



# Village of Bayville

## Board Oversight and Selected Financial Operations

### Report of Examination

Period Covered:

June 1, 2010 — October 31, 2011

2012M-143



Thomas P. DiNapoli

# Table of Contents

	<b>Page</b>
<b>AUTHORITY LETTER</b>	2
<b>EXECUTIVE SUMMARY</b>	3
<b>INTRODUCTION</b>	5
Background	5
Objective	5
Scope and Methodology	5
Comments of Local Officials and Corrective Action	5
<b>BOARD OVERSIGHT</b>	7
Claims Audit	7
Budget Transfers	8
Recommendations	9
<b>PROCUREMENT</b>	11
Procurement Policy	11
Professional Services	12
Competitive Quotations	12
Recommendations	13
<b>CODE ENFORCEMENT</b>	14
Recommendation	14
<b>APPENDIX A</b> Response From Local Officials	16
<b>APPENDIX B</b> OSC Comments on the Village's Response	20
<b>APPENDIX C</b> Audit Methodology and Standards	21
<b>APPENDIX D</b> How to Obtain Additional Copies of the Report	23
<b>APPENDIX E</b> Local Regional Office Listing	24

# State of New York Office of the State Comptroller

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## **Division of Local Government and School Accountability**

November 2012

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 Bayville, entitled Board Oversight and 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 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 Village of Bayville (Village) is located in the Town of Oyster Bay, Nassau County and has a population of approximately 8,300. The Village is governed by an elected Board of Trustees (Board) which consists of a Village Mayor and six trustees. The Board is responsible for the general management of the Village, including establishing internal controls over financial operations. The Village Clerk-Treasurer is the chief fiscal officer. Total general fund expenditures for 2010-11 were \$5 million and total budgeted expenditures for 2011-12 were \$5.2 million. These expenditures were funded primarily with real property taxes, and State and Federal aid.

### **Scope and Objective**

The objective of our audit was to examine the Board's oversight and the Village's internal controls over selected financial operations for the period June 1, 2010 through October 31, 2011. Our audit addressed the following related questions:

- Did the Board provide adequate oversight over claims processing and budget transfers?
- Did the Village use competitive methods when procuring goods and services not required to be competitively bid?
- Has the Board delegated discretionary functions to an independent contractor?

### **Audit Results**

The Board did not properly audit all claims prior to payment. As a result, six of 25 claims that we reviewed totaling \$4,349 had no signature by a Village official to attest that the goods and services were received. In addition, 11 of 25 checks totaling \$7,057 were paid and cashed by the vendors prior to the audit of the underlying claims. Furthermore, budget transfers were posted into the accounting records up to 34 days before they were approved by the Board, 11 transfers totaling \$177,670 were done after the end of the fiscal year, and 21 of 25 budget account codes were over-expended by \$46,838 prior to the transfers being made. As a result, the Board does not have adequate assurance that claims are proper and valid Village charges or that goods and services are actually received. In addition, there is an increased risk that budget appropriations will be overspent and that resulting operating deficits could occur.

The Village did not use competitive methods when acquiring professional services because the Board adopted a procurement policy that did not address professional services. As a result, the Village

contracted with five professionals who were paid \$230,301 without seeking competition. In addition, although the procurement policy requires quotations for purchase or public works contracts below competitive bidding thresholds, the Village made six purchases totaling \$28,639 without requesting quotes. The failure to procure goods and services through a competitive process increases the risk that they will not be obtained in the most prudent and economical manner.

Each year the Board hires an individual, on a contractual basis to act as the Village Code and Safety Enforcement Officer at an hourly rate. During our audit period, the Village paid this individual \$46,149 through its claims disbursement process. Although the Village may contract with a private party for the performance of ministerial functions, unless expressly authorized by statute, the Village may not contract with a private party to perform Village functions that involve the performance of police powers or other discretionary functions.

### **Comments of Local Officials**

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. Except as specified in Appendix A, Village officials generally agreed with our recommendations and indicated they planned to take corrective action. Appendix B includes our comments on the issues raised in the Village's response letter.

# Introduction

## Background

The Village of Bayville (Village) is located in the Town of Oyster Bay, Nassau County and has a population of approximately 8,300. The Village is governed by an elected Board of Trustees (Board), which consists of a Village Mayor (Mayor) and six trustees. The Board is responsible for the general management of the Village, including adopting policies, appointing officials and establishing internal controls over financial operations. The Village Clerk-Treasurer (Clerk-Treasurer) is the chief fiscal officer. The Clerk-Treasurer has a Deputy Clerk-Treasurer who shares her responsibilities.

