



Town of Catskill

Internal Controls Over Selected Financial Operations

Report of Examination

Period Covered:

January 1, 2012 — January 22, 2014

2014M-165



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

September 2014

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 Catskill, entitled Internal Controls Over Selected Financial Operations. 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 New York State 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

EXECUTIVE SUMMARY

The Town of Catskill (Town) is located in Greene County and has a population of approximately 12,000 residents. The Town provides various services to its residents, including highway maintenance, snow removal, fire protection, street lighting, sewer, a senior center and general government support. These services are financed mainly by real property taxes and assessments, sales tax and State aid. For the 2013 and 2014 fiscal years, the Town's budgeted appropriations were approximately \$6.8 million and \$7.1 million, respectively.

The Town is governed by an elected five-member Town Board (Board), which includes a Town Supervisor (Supervisor) and four Board members. The Board is the legislative body responsible for managing Town operations, including establishing internal controls over financial operations. The Supervisor and various department heads share the responsibility for supervising and managing the Town's daily operations.

Scope and Objective

The objective of our audit was to review the Town's internal controls over selected financial operations for the period January 1, 2012 through January 22, 2014. We expanded our scope back to August 1, 2005 and forward through February 2014 for senior center asset management. Our audit addressed the following related question:

- Did the Board provide adequate oversight to ensure that Town financial resources are properly safeguarded?

Audit Results

The Board did not ensure that the Highway Superintendent safeguarded the Town's fuel inventories. The Town's purchases of gasoline and diesel fuel totaled \$51,400 for 2013. Although there were procedures for employees to record the amounts of fuel pumped, Town officials did not maintain perpetual inventory records that identified the beginning inventory or the quantities of fuel purchased, delivered, dispensed and on hand. As a result, Town officials could not reconcile amounts on hand to usage. We analyzed fuel purchase and usage records for a pair of approximately four-month periods¹ and found that the highway department under-recorded regular unleaded gasoline usage by 438

¹ Our analysis for regular unleaded gasoline covered May 2, 2013 through July 11, 2013 and November 27, 2013 through January 7, 2014. Our analysis for diesel fuel covered January 7, 2013 through February 19, 2013 and April 22, 2013 through July 1, 2013.

gallons, worth approximately \$1,300, and under-recorded diesel fuel usage by 962 gallons, worth approximately \$3,500. The lack of proper controls over fuel inventory increases the risks of theft, waste, abuse or not detecting fuel leaks.

The Board did not establish written policies and procedures for cash receipts for the senior center or the Receiver of Taxes (Receiver). Although the senior center collected moneys for various activities, the senior center director did not issue duplicate press-numbered receipts, did not record all receipts in cash receipt journals and did not remit funds to the Town Comptroller in a timely manner. Also, the Receiver did not deposit receipts totaling approximately \$21,000 in a timely manner and personally signed at least four checks for taxpayers who remitted unsigned checks. Finally, the Board did not review the Receiver's bank reconciliations. As a result, there is an increased risk of theft, fraud and abuse. Further, the Receiver has accumulated approximately \$66,000 in taxpayer funds as a result of duplicate payments as of January 16, 2014.

The Board needs to institute asset management policies and procedures for the senior center and the highway department. The senior center director accepted donations (such as stereos, treadmills and used computers) for which donors could be eligible for tax deductions. The director issued receipts for these donations but had no formal documented methodology for determining the receipted (fair market) value of the items received. The Town Board was not informed of this practice. Furthermore, donations totaling \$7,960 could not be located, including three donations totaling \$700 that were made by the senior center director or her husband. Finally, the Highway Superintendent has not prepared an up-to-date asset inventory. As a result, there is an increased risk that receipts issued by the senior center could be used to claim tax deductions in excess of the amounts to which donors are entitled and that theft of property, waste or abuse could occur.

