



Village of Gowanda Internal Controls Over Police Payroll

Report of Examination

Period Covered:

May 1, 2006 — December 31, 2007

2008M-225



Thomas P. DiNapoli

Table of Contents

	Page
AUTHORITY LETTER	2
INTRODUCTION	3
Background	3
Objective	3
Scope and Methodology	3
Comments of Local Officials and Corrective Action	4
POLICE PAYROLL	5
Recommendation	8
APPENDIX A Response From Local Officials	9
APPENDIX B Audit Methodology and Standards	12
APPENDIX C How to Obtain Additional Copies of the Report	13
APPENDIX D Local Regional Office Listing	14

State of New York Office of the State Comptroller

Division of Local Government and School Accountability

March 2009

Dear Village 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 Village 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 Village of Gowanda, entitled Internal Controls Over Police Payroll. This audit was conducted pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and 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*

Introduction

Background

The Village of Gowanda is located in both Erie and Cattaraugus Counties and has a population of approximately 2,800. The Village provides services to its residents including general governmental support, police protection, fire protection, building safety inspection, street maintenance and improvement, refuse collection, and water and sewer services. For the fiscal year ending May 31, 2007, the Village reported expenditures of \$2.7 million for all funds.

The Board of Trustees (Board) is the Village's legislative body and is responsible for Village operations. The Village's Mayor (Mayor), who is also on the Board, serves as chief executive. As the Village's manager, the Board is responsible for establishing policies and procedures governing the general operations of the Village, including establishing written controls over the Village's payroll processing and disbursement practices. Other Board duties include exercising oversight over Village employees.

The Village Police Department employs approximately 20 part-time police officers, with at least one officer always on duty. The Department is supervised by a part-time Police Officer-in-Charge who, in addition to his administrative role, is frequently on patrol during the day. For the fiscal year ended May 31, 2007, the Village reported expenditures of over \$250,000 for police protection.

Objective

The objective of our audit was to evaluate the Village's internal controls over police payroll. Our audit addressed the following related question:

- Are internal controls over Police Department payroll designed appropriately and operating effectively to adequately protect assets against fraud, abuse, misuse, and professional misconduct?

Scope and Methodology

We examined the Village's internal controls over police payroll for the period May 1, 2006 to December 31, 2007.

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

The Board of Trustees 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 Village Clerk's office.

Police Payroll

A good system of internal controls over Police Department operations consists of written policies and procedures that provide clear guidance to police officers for recording time worked and duties performed during a shift. Effective departmental policies should require all officers to sign in at the start and sign out at the end of a shift, and document time worked. The Police Officer-in-Charge should review and approve the documented information to be used for the preparation of biweekly payrolls and the Village Mayor (Mayor) should certify the payrolls. Moreover, all officers should be required to report in and out of service with the dispatch office at the beginning and end of a shift, and document services performed and complaints answered during a shift. Written policies should also require enhanced oversight on the part of the Police Officer-in-Charge to verify the arrival and departure times of officers working for other municipalities. Further, policies should provide guidance to officers when providing services outside Village boundaries, for example, when answering calls for assistance by other police agencies.

Internal controls over payroll procedures in the Village Police Department were not designed appropriately and operating effectively to adequately protect assets against fraud, abuse, misuse, and professional misconduct. The Board had not adopted written policies and procedures relative to the preparation, review and approval of Police Department payroll. We found multiple internal control weaknesses over the recording and approval of the time and attendance of police officers.

First, the Department uses a daybook where officers record starting and ending shift times and note services performed and complaints answered during the shift. However, officers who work non-routine and unscheduled hours were not required to sign in or make entries in the daybook. Furthermore, while officers routinely contacted the Dispatch Office at the start and end of their shift, we noted that officers were not required to log in and out of service with the Dispatch Office when performing non-routine patrols and services.¹

Second, several of the Village officers worked in other municipalities as part-time police officers. There were no procedures in place to ensure that the officer's work hours in another municipality did not conflict with scheduled times on duty in the Village.

¹Such services included attendance at court, required grand jury testimony, and scheduled time on patrol for special events such as local festivals during the summer months.

Third, the Police Officer-in-Charge did not compare the shift times listed in the daybook and dispatch records to the time sheets prepared by the officers.

Fourth, the payrolls for the Police Department were not reviewed, approved and certified as correct by the Mayor.

Due to these internal control deficiencies, we tested the time records and corresponding compensation paid to three police officers from May 1, 2007 through August 31, 2007. For two of the officers tested, the time worked as indicated on the Village time and attendance records agreed with the corresponding information in the daybook and dispatch records, and did not overlap with any of the time shown on payroll records obtained from the other municipalities employing these police officers. However, we found deficiencies with the time records and corresponding compensation paid to the third police officer. Consequently, we extended our testing of the time records of this officer to the period May 1, 2006 through December 31, 2007.