Total general fund expenditures for 2010-11 were approximately \$5 million and total budgeted expenditures for 2011-12 were approximately \$5.2 million. These expenditures were funded primarily with real property taxes, and State and Federal aid. The Village provides a variety of services to its residents including trash collection, street maintenance, snow removal, water service, and a Village Justice Court.

## Objective

The objective of our audit was to examine the Board's oversight and the Village's internal controls over selected financial operations. Our audit addressed the following related questions:

- Did the Board provide adequate oversight over claims processing and budget transfers?
- Did the Village use competitive methods when procuring goods and services not required to be competitively bid?
- Has the Board delegated discretionary functions to an independent contractor?

## Scope and Methodology

We examined the Board's oversight and internal controls over procurement and code enforcement for the period June 1, 2010 to October 31, 2011.

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 C 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. Except

as specified in Appendix A, Village officials generally agreed with our recommendations and indicated they planned to take corrective action. Appendix B includes our comments on the issues raised in the Village's response letter.

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 Clerk-Treasurer's office.

## Board Oversight

The Board is responsible for oversight of the Village's operations and safeguarding its resources. It is important for the Board to conduct a thorough review of each claim prior to payment to verify that it represents a proper and valid charge, is properly authorized, and contains evidence confirming that goods or services were received. It is also essential for the Board to approve budget transfers to prevent budget codes from becoming over-expended, and to approve them before they are posted to the accounting records.

The Board did not properly audit all claims to ensure they included signatures to attest that goods and services were received prior to payment. In addition, budget transfers were posted to the accounting records before Board approval, transfers were done after the end of the fiscal year, and budget account codes were over-expended prior to the transfers being made. As a result, the Board does not have adequate assurance that purchases were proper and valid charges against the Village or that the goods and services were actually received. Without timely approval of budget transfers, there is an increased risk of operating deficits that could affect the Village's ability to provide essential services.

### Claims Audit

Village Law requires the Board to audit all claims against the Village prior to ordering the Clerk-Treasurer to pay the claims.<sup>1</sup> The Board must conduct a deliberate and thorough review to ensure that each claim is itemized and is a proper and valid charge against the Village. This includes ensuring that the officer or employee who gave rise to the claim signed the claim attesting that goods and services were received and that the charges are correct. The Board must also confirm each claim is in its proper form, is mathematically correct and does not include charges previously paid. After the audit, the Clerk-Treasurer prepares a warrant of all claims audited and approved by the Board ordering the Treasurer to pay each claimant the amount approved. The warrant must be signed and dated by the Mayor.<sup>2</sup> Because the Clerk-Treasurer is responsible for preparing the warrant, signing checks, and filing the warrant with the Board for approval, it is essential that the Board exercise proper oversight over the audit and approval of all claims prior to their payment.

<sup>1</sup> Village Law allows the Board to authorize, by resolution, the payment of certain claims in advance of audit including those for public utility services, postage, freight and express charges. However, all such claims must be presented to the Board at the next regular meeting for audit.

<sup>2</sup> A duplicate of the warrant must be filed with the Clerk-Treasurer and recorded in the Board minutes.

The Village paid 3,051 claims<sup>3</sup> totaling \$7.3 million during our audit period. Although the Clerk-Treasurer presented the claims to the Board, the Board members did not audit the claims. Our review of 25 randomly selected claims totaling \$18,277 showed that:

- All 25 claims were signed by the Clerk-Treasurer stating that she had audited and approved the claims, rather than being signed by the Board members.
- Six of 25 claims totaling \$4,349 had no signature by a Village official to attest that the goods and services were received and that the claim was a proper charge against the Village. For example, a claim for a water sampling study totaling \$2,400 was paid without any indication that the study was completed or that the Village received the results.
- Eleven of 25 claims totaling \$7,057 were paid by the Clerk-Treasurer and the checks were cashed by the vendors prior to Board approval of the warrant. For example, a claim for utilities totaling \$499 was paid 31 days before Board approval.<sup>4</sup>

Although the claims appeared to be for appropriate Village business expenditures, without properly auditing and approving all claims before payment, the Board does not have adequate assurance the purchases were proper and valid charges against the Village or that the goods and services were actually received.