Lastly, the Board needs to improve its oversight of the Town's procurement practices. Of 18 items tested (from 14 vendors) totaling approximately \$114,000, which were subject to receiving written quotations per the Town's procurement policy, \$77,636 in purchases did not receive the required number of quotations. Also, of 17 products tested (from nine vendors) totaling \$450,082 in purchases which were subject to the competitive bidding requirements of the Town's procurement policy, 11 products (from seven vendors) totaling \$256,755 were not competitively bid. Furthermore, the Town obtained professional services from eight of the nine providers that we reviewed without issuing requests for proposals. Written contracts were not executed for four of those vendors. As a result, the Board cannot be certain purchases are made at the lowest cost and without favoritism and that unnecessary payments are not made due to a lack of a mutually agreed-upon basis for payment.

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. Local officials generally agreed with our recommendations and indicated that they planned to take, or have already taken, corrective action.

Introduction

Background

The Town of Catskill (Town) is located in Greene County and has a population of approximately 12,000 residents. The Town provides various services to its residents, including highway maintenance, snow removal, fire protection, street lighting, sewer, a senior center and general government support. These services are financed mainly by real property taxes and assessments, sales tax and State aid. For the 2013 and 2014 fiscal years, the Town's budgeted expenditures were approximately \$6.8 million and \$7.1 million, respectively.

The Town is governed by an elected five-member Town Board (Board), which includes a Town Supervisor (Supervisor) and four Board members. The Board is the legislative body responsible for managing Town operations, including establishing internal controls over financial operations. The Supervisor and various department heads share the responsibility for supervising and managing the Town's daily operations.

The Supervisor serves as the Town's chief executive and chief fiscal officer. The Supervisor appointed a Town Comptroller, who is responsible for receiving and monitoring all Town moneys. The Highway Superintendent is an independently elected official responsible for maintaining the Town's roads and procuring goods and services for the highway department. The Town Receiver of Taxes (Receiver) receives the majority of Town revenues between the months of January and February.

Objective

The objective of our audit was to review the Town's internal controls over selected financial operations. Our audit addressed the following related question:

- Did the Board provide adequate oversight to ensure that Town financial resources are properly safeguarded?

Scope and Methodology

We examined Board oversight over financial resources for the period January 1, 2012 through January 22, 2014. We expanded our scope back to August 1, 2005 and forward through February 2014 for senior center asset management.

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.

**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. Local officials generally agreed with our recommendations and indicated that they planned to take, or have already taken, 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 New York State General Municipal Law (GML). 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 Town to make this plan available for public review in the Clerk's office.

Board Oversight

The Board is responsible for designing internal controls to ensure that financial resources are properly safeguarded. Inventory records for gasoline and diesel fuel should be maintained and compared to physical inventories, cash receipts should be accounted for and deposited in a timely manner and improper or duplicate cash payments should be returned to taxpayers with notes describing how to correct them when necessary. Departments should issue receipts for all assets that are donated for municipal use and detailed asset inventory records should be maintained by all departments. Internal controls over procurement should ensure the prudent and economical use of Town moneys and ensure there is a mutually agreed-upon basis for payment.

The Board needs to improve its oversight to ensure that financial resources are adequately safeguarded. The highway department did not maintain perpetual fuel inventory records or take periodic physical inventories, which caused fuel usage to be under-recorded. In addition, the senior center director did not issue duplicate press-numbered receipts, record all receipts and did not remit funds in a timely manner. Also, the Receiver did not deposit receipts totaling \$21,000 in a timely manner and signed checks for taxpayers who had sent in unsigned checks. The Board did not review the Receiver's bank reconciliations and the Receiver's office also accumulated approximately \$66,000 as a result of duplicate payments. As a result, there is an increased risk that inappropriate transactions could be processed and not detected.

In addition, the senior center director accepted donations of assets (such as stereos and computers) for which the director issued receipts without a documented methodology to determine fair market value and the Board was not informed of this practice. Asset donations totaling \$7,960 could not be located, including donations totaling \$700 that were made by the director or her husband. Also, the asset inventory in the senior center was inadequate and there was no asset inventory in the highway department. Finally, \$552,449 in purchases of goods or services were made without quotes, bids or requests for proposals and \$145,527 of professional services were procured without a written contract to establish a basis for payment.