We examined 162 time records that included 152 signed time sheets prepared by this officer and 10 dispatch records, not supported by time sheets, that indicate the dates and time he was on duty at the Village of Gowanda during our audit period. We compared these 162 records to corresponding time records in three other municipalities for the same period. We documented 15 instances, totaling approximately 40 hours, where the officer's shift time in the Village overlapped with another municipality where the officer was employed. On six other occasions, totaling an estimated four hours, the ending and starting times in Gowanda and other municipalities where the officer is employed were identical. In many of these cases, the officer may not have been working for the Village, but was compensated by the Village. Two examples of overlapping time and one example of work shifts where the end and start times in Gowanda and other municipalities are identical are provided.

- The officer's time sheet for Wednesday, July 27, 2006, for the Village indicated that he and his canine (K9)² had assisted the Cattaraugus County Sheriff's Department in a search in the City of Olean. The Gowanda Police Officer-in-Charge confirmed and documented the Olean search and indicated that cash had been seized. He stated that the Village was entitled to a portion of the amount seized and the proceeds would not be shared with any other municipality.³ However,

²The canine team usually consists of an officer and a trained police dog; this K9 search involved the police dog.

³ The officer led the Town Board to believe that the Town would receive revenue from search and seizure activities conducted by the K9 team. The Village Police Officer-in-Charge did not have the same understanding of the situation.

the September 13, 2006 minutes for the Town of Brant indicated the officer and his K9 had assisted in a search in the City of Olean. From available records it appears that the search in the City of Olean as reported to the Brant Town Board was the same search performed while the officer was in service with the Village of Gowanda. This activity suggests that the Town of Brant also compensated his efforts through payroll.

- The officer's time sheet for Wednesday, November 7, 2007, indicated he worked four hours from 9:00 a.m. until 1:00 p.m. for the Village and includes a description "Little Valley ...". The officer's time sheet from another Village for that date indicated he was on duty there from 8:00 a.m. to 4:00 p.m. In addition, an entry in the police daybook maintained by the other Village listed the officer as on duty at 8:00 a.m. and off duty at 4:00 p.m. The officer's attendance in the other Village is further supported by an instant message entry he sent to dispatch at 7:47 a.m., which said "Good Morning Bob! can u put me in service til 4pm? 791." The officer informed us that he must have recorded the four hours associated with the trip to Little Valley on the wrong day. He believes he "went to Little Valley on a Thursday and rode with another officer."
- The officer's time sheet indicated he was on duty in the Village from 12:00 a.m. until 8:00 a.m. on Friday, December 22, 2006. In addition, the officer logged out of service with the Village dispatch office at 8:18 a.m. The officer also filed a time sheet with another Village where he was employed as a part-time officer, which indicated he was involved in a K9 search at a school from 8:00 a.m. until 12:00 p.m. on the same day. We estimate travel time of approximately 20 minutes between the two Villages, in addition to changing patrol cars, getting the police dog, and arriving at the school. Assuming that the arrival time at the school was indeed 8:00 a.m., this officer would likely have needed to leave the Village well before 7:30 a.m. (not 8:18 a.m.) The officer told us that the Erie County Sheriff's Department asked him to be in the Village of Springville on December 22, 2006 by 8:30 a.m. for a K9 search. Therefore, he drove the Springville police vehicle to Gowanda for overnight storage in the police garage. When his shift ended in Gowanda at 8:00 a.m., he notified dispatch as soon as he got into the Springville car that he was on his way. If this was indeed the case, it appears that the officer was paid by Springville for commuting to work.

In addition to the situations described above during December 2006, similar commuting times would have been necessary for this officer to drive from any one of his employers to another, without regard for the time it takes to change vehicles or to complete any starting or ending shift paperwork in either location. The amount of overlapping time noted in the examples would necessarily be greater in varying amounts, depending upon the commuting time between the differing combinations of his employers.

Since we found several instances where the officer was being paid for the same hours at more than one municipality, we met with law enforcement officials and reviewed our findings with them. Their investigation into this matter was ongoing at the time we completed our fieldwork.