## **Budget Transfers**

Effective budgetary controls limit expenditures to the specific purposes and amounts authorized by the Board in the annual operating budget. According to Village Law, no expenditure can be made unless an amount has been appropriated for that particular purpose and the amount is available. It is therefore essential for the Board and Village officials to monitor actual expenditures against budget appropriations to ensure that appropriations are not overspent. The resolutions approving budget transfers should include sufficient information to identify the transfers being approved, including the funds and dollar amounts of the transfers. Budget amendments must be authorized by the Board to avoid incurring expenditures in excess of available appropriations.

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<sup>3</sup> This represents 3,051 invoices submitted for payment, for all Village funds and paid on 2,192 checks.

<sup>4</sup> The Board has not approved a resolution authorizing advance utility payments. These claims are therefore subject to a claims audit prior to payment.

During the audit period, the Clerk-Treasurer processed 11 batches<sup>5</sup> of budget transfers, totaling \$637,382. The Clerk-Treasurer prepared lists of budget transfers in reports called budget adjustment reports, or batch reports, which were presented to the Board for approval. However, the Board was generally not provided with descriptions of why budget transfers were needed, and the resolutions authorizing the transfers simply stated that the Board would accept the budget transfers as presented. The resolutions did not include schedule numbers, the names of the funds or the total dollar amounts of the transfers.

In addition, five batches of budget transfers totaling \$385,199 were processed prior to Board approval. These budget transfers were approved by the Board between five and 34 days after the budget transfers were posted into the accounting records. For example, budget transfers totaling \$194,989 that were processed on October 19, 2010 were not approved until the November 22, 2010 Board meeting, or 34 days after the transfers were processed. Additionally, there was no evidence of Board approval for three transfers totaling \$136,394, including a transfer for \$92,235. Furthermore, four of the 11 transfers totaling \$177,670, were done after the end of the fiscal year. Budget transfers after the fiscal year is completed serve no budgetary control purpose. They simply mask over-expenditures that were allowed to occur during the year.

Finally, we randomly selected 25 budget account codes that had funds transferred in during the audit period to determine if they were over-expended prior to the transfers being processed. The funds that were transferred totaled \$138,029. We found 21 of the 25 budget account codes were over-expended by a total of \$46,838, prior to the transfers being made. In addition, no explanation of the reason for the transfer was provided for 24 of 25 budget account codes.

By allowing transfers to be made without documentation or Board approval, and by allowing funds to be expended without available appropriations, there is an increased risk of incurring future operating deficits that could affect the Village's ability to provide essential services.

## **Recommendations**

1. The Board, not the Clerk-Treasurer, should conduct a thorough audit of claims prior to payment. The Board may choose to adopt a resolution authorizing the payment of utilities prior to audit.

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<sup>5</sup> Each batch consists of transfers into and out of various account codes. The 11 transfers had between two and 25 budget account codes and consisted of 159 transfers into and 108 transfers out of various account codes.

2. The Clerk-Treasurer should provide the Board with a description of why budget transfers are needed.
3. The Board should ensure that the resolutions approving budget transfers clearly document the transfers the Board is approving, including the funds and dollar amounts.
4. The Board should ensure that budget transfers are made to prevent budget codes from becoming over-expended, and that they are approved before they are posted to the accounting records.

# Procurement

General Municipal Law (GML) requires the Board to adopt written policies and procedures for procurements of professional services and other purchases not subject to competitive requirements. These policies and procedures must indicate, among other things, when Village officials must obtain price quotes or request proposals and must provide for adequate documentation of the actions taken.

The Board has a procurement policy but the policy does not address professional services. As a result, the Village contracted with five professional service providers who were paid a total of \$230,301 without seeking competition. In addition, although the policy requires quotations to be obtained for certain purchase or public works contracts that fall below competitive bidding thresholds, Village officials did not comply with the policy. As a result, the Village made six purchases totaling \$28,639 without requesting quotes. The failure to procure goods and services through a competitive process increases the risk they will not be obtained in the most prudent and economical manner.

## Procurement Policy

GML requires the Board to adopt a comprehensive procurement policy to provide for some level of competitive procurement of goods and services that are not subject to competitive bidding requirements. The policy must describe procurement methods, explain when to use each method and require adequate documentation of procurement activities.