Fuel Inventory

The Board is responsible for establishing policies and procedures to provide reasonable assurance that vehicle fuel will be used only for Town purposes. The Highway Superintendent is responsible for ensuring that fuel supplies are adequately safeguarded, accounted for and protected against the risk of loss, waste and misuse. To

accomplish this, inventory records should be maintained to account for the amount of fuel purchased and used and for the balance remaining in the tanks. Inventory records should be periodically reconciled to physical inventories, and material discrepancies should be investigated and resolved.

The Board did not ensure that the Highway Superintendent safeguarded the Town's fuel inventories. The Highway Department maintained two 1,000 gallon fuel tanks, one for regular unleaded gasoline and one for diesel fuel, with purchases totaling \$51,400 for 2013. The fuel was purchased for use by highway employees during the regular course of operations.

Prior to April 2013, highway employees would record the amount of fuel pumped, the vehicle that was fueled and the date on a slip of paper that they would give to the Town highway clerk. The highway clerk would record the information in an electronic spreadsheet. Starting in April 2013, highway employees manually recorded the amount of fuel pumped, the vehicle that was fueled and the type of fuel pumped in a paper journal. Despite the use of these fuel records, Town officials did not maintain perpetual inventory records that identified the beginning inventories or the quantities of fuel purchased, delivered, dispensed and on hand. As a result, Town officials could not reconcile amounts on hand to usage.

Due to these control weaknesses, we analyzed the Town's fuel purchase and usage records² to determine if the amounts recorded as purchased and used were reasonable. We found that the highway department under-recorded regular unleaded gasoline usage by 438 gallons, worth approximately \$1,300, and under-recorded diesel fuel usage by 962 gallons, worth approximately \$3,500. The Superintendent could not offer any explanations for these discrepancies.

The Board and Highway Superintendent have not ensured that employees using Town gasoline and diesel fuel record the amounts used, the vehicles receiving the fuel, the dates pumped and who pumped the fuel. Also, the Highway Superintendent did not conduct a reconciliation of fuel purchased, delivered, dispensed and on hand. In recent months, the Town has been implementing an electronic system for keeping perpetual fuel inventory records. The new system, if

² Our analysis for regular unleaded gasoline covered May 2, 2013 through July 11, 2013 and November 27, 2013 through January 7, 2014. Our analysis for diesel fuel covered January 7, 2013 through February 19, 2013 and April 22, 2013 through July 1, 2013. Our methodology was based on fuel delivery dates, when the Town would have its fuel tanks filled. As a result, we knew the inventory levels on those dates.

properly implemented, could greatly reduce the risks of theft, waste, abuse or not detecting fuel leaks, which are currently facing the Town.

Senior Center Cash Receipts

Good internal controls dictate that senior center staff should issue duplicate press-numbered receipts for all funds received and accurately record receipts in the accounting system. New York State Town Law (Town Law) requires the senior center director to remit funds to the Town Comptroller within 10 days. Senior center staff should reconcile daily cash collection records to the amounts of cash on hand and/or deposited. Town officials should monitor all cash collections to ensure that proper internal controls are in place and should update policies and procedures when necessary.

The Board has not developed policies and procedures for cash collections at the senior center. Cash receipts remitted to the Town Comptroller in 2013 totaled \$2,990. The senior center director did not issue duplicate press-numbered receipts for almost any cash received and the senior center's cash receipt journals were inaccurate and incomplete. Also, the senior center director did not remit funds to the Town Comptroller in a timely manner. The Supervisor told us that he had asked the director to remit funds to the Town Comptroller weekly, but that the director has not complied.

Without issuance of duplicate press-numbered receipts, accurate recording of cash receipts and timely remittance of cash receipts to the Town Comptroller, the risk of theft, fraud or abuse in the senior center is increased.

Receiver of Taxes' Cash Receipts

Town Law requires the Receiver to deposit all funds within 24 hours of receipt. Any incorrect tax payments should be returned to the taxpayers with notes describing the issues and how to correct them. The Board should periodically review bank reconciliations to ensure that all moneys received and disbursed are accounted for.

