



City of Beacon

Internal Controls Over Cash Receipts and Information Technology

Report of Examination

Period Covered:

January 1, 2011 — May 31, 2012

2012M-224



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

January 2013

Dear City 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 City Council 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 City of Beacon, entitled Internal Controls Over Cash Receipts and Information Technology. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the General Municipal Law.

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

Respectfully submitted,

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



State of New York Office of the State Comptroller

EXECUTIVE SUMMARY

The City of Beacon (City) is located in Dutchess County, encompasses 4.9 square miles and has a population of approximately 15,500. The City Council (Council) is comprised of the Mayor and six Council members who are the legislative body responsible for setting the City's governing policies. The Mayor serves as the City's chief executive officer. The City Administrator, as directed by the Mayor, supervises City operations. The 2012 general fund budget was approximately \$18.4 million.

The City Clerk (Clerk) is responsible for the receipt of all City funds. The Deputy Clerk is responsible for sludge fee billings and collections and delinquent school taxes collection. The City contracts with an information technology (IT) consultant for support of the computer system and network.

Scope and Objective

The objective of our audit was to examine the effectiveness of internal controls over selected financial activities for the period January 1, 2011 to May 31, 2012. For park and recreation fees, we extended the scope back to January 1, 2007. Our audit addressed the following related questions:

- Did City officials design controls over cash receipts to effectively safeguard City assets?
- Did City officials ensure that the City's IT system was adequately secured and protected against unauthorized access and loss?

Audit Results

City officials need to improve oversight of cash receipts from waste water, parks and recreation, and building permit fees. City officials have not established comprehensive written policies and procedures to provide adequate guidance and internal controls over the cash receipt function. Invoices for payment of sludge fees were not always billed to customers. For example, customers were underbilled by \$2,220 in September 2011. Also, since sequentially numbered receipts are not used, there is no guarantee that all payments for building permits and parks and recreation fees are being remitted to the Clerk. In addition, internal controls over the issuance of parking tickets were not established to provide reasonable assurance that all tickets were accounted for. We identified 11 tickets in a one month period that could not be accounted for. The collection and payment of delinquent taxes are not in compliance with the Law.

City officials did not adopt a comprehensive IT security plan, a disaster recovery plan, or a breach notification policy. Without a proper IT security plan and a disaster recovery plan in place there is an increased risk that City data, hardware and software systems may be lost or damaged by unauthorized

access and use or disaster. Furthermore, by failing to adopt an information breach notification policy, in the event that private information is compromised, City officials and employees may not understand or be prepared to fulfill their legal obligation to notify affected individuals.

Comments of Local Officials

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

Introduction

Background

The City of Beacon (City) is located in Dutchess County, encompasses 4.9 square miles and has a population of approximately 15,500. The City provides various services to its residents, including highway, police and fire protection, street lighting, and general governmental support. These services are financed primarily with real property taxes, sales tax and State aid. The City also collects fees from independent haulers for sludge treatment at the City's waste water treatment facility. In addition, the park and recreation and building departments collect fees for park usage permits, recreational programs, and building permits. The City issues parking tickets for parking violations and the fines are collected by an independent contractor on behalf of the City.

The City Council (Council) is comprised of the Mayor and six Council members who are the legislative body responsible for setting the City's governing policies. The Mayor serves as the City's chief executive officer. The City Administrator, as directed by the Mayor, supervises City operations. The City Clerk (Clerk) is responsible for the receipt of all City funds. The Deputy Clerk is responsible for sludge fee billings and collections and delinquent school tax collections. The City contracts with an information technology (IT) consultant for the support of its computer system and network.

The City's 2011 total expenditures for the general fund were approximately \$18.3 million and the 2012 adopted general fund budget was approximately \$18.4 million. During our audit period, sludge fees were \$1.2 million, building permit fees were \$103,000, and park and recreation charges were \$54,000. In addition, the City collected approximately \$116,000 in parking fines. The City also collected approximately \$1.8 million in delinquent school taxes on behalf of the Beacon City School District.

Objective

The objective of our audit was to examine the effectiveness of internal controls over selected financial activities. Our audit addressed the following related questions:

- Did City officials design controls over cash receipts to effectively safeguard City assets?
- Did City officials ensure that the City's IT system was adequately secured and protected against unauthorized access and loss?

