



Town of Princetown Claims Auditing

Report of Examination

Period Covered:

January 1, 2013 — October 31, 2014

2015M-50



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

June 2015

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 Princetown, entitled Claims Auditing. 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 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*

Introduction

Background

The Town of Princetown (Town) is located in Schenectady County and has approximately 2,115 residents. The Town provides various services including road maintenance, snow removal, water services and general government support. The Town's budgeted appropriations for the 2015 fiscal year total approximately \$1.2 million and are funded primarily by sales tax, real property tax, user fees and State aid.

An elected five-member Town Board (Board), which comprises the Town Supervisor (Supervisor) and four Council members, governs the Town. The Supervisor serves as the Town's chief executive officer and chief fiscal officer. The Board is responsible for the general management and oversight of the Town's fiscal matters, including claims auditing.

Objective

The objective of our audit was to review the internal controls over the Board's claim audit process. Our audit addressed the following related question:

- Did the Board conduct a proper audit of claims to ensure each claim was adequately documented, supported and for legitimate town purposes?

Scope and Methodology

We examined internal controls over the Board's claims auditing process for the period January 1, 2013 through October 31, 2014.

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

The results of our audit have been discussed with Town officials and their comments, which appear in Appendix A, have been considered in preparing this report.

Claims Auditing

The Board is responsible for auditing and approving claims. The claims auditing process should be deliberate and thorough and should ensure that each claim contains sufficient supporting documentation and that the goods or services being billed for were actually received and are for appropriate Town purposes.

We randomly¹ selected three months and reviewed all 145 claims paid during those months totaling \$227,176² from the general, water and highway funds. Except for minor discrepancies that were communicated to Town officials, the Board conducted a deliberate and thorough audit of vouchers, the vouchers contained adequate supporting documentation and evidence that the goods or services were received and the vouchers were for legitimate Town purposes.

As part of the claims process, the Town Clerk (Clerk) retrieves the vendor invoices from the mail and requests the department heads to complete and sign the vouchers that correspond to their vendor invoices. Subsequent to receiving the completed vouchers, the Clerk or Deputy Clerk assigns consecutive numbers to the vouchers and creates an abstract³ of vouchers. The abstracts and vouchers are submitted to the Board for review prior to regularly scheduled Board meetings. Each Board member reviews each individual voucher and signs the abstract to document his or her review. Board resolutions are then passed and documented in the meeting minutes to document the Board's approval to pay the claims for each fund.

Our procedures included verifying that vouchers were included on the abstracts and reviewing the vouchers to ensure they contained the signatures of Board members as evidence they reviewed the vouchers and that the vouchers were for legitimate Town purposes. We found that the Board conducted a complete and thorough audit of the claims and the claims were for legitimate Town purposes.

We commend Town officials for designing and implementing this system of controls over the approval and payment of vouchers.

¹ Using a computerized random sampling tool, we selected three months from the total population of 22 months during the audit scope period.

² We reviewed 105 claims totaling \$177,449 in the general fund, 39 claims totaling \$28,498 in the water fund and one claim totaling \$21,229 in the highway fund. The town does not have a highway department. It contracts with the County for highway maintenance. The one claim in the highway fund we reviewed was a payment made to the County for highway services.

³ An abstract is a list of claims to be paid.

APPENDIX A
RESPONSE FROM LOCAL OFFICIALS

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

**TOWN OF PRINCETOWN
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WATER COMMISSIONER
George Mead

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Nick Maura Jr

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Paul Denninger



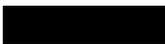
TOWN CLERK
Sandra Fortune

May 25, 2015



NYS Office of the State Comptroller
Division of Local Government and School Accountability
One Broad Street Plaza
Glens Falls, NY 12801

Subject: Town of Princetown – Acknowledgement of Audit Findings and CAP



This letter will act as both a response to your audit and as a Corrective Action Plan (CAP). First, I want to acknowledge the two [REDACTED] and [REDACTED]. They did an excellent job, were very professional and helpful with the Town Staff.

For formal review:

- I acknowledge receipt of the “Draft” Audit
- I acknowledge that I received the written and verbal review of the draft audit.
- I agree with the Zero or No Findings
- This audit response will also serve as the Corrective Action Plan (CAP) response
- With Zero or No findings, no corrective actions will be implemented
- This letter will be reviewed and approved by the Town Board

Results of the Audit: As Chief Executive and Financial Officer for the Town of Princetown, I acknowledge that the town was presented the Draft audit (Claims Auditing) findings on Wednesday 5/13/15. The report covered the period of 1/1/13 thru 10/31/14, approximately 22 months. I acknowledge that the objective of the audit was to review internal controls over the Town Board’s claims review process by randomly selecting 3 months of claims, 145 claims totaling \$227,176 from the general, water and highway funds. I acknowledge that “No Findings” were made and appreciate the auditors compliment on the design and implementation of this system of controls over approval and payments of vouchers.

Corrective Action Plan (CAP): With the "Claims Audit" findings result of "Zero" or "No Findings", there is no requirement for a Corrective Action Plan. And again, acknowledge the Examiners compliment of the Town of Princetown's system of controls over the approval and payment of vouchers .

Best Regards,

Michael J. Joyce
Town of Princetown
Town Supervisor
Chief Executive Officer / Chief Financial Officer

cc: Town Board
Michael Cuevas, Attorney for the Town
Ila Mead, Town Bookkeeper
Sandy Fortune, Town Clerk
Town Departments and Board Chairpersons

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USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building
1400 Independence Avenue, SW, Washington, D.C. 20250-9410



APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to assess the internal controls over claims auditing for the period January 1, 2013 through October 31, 2014. To accomplish our audit objective and obtain valid evidence, our procedures included the following:

- We interviewed Town officials to gain an understanding of the claims auditing process.
- We obtained and reviewed documents pertaining to claims processing.
- We reviewed Board meeting minutes.
- We reviewed a total of 145 claims from the general, water and highway funds totaling \$227,176 to determine if the Board conducted a proper audit of the claims.

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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