Recommendation

1. The Board should adopt written policies and procedures governing the operation of the Police Department. These policies should contain and/or provide for the following:
 - A requirement that officers working non-routine and unscheduled hours should sign in and out of the daybook when starting and ending a shift
 - A requirement that officers performing non-routine patrols and services should contact the dispatch office at the start and end of a shift
 - The development of procedures, by the Police Officer-in-Charge, to ensure that the officer's work hours in another municipality do not conflict with scheduled times on duty in the Village
 - A comparison, by the Police Officer-in-Charge, of the shift times listed in the daybook and dispatch records to the time sheets prepared by the officers
 - The review, approval and certification of Police Department payrolls as correct prior to disbursement by the Mayor
 - The development of procedures for officers to follow when answering calls for assistance from other law enforcement agencies by the Police Officer-in-Charge.

APPENDIX A

RESPONSE FROM LOCAL OFFICIALS

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



VILLAGE OF GOWANDA

“Gateway to the Southern Tier”

27 E. Main Street ♦ Gowanda NY 14070
(716) 532-3353 ♦ Fax (716) 532-2938

February 2, 2009

Office of the State Comptroller
Public Information Office
110 State Street, 15th Floor
Albany, NY 12236

Re: Village of Gowanda
Internal Controls Over Police Payroll
Report #2008M-225

Dear Sir:

Please accept this letter as a formal response and the Corrective Action Plan (CAP) with regard to the recent audit of the Village of Gowanda Police Department.

The Village Board agrees with the findings. Amendments to the current policy for the Gowanda Police Department will include the following:

1. Audit Recommendation: A requirement that officers working non-routine and unscheduled hours should sign in and out of the daybook when starting and ending a shift.

A policy will be implemented which will include a requirement that all officers working non-routine or unscheduled hours (Court, transports, events, etc.) will sign in and out in the daybook including their start and end times. Time sheets will be signed and are not to be filled out until the end of the shift.

2. Audit Recommendation: A requirement that officers performing non-routine patrols and services should contact the dispatch office at the start and end of a shift.

All officers working non-routine or unscheduled hours will contact dispatch at the start and end of their shift.

Mayor: Richard Klancer ♦ *Trustees:* Barbara Nephew ♦ Carol Sheibley ♦ John Certis ♦ Dale DeCarlo
Supt of Public Works: Michael Hutchinson ♦ *Village Clerk:* Kathleen Mohawk ♦ *Treasurer:* Cindy Schilling
Attorney for the Village: Deborah Chadsey ♦ *Building Inspector/Code Enforcement:* Gary Brecker ♦ *Assessor:* George Stark
Officer in Charge: Joseph Alessi ♦ *Highway Supt.:* John Coudrey ♦ *Water Supt.:* Carl Sternisha

Village of Gowanda is an Equal Opportunity Employer and Provider of Services

3. Audit Recommendation: The development of procedures, by the Police Chief, to ensure that the officer's work hours in another municipality do not conflict with scheduled times on duty in the Village.

All officers who work in another police department will request hours for the Gowanda Police that do not conflict with the other agency. This will be done as an amendment to the scheduling request form currently utilized. In the event the officer is scheduled to work at another agency at a time that is scheduled and/or overlaps for the Gowanda Police Department, the time covered by another officer is the time that will be reimbursed. For example, if an officer is scheduled for Gowanda on an 8am-4pm shift and that same officer is scheduled to work 4pm-12am at another agency and he leaves his/her post at 11:30pm, the officer that covers that ½ hour shift prior to his/her 12am-8am shift is the only officer that will be reimbursed.

4. Audit Recommendation: A comparison, by the Police Chief, of the shift times listed in the daybook and dispatch records to the time sheets prepared by the officers.

The Police Chief will compare shift times listed in the daybook and by dispatch to the time sheets of the officers. This will be used as a check and balance system.

5. Audit Recommendation: The review, approval and certification of Police Department payrolls as correct prior to disbursement by the Mayor.

The Police Chief will include the Mayor as a check and balance for payroll by including the Mayor in review, approval and certification of the payroll requests.

6. Audit Recommendation: The development of procedures for officers to follow when answering calls for assistance from other law enforcement agencies by the Police Chief.

Answering calls for assistance from other law enforcement agencies by the Police Chief will include a request from the other agencies, either written or transmitted via dispatch, with the name of the Agency, the requesting Supervisor and the reason for assistance. This will also include continuous communication with the responding officers, Chief of Police and Supervisors of the other agencies.

These amendments to the current policy are in the process of being added to the current policy and will be signed off on by each and every officer employed by the Village of Gowanda Police Department. These changes will take effect beginning on Tuesday, February 3, 2009.