**Scope and
Methodology**

We examined the City’s internal controls over cash receipts and IT for the period January 1, 2011 to May 31, 2012. For park and recreation fees, we extended the scope back to January 1, 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 are included in Appendix B of this report.

**Comments of
Local Officials and
Corrective Action**

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

The Council 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 Council to make this plan available for public review in the City Clerk’s office.

Cash Receipts

City officials are responsible for establishing adequate internal controls to properly safeguard the City's assets. It is important that City officials adopt policies and procedures for the collection, verification, and deposit of cash receipts, and also to ensure that all moneys owed to the City are properly billed. A good system of internal controls over cash receipts requires the issuance of duplicate, sequentially numbered receipts. Likewise, parking tickets should be issued in sequential order to ensure that all tickets are properly accounted for. Delinquent school taxes must be collected in accordance with Education and Real Property Tax Laws.

City officials did not exercise proper oversight of cash receipts from waste water, park and recreation, or building permit fees. City officials did not establish comprehensive written policies and procedures that provide adequate guidance and internal controls over the cash receipt function. Invoices for payment of sludge fees were not always billed to customers. Due to the lack of the use of sequential receipts there is no guarantee that all payments for building permits and parks and recreation fees are being remitted to the Clerk. In addition, internal controls over the issuance of parking tickets were not established to provide reasonable assurance that all tickets were accounted for. The collection and payment of delinquent taxes are not in compliance with the Law.

Waste Water Facility Fees

Controls should be in place to ensure that services provided to customers are billed correctly and are accurately recorded in customer accounts. Periodic reconciliations of control accounts to individual customer accounts are important to ensure the overall accuracy of the accounting records. The City operates a waste water facility that accepts septage and sewer sludge from independent haulers. Revenue generated from accepting sludge assists with the plant's operation and maintenance costs. The plant's chief operator is responsible for submitting all collections and receipts¹ to the Clerk's office and the Deputy Clerk is responsible for billing customers monthly.

The Deputy Clerk does not reconcile sludge receipts to the control log or to the customers' bills to ensure that all receipts issued for sludge are paid. We reviewed all sludge receipts issued in September 2011² to determine if all receipts were issued in sequential order and properly accounted for. There were 273 receipts issued: 93 were paid

¹ Notes of payment due for services rendered

² We selected September 2011 because it was mid-way through the audit period.

at the time of service, 66 were paid in advance, and the remaining 114 receipts were issued for customers that are billed monthly. All receipts were issued in a sequential order; however, not all monthly billed customers were properly billed for services. Six receipts totaling \$2,220 for monthly billed customers were never billed. According to the Deputy Clerk, these customers were not billed because receipts were never provided to her. The plant's chief operator found three of the receipts, but the other three were never located. The chief stated that the receipts may have been lost or misfiled. Due to the lack of receipt and billing reconciliations the City lost revenue for sludge treatment services that the City provided.

Receipt Issuance

A good system of internal controls over cash receipts requires the issuance of duplicate, sequentially numbered receipts by City employees who are authorized to receive cash payments. Receipts should indicate the payee name, purpose and form of payment received. This documents individual collections and helps ensure all funds are properly accounted for. Parking tickets, like receipts, should be issued sequentially to properly account for all tickets.

City officials have not implemented procedures for the issuance of receipts for building permit or parks and recreation fees. Additionally, City officials have not established policies over the issuance of parking tickets. The Police Lieutenant is responsible for all parking tickets; however, he has not established procedures for the issuance of parking tickets. The Building Department does not issue duplicate, press-numbered receipts and parking tickets were not issued in sequential order. As a result, City officials do not have adequate assurance that all receipts are accounted for.

Building Department – The Building Department typist collects all payments for building permits except cash.³ Duplicate, press numbered, receipts are not issued for these fees. We reviewed all payments for building permits for September 2011 to determine if payments were properly accounted for and deposited in City accounts. There were 55 permits issued in September 2011 totaling approximately \$14,250. All permits were accounted for and moneys collected were properly deposited in City accounts. Although our review did not find any discrepancies, not issuing press numbered sequential receipts increases the risk that all moneys collected will not be properly accounted for.