The Board has not instituted policies and procedures to ensure that all moneys collected are deposited in a timely fashion and that there is a consistent treatment of cash receipts. As a result, out of the approximately \$277,000 in cash received between January 9 and January 16, 2013, approximately \$21,000 (or 7.5 percent) was not deposited in a timely manner. In addition, although the Town has no formal documented cash receipts process, standard procedure upon the receipt of an incorrect tax payment was to return the payment with a note describing the issue (such as an underpayment, transposition error, an unsigned check or a duplicate payment) and how to correct it. However, in one case, the Receiver paid \$7.10 of a taxpayer's bill personally, instead of returning the incorrect check. The Receiver also signed four checks totaling \$2,180.61, instead of returning

the unsigned checks. Also, the Receiver did not return duplicate payments and maintained excess funds totaling approximately \$66,000 as of January 16, 2014. The duplicate payments could have been identified and returned if the Board had formally reviewed the bank reconciliations for the Receiver's office.

The untimely deposit of Town funds, inconsistent application of cash receipt procedures and lack of Board review of the Receiver's bank statements increases the risk of loss of funds, fraud, waste or abuse, and has resulted in the carrying of an excess balance of tax payments in Town accounts.

Senior Center Asset Management

The Board and senior center director are responsible for instituting policies and procedures to ensure the proper receipting, recording and custody of Town assets. The director should issue duplicate press-numbered receipts for all assets that are donated that include the fair market value of those assets as required by the Internal Revenue Service (IRS).³ Policies and procedures should identify the persons or positions responsible for physically safeguarding assets, establish dollar thresholds for tracking inventory items, describe the types of inventory records that should be maintained and persons responsible for maintaining them and require that periodic physical counts be conducted to compare inventory records to actual assets. The director should mark or label all equipment as property of the Town; assign responsibility for high-value, portable assets; require authorization and documentation for the disposal of equipment; and ensure that a periodic verification of inventory records be conducted by someone who does not have custody of the assets.

The Board did not develop policies and procedures for the receipting of asset donations and maintaining inventory records in the senior center. The senior center director accepted donations (such as stereos, treadmills and used computers) for use in the senior center for which donors could be eligible for a charitable donation tax deduction. The director issued receipts but had no formal documented methodology for determining the receipted fair market value of the items received, as required by the IRS. Records indicated that 37 donations totaling \$10,710 in receipted value were received from August 2005 through February 2014. Board members told us that they were not aware the director was engaging in this practice.

Donations totaling \$7,960 in receipted value could not be located in the senior center, including used computers, books, DVDs and household items. This included three donations made by the director

³ 2013 IRS Publication 526 – Charitable Donations states that donations should be receipted for the amount of the fair market value of the property donated at the time of contribution.

or her husband worth \$700 in receipted value. Furthermore, senior center inventory records did not contain sufficient detail to trace the donations to the inventory. Lastly, Board members did not review the senior center asset inventory because they were not aware that the asset inventory existed.

The Board has not implemented policies and procedures for donations and asset inventories. As a result, the senior center director independently accepted donations and issued receipts without a methodology to determine the fair market value. This could result in asset donors using receipts to claim tax deductions in excess of the amounts to which they are truly entitled. The lack of detailed asset inventories and review of those inventories greatly increases the risks of theft or the loss of property.

Highway Department Asset Management

The Board and the Highway Superintendent are responsible for instituting internal controls over asset management in the highway department. New York State Highway Law requires the Highway Superintendent to annually make a written inventory of machinery, tools, implements and equipment and deliver the inventory to the Town Board on or before September 13 of each year.

The Board did not develop policies and procedures for inventories and the Highway Superintendent has not prepared an up-to-date asset inventory for the highway department. Town Board members told us that the Highway Superintendent refused to comply with Board requests to complete and maintain a written inventory of all machinery, tools, implements and equipment and to present it to the Board, as required by law. As a result, the risk of theft, loss of property, fraud, waste or abuse is greatly increased.

Procurement Practices

A good system of internal controls over purchasing includes policies and procedures to help ensure that an organization is using its resources effectively and complying with applicable laws and regulations. Unless an exception applies, GML provides that purchase contracts that exceed \$20,000 are to be competitively bid or awarded on the basis of best value and contracts for public work that exceed \$35,000 are to be competitively bid. Purchases of goods or services below the dollar thresholds, however, must still be procured in a manner that helps ensure the prudent and economical use of Town moneys when procuring the goods and services and helps protect against favoritism, extravagance and fraud. To further these goals, the Town is required to adopt written policies and procedures governing the procurement of goods and services that are not required to be made pursuant to the competitive bidding requirements.