Very truly yours,



Richard L. Klancer
Mayor

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

The objective of this audit was to evaluate the Village's internal controls over police payroll. To accomplish this objective, we interviewed appropriate Village officials and employees to gain an understanding of Police Department operating procedures. Furthermore, we reviewed available records prepared by Village officials and employees, such as time sheets, daybooks and biweekly payrolls. We contacted the Cattaraugus County Sheriff's Department and obtained dispatch records. We contacted the New York State Department of Motor Vehicles and obtained traffic ticket information. We reviewed these documents to determine if the hours worked, as recorded on police officers' time sheets, were accurate. We obtained records from other municipalities where the police officers were employed to determine if time worked in the Village overlapped with time worked as recorded at these other municipalities. We initially tested the time records and compensation paid to three officers for a four month period (May 1, 2007 through August 31, 2007). As a result of this testing, we expanded the audit period to test the time records of one of the officers for the period May 1, 2006 to December 31, 2007.

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

HOW TO OBTAIN ADDITIONAL COPIES OF THE REPORT

To obtain copies of this report, write or visit our web page:

Office of the State Comptroller
Public Information Office
110 State Street, 15th Floor
Albany, New York 12236
(518) 474-4015
<http://www.osc.state.ny.us/localgov/>

APPENDIX D
OFFICE OF THE STATE COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY

Steven J. Hancox, Deputy Comptroller
John C. Traylor, Assistant Comptroller

LOCAL REGIONAL OFFICE LISTING

BUFFALO REGIONAL OFFICE

Robert Meller, Chief Examiner
Office of the State Comptroller
295 Main Street, Suite 1032
Buffalo, New York 14203-2510
(716) 847-3647 Fax (716) 847-3643
Email: Muni-Buffalo@osc.state.ny.us

Serving: Allegany, Cattaraugus, Chautauqua, Erie,
Genesee, Niagara, Orleans, Wyoming counties

ROCHESTER REGIONAL OFFICE

Edward V. Grant, Jr., Chief Examiner
Office of the State Comptroller
The Powers Building
16 West Main Street – Suite 522
Rochester, New York 14614-1608
(585) 454-2460 Fax (585) 454-3545
Email: Muni-Rochester@osc.state.ny.us

Serving: Cayuga, Chemung, Livingston, Monroe,
Ontario, Schuyler, Seneca, Steuben, Wayne, Yates
counties

SYRACUSE REGIONAL OFFICE

Eugene A. Camp, Chief Examiner
Office of the State Comptroller
State Office Building, Room 409
333 E. Washington Street
Syracuse, New York 13202-1428
(315) 428-4192 Fax (315) 426-2119
Email: Muni-Syracuse@osc.state.ny.us

Serving: Herkimer, Jefferson, Lewis, Madison,
Oneida, Onondaga, Oswego, St. Lawrence counties

BINGHAMTON REGIONAL OFFICE

Patrick Carbone, Chief Examiner
Office of the State Comptroller
State Office Building, Room 1702
44 Hawley Street
Binghamton, New York 13901-4417
(607) 721-8306 Fax (607) 721-8313
Email: Muni-Binghamton@osc.state.ny.us

Serving: Broome, Chenango, Cortland, Delaware,
Otsego, Schoharie, Sullivan, Tioga, Tompkins
counties

GLENS FALLS REGIONAL OFFICE

Karl Smoczynski, Chief Examiner
Office of the State Comptroller
One Broad Street Plaza
Glens Falls, New York 12801-4396
(518) 793-0057 Fax (518) 793-5797
Email: Muni-GlensFalls@osc.state.ny.us

Serving: Clinton, Essex, Franklin, Fulton, Hamilton,
Montgomery, Rensselaer, Saratoga, Warren, Washington
counties

ALBANY REGIONAL OFFICE

Kenneth Madej, Chief Examiner
Office of the State Comptroller
22 Computer Drive West
Albany, New York 12205-1695
(518) 438-0093 Fax (518) 438-0367
Email: Muni-Albany@osc.state.ny.us

Serving: Albany, Columbia, Dutchess, Greene,
Schenectady, Ulster counties

HAUPPAUGE REGIONAL OFFICE

Jeffrey P. Leonard, Chief Examiner
Office of the State Comptroller
NYS Office Building, Room 3A10
Veterans Memorial Highway
Hauppauge, New York 11788-5533
(631) 952-6534 Fax (631) 952-6530
Email: Muni-Hauppauge@osc.state.ny.us

Serving: Nassau, Suffolk counties

NEWBURGH REGIONAL OFFICE

Christopher Ellis, Chief Examiner
Office of the State Comptroller
33 Airport Center Drive, Suite 103
New Windsor, New York 12553-4725
(845) 567-0858 Fax (845) 567-0080
Email: Muni-Newburgh@osc.state.ny.us

Serving: Orange, Putnam, Rockland, Westchester
counties