Parks and Recreation Department – The Director of Parks and Recreation (Director) collects all fees for recreational programs and special usage of parks and pavilion rentals. The Director is not required to issue duplicate, sequentially press-numbered receipts. Permits

³ Cash is collected at the City Clerk's office and a receipt is issued.

for park usage and pavilion rentals are issued from software that allows numbers to be assigned to the receipts manually. The Director prints, signs and stamps the permits and provides it to the payee as receipt of payment. Records of the fees collected are maintained on a spreadsheet by the Director. There is no review by City officials of the payments collected by the Director. City officials have no assurance that Parks and Recreation Department receipts were turned over to the Clerk for deposit, because there is no valid evidence of actual collections available for review. We found that the revenue for parks and recreational charges has decreased 18 percent from 2007 to 2011. The Director stated that the decrease in revenue is due to the City closing programs that are not self-supporting. However, without adequate documentation of cash receipts and accounting records, City officials and the Council cannot be sure that all cash collected for park and recreation fees are being deposited in City accounts.

Parking Tickets – The City contracts with an independent contractor to collect parking ticket fines. City officials do not reconcile payments from the contractor to tickets issued. City Police and the Metropolitan Transit Authority (MTA) officers issue parking tickets in the City. We found that parking tickets are not issued in sequential order because multiple parking ticket books are used simultaneously. City officials do not reconcile parking tickets issued to payments collected by the contractor to ensure that all tickets issued are paid. Ticket books containing 25 sequentially numbered tickets are given to officers. However, booklets are not given out sequentially. We reviewed all 82 parking tickets issued in September 2011 and found gaps between the ticket numbers issued by individual officers, with 11 tickets missing. The 11 missing tickets were from five different officers' ticket books and none of the missing tickets had been voided according to the police lieutenant. All parking tickets should be accounted for to ensure that all revenues from parking fines are collected. Issuing parking tickets out of sequential order makes it difficult to verify what tickets have been issued and to determine whether all tickets issued have been paid. Furthermore, without reconciling payments from the contractor for the parking fines to tickets issued, City officials cannot be sure all moneys collected are turned over to the City.

Delinquent School Tax

Educational Law permits the Council and the Beacon City School District's (District) Board of Education (Board) to enter into an agreement for the collection of school taxes. Real Property Tax Law requires that moneys collected for school taxes be remitted at least once a month to the District, and also permits installment payments of delinquent taxes. However payments must be pursuant to local law.

The City collects delinquent school taxes for the District. However, the Council does not have a written agreement with the Board for the

collection of the delinquent school taxes. Although the City accepts installment payments for delinquent taxes, the Council did not adopt a local law permitting the City to accept installment payments. Furthermore, the Deputy Clerk responsible for collecting delinquent school taxes stated that she does not submit partial payments collected to the District. Instead, she waits until the entire amount is collected before remitting the moneys. During our audit period the City collected approximately \$20,000 in partial payments for delinquent school taxes from 12 taxpayers. These payments have not been submitted to the District even though payments were received as long ago as February 2011.

The lack of a written agreement with the Board and the collection of installment payments for the delinquent taxes could result in misunderstandings between the parties about the services and the terms of services to be provided. By not remitting the moneys collected to the District on a monthly basis, the City is holding on to money that rightfully belongs to the District.

Recommendations

1. City officials should ensure that sludge treatment services provided to customers are billed correctly by reconciling monthly receipts issued to the control log and to the customers' bill.
2. City officials should implement procedures requiring the issuance of sequential, press numbered receipts for all collections.
3. City officials should adopt policies requiring City police and MTA officers to issue parking tickets in a sequential order and maintain copies of all tickets issued. In addition, City officials should track parking tickets issued and reconcile parking ticket payments collected by the contractor to ensure that all payments collected are submitted to the City.
4. The Council should have a written agreement with the Beacon City School District for delinquent school tax collection. In addition, the Council should adopt a local law allowing the City to accept partial payments of delinquent school taxes if the City is going to continue receive such payments.
5. City officials should ensure that moneys collected for school taxes be remitted at least monthly to the District.