With certain exceptions, the procurement policy must require that alternative proposals or quotations for goods and services

be secured by use of written or verbal proposals or quotations. A procurement policy may also set forth circumstances when, or types of procurements, in the sole discretion of the Town, that solicitation of alternative proposals or quotations will not be in the Town's best interest. The Town should maintain adequate documentation to support and verify procurement decisions.

According to the Town's procurement policy, purchases of supplies and equipment in excess of \$10,000 and public work contracts in excess of \$35,000, during a fiscal year are to be "formally bid pursuant to GML section 103(1)." Moreover, all estimated "purchases" of less than \$10,000 but greater than \$3,000 require a written request for proposal (RFP) and written, fax or email quotes from three vendors. The Town's policy, however, provides "[e]xcept when direct by the Town Board," no solicitation of written proposals or quotations is required for, among others, the "acquisition of professional services," "goods purchases from another governmental agency" or "goods purchased under New York State" or "County of Greene awarded contracts."

We evaluated purchases that appeared subject to competitive bidding based on the Town's procurement requirements. Of 17 products tested (from nine vendors) totaling \$450,082, 11 products (from seven vendors) totaling \$256,755 were not competitively bid. We also reviewed purchases that required an RFP or fax/email quotations per the Town's procurement policy. Of 18 products tested (from 14 vendors) totaling \$114,429, 13 products (from 10 vendors) totaling \$77,636 in purchases did not receive the required number of quotations.

The Board and Highway Superintendent did not adequately review purchases to ensure compliance with the Town's procurement policy. For example, the Board and Highway Superintendent approved purchases of diesel fuel for \$35,744 and fuel oil for \$22,209 during our audit period that were believed to have been from State or County contracts. We found, however, that the particular items purchased were not included in the State or County contracts or that these contracts had expired. Because the Town's procurement policy has not been followed, the Board does not have adequate assurance purchases are made at the lowest cost and without favoritism.

Finally, of nine vendors tested who were paid for professional services, the Town did not solicit proposals via RFPs for eight totaling \$218,058 in services. The Town also did not have a written contract for four of those vendors who received payments of \$145,527. While not required by law, soliciting proposals via an RFP can be an effective means of procuring professional services at the best price. The Board

and each professional service provider should enter into a written agreement indicating the contract period, the services to be provided, the timetable for completion and the basis for compensation, so that there is a clearly defined and mutually agreed-upon basis for the services to be provided and payment.

Recommendations

The Board should:

1. Ensure that the Highway Superintendent maintains inventory records that identify the beginning inventory and the quantities of fuel purchased, delivered, dispensed and on hand. These records should be periodically reconciled to physical inventories of fuel on hand. Any differences should be investigated and resolved.
2. Create formal policies and procedures for the collection and remittance of cash receipts in the senior center and ensure that they are complied with. Such policies and procedures should include the issuance of duplicate press-numbered receipts, the recording and reconciliation of all moneys received and the remittance of all cash receipts to the Town Comptroller on a timely basis.
3. Institute policies and procedures in the Receiver's office to ensure that all moneys collected are deposited in a timely fashion in accordance with Town law and that there is a consistent treatment of cash receipts. The Receiver should not deposit personal funds to cover underpayments or sign checks for taxpayers.
4. Review the Receiver's bank reconciliations on a monthly basis and ensure that the Town is not carrying an excess balance of taxpayer funds. All excess payments, such as those identified in this report, should be returned by the Receiver in a timely manner.
5. Develop formal policies and procedures for accepting donations in the senior center to ensure that they are properly receipted, are assigned fair market values in accordance with IRS publication 526 and are properly recorded in the Town's asset inventory.
6. Develop formal policies and procedures for maintaining and reviewing accurate and up-to-date asset inventories in the senior center and the Highway Department.
7. Ensure that agreements entered into for the procurement of professional services are documented, detailing the specific

services to be provided, the cost of the services and the duration of the agreement.

