
- We reviewed Board minutes and employee earnings reports for all of 2011 and the first payroll for 2012 for five people (we selected both Bookkeepers employed during our audit period and then selected every eighth employee from the employee earnings report; if the selected person was not salaried, we selected the next salaried person on the report) to determine if they were paid the proper salary.
- We reviewed 12 employees' deductions for July and October 2011 (we selected every fifth person on the employee earnings report) to determine if deductions were properly recorded and reported.
- For a sample of two months, we determined if the amounts sent to various vendors equaled what was deducted from paychecks of all employees.
- We examined 62 claims totaling \$72,700 (42 were selected based on all utility payments and other personal usage vendors, such as credit cards, in four months, and 20 were selected by choosing five claims from each of the four months) to determine if the Town paid sales tax, paid the invoice with adequate support, and listed the claim on an approved warrant, and to ensure the vendor and amount on the support matched the check image.
- We reviewed the bank reconciliations for June 2011, January 2012 and May 2012 to determine if they were done properly.
- We footed the cash subsidiary account for our audit period to ensure the ending cash on the subsidiary account equaled the cash on the balance sheet for July 31, 2011.
- We reviewed nine adjustments to cash totaling \$85,700 (based on unusual descriptions such as check numbers or descriptions showing errors were made) to determine if they were approved, supported and reasonable.
- We compared all check numbers and amounts listed in the bank statements to the data pulled from the financial accounting software for the accounts payable checking account (1,076 checks totaling \$2.3 million). We tried to determine if there were any checks cashed per the bank statements not listed in the accounting system or if there were checks that cleared the bank for a different amount than was posted to the accounting system.

- We reviewed bank statement activity for January 1, 2011 to February 13, 2012 for duplicate check numbers and for checks outside the normal check sequence to determine if the Bookkeeper was writing checks with a check stock that is not known to the Supervisor.
- We reviewed two months worth of abstracts to determine what check numbers were not included on the abstracts (this included determining if there were checks issued before and after our test months that were never listed on an abstract).
- We reviewed 35 wire transfers totaling \$101,700 (we selected every wire that was not an inter-fund transfer for four months) to determine if they were approved, supported, and reasonable.
- We reviewed the contract between the IT provider and the Town.
- We examined two of the 12 desktops and both laptops for excessive personal use.

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.

## APPENDIX C

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**AND SCHOOL ACCOUNTABILITY**

Andrew A. SanFilippo, Executive Deputy Comptroller  
Steven J. Hancox, Deputy Comptroller  
Nathaalie N. Carey, Assistant Comptroller

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**BINGHAMTON REGIONAL OFFICE**

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