The Board has not adopted a detailed procurement policy covering all aspects of the procurement function. The current purchasing policy is simply a resolution that provides the number of quotations or proposals that should be obtained for purchase or public work contracts that are below various thresholds. GML currently provides that competitive bidding is required for purchase contracts in excess of \$20,000 and public works contracts in excess of \$35,000. The procurement policy amounts reflect GML requirements that were in effect prior to June 22, 2010 and November 9, 2009, respectively. Village officials have not addressed the increase in the thresholds to provide guidance for purchase contracts between \$10,000 and \$20,000 and public works contracts between \$20,000 and \$35,000. In addition, the policy does not provide any guidance regarding the procurement of professional services, or sole source providers or emergency situations where there may not be opportunities to obtain quotations. An adequate purchase policy, supplemented with written procedures, could provide better assurance that Village officials will make purchases as economically as possible.

## Professional Services

Competitive bidding is generally not required for the procurement of professional services that involve specialized skill, training and expertise; the use of professional judgment or discretion; and/or a high degree of creativity. However, GML requires Villages to adopt written policies governing the procurement of goods and services when competitive bidding is not required. A request for proposal (RFP) process is an effective way to ensure that the Village receives the desired service for the best price.

The Village's procurement policy does not require the use of competitive methods for acquiring professional services. In fact, the policy is silent about professional services. We reviewed five professional service providers<sup>6</sup> who were paid a total of \$230,301. The Village did not solicit competition, such as through an RFP process for any of the five professional services. The professionals included two architectural firms paid a total of \$148,304, an accountant paid \$39,500 and two attorneys paid a total of \$42,497.

Without competition for the procurement of professional services, officials have no assurance they are obtaining professional services at the most favorable terms and in the best interest of Village taxpayers.

## Competitive Quotations

GML requires the Board to adopt a policy to solicit competition for the procurement of goods and services that are not subject to competitive bidding requirements. Soliciting competition helps ensure that contracts are entered into in a manner that is in the best interest of the public.

The Village procurement policy requires that officials solicit written quotes or proposals for certain purchase or public work contracts (not professional services) that fall below competitive bidding thresholds. Specifically the policy requires two written quotes for purchase contracts between \$3,000 and \$6,000 and three written quotes or three written proposals for purchase contracts over \$6,001. The policy also requires two written quotes for public work contracts between \$5,000 and \$10,000 and three written quotes or three written proposals for public work contracts over \$10,001.

We examined all 11 applicable purchases, which were made from 10 vendors that totaled \$66,118. The Village did not obtain the necessary quotations for six of the 11 purchases totaling \$28,639. For example, the Village made payments totaling \$6,275 for cemetery cleaning and \$5,524 for chemicals without soliciting quotations. There was no indication that any of these purchases were from sole source providers or that the procurements were made during emergency situations.

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<sup>6</sup> Only five professional service providers received payments of \$10,000 or more during our audit period.

The failure to ensure compliance with the procurement policy places the Village at risk of not obtaining goods and services at the lowest available price.

**Recommendations**

5. The Board should adopt a procurement policy that provides guidance for purchases below the current competitive bidding limits and that addresses professional services. The Board should consider including a requirement that competition be used when selecting professional service providers.
6. Village officials should obtain the necessary written quotes or proposals as required in the Village's procurement policy.

## Code Enforcement

A village generally may retain professionals as independent contractors and consultants to advise and assist village officials and employees in the performance of their duties. In addition, a village may contract with private entities for the performance of functions that are purely ministerial in nature. However, unless expressly authorized by statute, a village may not contract with a private party to perform village functions that involve the performance of police powers or other discretionary functions. The village code enforcement function has certain duties and responsibilities that involve the performance of police powers to enforce local laws, and the exercise of judgment or discretion, which must be performed by village officials and may not be delegated to an independent contractor.

Each year, the Board hires an individual on a contractual basis to act as the Code and Safety Enforcement Officer at an hourly rate. During our audit period, the Village paid one individual \$46,149 through its claims disbursement process, and reported his compensation to the Internal Revenue Service on Form 1099. The fact that the Village hired this individual on a contractual basis, paid him an hourly rate, and reported his compensation on Form 1099 is indicative of an independent contractor relationship. Moreover, this individual did not take an oath of office and there was no indication that the Board formally established the office of code enforcement officer. Consequently, it appears that the individual was engaged to perform code enforcement duties as an independent contractor.

The duties performed by the Code and Safety Enforcement Officer involve patrolling Village streets and issuing appearance tickets to residents for Village code violations. These duties involve the performance of police powers to enforce local laws, and exercising judgment or discretion. Therefore, they must be performed by a public officer and cannot be delegated to an independent contractor.