Town officials should:

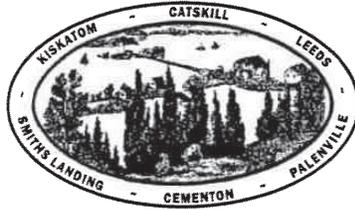
8. Ensure compliance with the Town's adopted procurement policy by properly soliciting bids and written quotations when required and maintaining adequate documentation.
9. Consider revising the Town's procurement policy to incorporate the use of RFPs or similar type of competitive process for the procurement of professional services.

APPENDIX A
RESPONSE FROM LOCAL OFFICIALS

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

Established 1788

Town of Catskill



townofcatskillny.gov

Joseph M. Leggio
SUPERVISOR

Elizabeth C. Izzo
TOWN CLERK

Michael Smith
TOWN ATTORNEY

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Robert Antonelli

Patrick Walsh

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Jared Giordano

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Newburgh Regional Office
33 Airport Center Drive Suite 103
New Windsor, NY 12553

RE: Town of Catskill Audit Report 1/1/12-1/22/14

Dear Tenneh Blamah:

The Town of Catskill wishes to thank the Office of the State Comptroller for its recent examination and audit findings. Examiner [REDACTED] handling of our audit was done both professionally and proficiently. We welcome any recommendations that will ensure better oversight and fiscal responsibility for the taxpayers of the Town of Catskill.

It is and always has been the Town Board's objective to ensure financial resources are properly safeguarded. We will work diligently to place internal controls and set in place procedures and policies with regard to purchasing, cash receipts, inventory and assure procurement policies are being followed.

We are in the process of preparing our corrective action plan and have already made operational changes with regard to some of the findings in this audit report.

Again, thank you for your recommendations and assistance.

Respectfully,

~~Joseph Leggio~~
~~Town Supervisor~~
Town of Catskill

4 3 9 M a i n S t r e e t ~ C a t s k i l l , N Y 1 2 4 1 4
TELEPHONE (518) 943-2141 FAX (518) 943-0209

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

We examined Board's oversight of financial resources for the period January 1, 2012 through January 22, 2014. We expanded our scope back to August 1, 2005 and through February 2014 for senior center asset management. To accomplish our audit objective and obtain relevant audit evidence, our procedures included the following:

- We documented internal controls over fuel usage at the Highway Department and determined if the amounts recorded as purchased and used appeared accurate and reasonable.
- We documented internal controls over the senior center, including gaining an understanding of processes and procedures and documenting weaknesses in internal controls and issues arising from internal control weaknesses.
- We documented internal controls over the Receiver, including gaining an understanding of processes and procedures and documenting weaknesses in internal controls and issues arising from internal control weaknesses.
- We reviewed donated asset receipting procedures and asset inventory procedures in the senior center.
- We determined whether the Town was in compliance with Highway Law with respect to maintaining an up-to-date asset inventory and presenting it to the Board.
- We documented the Town's purchasing policy and claims review process and identified any weaknesses.
- We selected a random sample of 17 purchases over \$10,000 that were subject to competitive bidding, as required by the Town's procurement policy. We determined if purchases were bid or made under a valid State or County contract, if bids were properly published in the newspaper of record and for the minimum number of days, if bid specifications were reasonable (such as non-exclusionary and non-product specific) and if there was proper documentation and explanation when bids were not awarded to the lowest bidders.
- We selected a random sample of 18 purchases between \$3,000 and \$9,999 that were subject to written quotes, as required by the Town's procurement policy. We determined if prior Supervisor or Board approval was obtained, if vouchers were open for longer than 60 days before approval, if there were at least three written quotes documented for each purchase and if there was proper documentation and explanation when purchases were not awarded to the lowest quote providers.
- We selected a random sample of nine professional services over \$3,000 to determine if the Town issued RFPs. We determined if RFPs were properly published (if not, if comprehensive

lists were compiled and vendors were contacted directly), if valuation criteria was included in the RFPs and if valid contracts were executed.

We conducted this performance audit in accordance with 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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