In light of the factors that indicate an independent contractor relationship with the individual performing code and safety enforcement functions, the Board is not complying with the requirement that all discretionary Village functions and police powers be performed by a Village official, and not an independent contractor.

### Recommendation

7. The Board should review with its counsel the Village's relationship with the individual performing the code and safety enforcement functions on behalf of the Village. The Board should ensure that anyone who performs these duties meets all the requirements for holding Village office, including being properly appointed to the

office, taking an oath of office and being compensated through payroll with appropriate deductions, and is not engaged as an independent contractor.

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

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



## The Incorporated Village of Bayville

MAYOR  
DOUGLAS G. WATSON

BOARD OF TRUSTEES  
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HARRY E. PINKERTON III  
CATHERINE RAPELJE  
PAUL RUPP  
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VILLAGE ADMINISTRATOR  
MARIA ALFANO-HARDY

October 4, 2012

Mr. Ira McCracken  
Chief Examiner  
Office of the State Comptroller  
New York State Office Building  
250 Veterans Memorial Highway  
Room 3A10  
Hauppauge, New York 11788

Dear Mr. McCracken,

Thank you again for your time and efforts in performing the recent audit of the Village's financial activities. While the Village Board and all Village employees continually strive to perform at the highest level of ethics and efficiency, we may not always interpret General Municipal Law precisely as to its intent. Although the Village has an annual audit performed, it is always beneficial to have an external audit to cover all procedures and documentation.

Attached please find the Village's responses to your findings.

Very truly yours,

Douglas G. Watson  
Mayor

cc: Board of Trustees  
D. Bianco, Village Attorney

## Board Oversight

1. The Board, not the Clerk-Treasurer, should conduct a thorough audit of claims prior to payment. The Board may choose to adopt a resolution authorizing the payment of utilities prior to audit.

The Village's procedure regarding audit of claims prior to payment is as follows:

All Board members receive a memo indicating Fund, Warrant Number, Claim Number and amount for all payments to be made. Supporting documentation, including the Claim Form and invoice, is available for review. The Clerk-Treasurer or Deputy Clerk-Treasurer, and department personnel review claims for accuracy and correctness prior to submittal to the Board for approval. Going forward, the Board will conduct a thorough audit of claims.

On June 11, 2012, Resolution 2012-91 was passed by the Board authorizing payment of utilities prior to audit.

2. The Clerk-Treasurer should provide the Board with a description of why budget transfers are needed.

The Village's procedure regarding budget transfers is as follows:

Prior to Board meetings, Board members are provided with Budget Transfer Forms which included Funds, Appropriation Codes and amount of proposed transfers along with copies of Expense Control Reports for review. Copies of these documents are made part of the official minutes of the meeting.

With respect to the transfer in the amount of \$92,235.00, the Village was instructed by the NYS Comptroller's Data Management Unit in April of 2010, to reclassify the Length of Service Award Program expense under a new code. Therefore, this was not a budget transfer and as such should be deleted from the report.

See  
Note 1  
Page 20

The Village will amend its procedure and the Clerk-Treasurer will provide the Board with a more complete description of why budget transfers are needed.

3. The Board should ensure that the resolutions approving budget transfers clearly document the transfers the Board is approving, including the funds and dollar amounts.

The Board will ensure that the resolutions approving budget transfers clearly document the transfers the Board is approving, including the funds and dollar amounts.

4. The Board should ensure that budget transfers are made to prevent budget codes from becoming over-expended, and that they are approved before they are posted to the accounting records.

The Board receives and reviews expense and revenue reports at the end of every month. In the past, the Board met once a month which would cause a timing difference between Board approval by resolution of proposed budget transfers and posting to accounting records. Going forward, transfers will not be posted to accounting records prior to Board approval.

## Procurement

5. The Board should adopt a procurement policy that provides guidance for purchases below the current competitive bidding limits and that addresses professional services. The Board should consider including a requirement that competition be used when selecting professional service providers.

**The Board maintains it is in compliance at this time. Under General Municipal Law, a municipality may forego competitive bidding requirements if it is seeking a professional service that requires special skill and expertise as this sort of service is not the type of work that involves the objective uniform standards that are required of bid specifications; however, the Board will address professional services, including a requirement that competition be used as it reviews and updates the Village's procurement policy.**

6. Village officials should obtain the necessary written quotes or RFPs as required in the Village's procurement policy.

**The Village has, and will continue to obtain necessary written quotes or RFPs and has developed new forms to insure total compliance with its procurement policy.**

See  
Note 2  
Page 20

## Code Enforcement

7. The Board should review with its counsel the Village's relationship with the individual performing the code and safety enforcement functions on behalf of the Village. The Board should ensure that anyone who performs these duties meets all the requirements for holding Village office, including being properly appointed to the office, taking an oath of office and being compensated through payroll with appropriate deductions, and is not engaged as an independent contractor.

**The relationship between the individual performing the duties of code enforcement ceased as of March 2012. In the future, any individual performing these duties will do so in an appropriate manner.**

## **APPENDIX B**

### **OSC COMMENTS ON THE VILLAGE'S RESPONSE**

#### Note 1

In 2005, the Office of the State Comptroller (OSC) sent a bulletin to local government officials advising them of the proper account code to be used for Length of Service Award Program expenditures. In 2010, OSC advised Village officials that they were not reporting this expenditure correctly in their annual filing with our office, in accordance with the 2005 bulletin. This was not a new account code. Because Village officials made a budget transfer from one account code to another to reclassify the expenditure, Board approval should have been obtained prior to processing the transfer. An explanation should have been provided to the Board stating that it was due to a correction or reclassification of a budgeted appropriation.

#### Note 2

Village officials provided no evidence that they obtained quotations for six of the 11 purchases mentioned in our report or that they used a request for proposal (RFP) process for any of the five professional services mentioned in our report.

## APPENDIX C

### AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to assess the adequacy of the internal controls put in place by the Board and Village officials to safeguard Village assets. To accomplish this, we performed an initial assessment of the internal controls so that we could design our audit to focus on those areas most at risk.

During the initial assessment, we interviewed appropriate Village officials, performed limited tests of transactions and reviewed pertinent documents such as Village policies and procedures, Board minutes and financial records and reports. In addition, we obtained information directly from the computerized financial databases and then analyzed it electronically using computer-assisted techniques. This approach provided us with additional information about the Village's financial transactions as recorded in its databases.

The internal control reviews included financial operations, cash operations, purchasing, claims processing, payroll and personal services, real property taxes and information technology. Further, we reviewed the Village's internal controls and procedures over the computerized financial databases to help ensure that the information produced by such systems was reliable.

After reviewing the information gathered during our initial assessment, we determined where weaknesses existed, and evaluated those weaknesses for the risk of potential fraud, theft and/or professional misconduct. We then decided upon the reported objective and scope by selecting for audit those areas most at risk. We selected Board oversight, procurement and code enforcement for further audit testing. We performed the following procedures:

- We reviewed compliance with laws and regulations for claims processing.
- We examined Board minutes and claims for approval of warrants and for evidence of Board audit prior to payment.
- We interviewed the Clerk-Treasurer and the Mayor to understand claims processing.
- We obtained computerized data covering the audit period and used audit extraction and analysis software to determine the total number of checks issued and the amounts paid during the audit period.
- We examined claims, warrants, bank statements and canceled checks for authorization, support, and accuracy.
- We reviewed compliance with laws and regulations for budget transfer processing.
- We reviewed Board minutes for Board approvals of budget transfers. We also interviewed the Clerk-Treasurer and the Mayor to understand the budget process.
- We examined budget adjustment reports to identify reasons for transfers, processing dates, amounts of budget transfers and account codes charged.

- We reviewed Board resolutions approving budget transfers and supporting schedules to determine if the Board approved transfers prior to the budget transfers being processed.
- We examined expense control reports to determine when expenditures were charged to budget account codes.
- We reviewed the procurement policy to determine if it adequately addressed the procurement of all goods and services by the Village.
- We interviewed the Clerk-Treasurer to understand the procurement of professional services and purchases within the Village's competitive quotation thresholds.
- We reviewed audit extraction and analysis software data to determine the total number of professional service providers and the amounts paid to each professional service provider during the audit period.
- We reviewed Board minutes and professional service contracts to determine if professionals were paid in accordance with Board-approved rates.
- We used audit extraction and analysis software data to obtain the number of and amount paid to vendors within the Village's competitive quotation thresholds.
- We interviewed the Clerk-Treasurer and obtained documentation regarding the appointment and duties of the Code and Safety Enforcement Officer.

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 D

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Andrew A. SanFilippo, Executive Deputy Comptroller  
Steven J. Hancox, Deputy Comptroller  
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