Information Technology

The City relies on an IT system for correspondence; preparation, issuance, and posting of collected user charges; collection of taxpayer billings; Internet access; e-mail communication; preparation of payroll; issuance of checks; maintenance of financial records; and reporting to State and Federal agencies. If the IT system fails, or is damaged or destroyed, the resulting problems could range from inconvenient to severe. Even small disruptions in electronic data systems can require extensive time and effort to evaluate and repair. The Council is responsible for establishing security measures to protect the City's computer equipment, software, and data. These include an IT security plan that identifies, prioritizes, and minimizes data security risks, and guidelines for disaster recovery. The City should also have a breach policy detailing how employees would notify individuals whose private information was, or is reasonably believed to have been, acquired by a person without a valid authorization.

City officials did not adopt a comprehensive IT security plan and a disaster recovery plan. In addition, the Council has not adopted a breach notification policy. Without a proper IT security plan and a disaster recovery plan in place, there is an increased risk that City data, hardware, and software systems may be lost or damaged by unauthorized access and use, or disaster. Furthermore, by failing to adopt an information breach notification policy, in the event that private information is compromised, City officials and employees may not understand or be prepared to fulfill their legal obligation to notify affected individuals.

IT Security Plan – It is important that the City has an IT security plan that documents the process for evaluating security risks, identifies and prioritizes the more significant security issues, and documents the process for discussing and determining solutions. The security plan should establish a framework for an ongoing process to identify areas of risk and to develop and monitor the effectiveness of adopted policies and procedures that are designed to control these risks. The plan should establish a security management structure and clearly assign security responsibilities. Because new security risks may emerge and employee responsibilities may change over time, City officials should update the plan, as needed, and distribute it to all City employees who have access to applications, servers, and networks.

City officials have not developed a comprehensive security plan for its computerized systems. The City Administrator stated that they have made improvements in IT but it has not been their focus in

developing an IT security plan. Without a well-developed security plan, areas that could be at risk may be overlooked, and the internal controls that are put into place to control risk may not be appropriate and/or effective. Consequently, in the event of a security breach, critical data could be at risk of being lost, stolen, or corrupted.

Disaster Recovery – An effective disaster recovery plan identifies critical system functions and describes the steps that City personnel should take to restore essential operations in the event of a disaster. Such disasters include any sudden, catastrophic event (e.g., fire, computer virus, power outage, or inadvertent employee action) that compromises the integrity of the IT system and data. An effective plan should also include measures that focus on disaster prevention.

City officials have not established a formal disaster recovery plan. City personnel have no procedures to prevent or minimize the loss of equipment and data and no guidelines for implementing data recovery procedures and resuming critical operations as efficiently as possible. In the event of a disaster, the City is at risk of not being able to perform essential operations such as payroll and vendor payments.

Breach Policy – New York State (NYS) Technology Law requires local governments to establish an information breach notification policy. The policy should detail how the City would notify individuals whose private information was, or is reasonably believed to have been acquired by a person without a valid authorization. The disclosure should be made in the most expedient time possible and without unreasonable delay, consistent with the legitimate needs of law enforcement or any measures necessary to determine the scope of the breach and restore the reasonable integrity of the data system.

The Council has not adopted a breach notification policy. By failing to adopt a breach notification policy, in the event that private information is compromised, City officials and employees may not understand or be prepared to fulfill their legal obligation to notify affected individuals.

Recommendations

6. City officials should develop a comprehensive IT security plan, distribute it to all City employees who have access to applications, servers, and networks, and update it when necessary.
7. City officials should develop a disaster recovery plan to ensure that in the event of a disaster, the City will be able to perform essential operations.
8. The Council should adopt a breach notification policy.

APPENDIX A

RESPONSE FROM LOCAL OFFICIALS

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



CITY OF BEACON New York

Meredith S. Robson
City Administrator

OFFICE OF CITY ADMINISTRATOR

845-838-5000

January 11, 2013

Tenneh Blamah, Chief Examiner
New York State Office of State Comptroller
Newburgh Regional Office
33 Airport Center Drive, Suite 103
New Windsor, NY 12553

Dear Chief Blamah,

This letter is in response to your preliminary draft findings of the audit of the City of Beacon, to which we agree. It also serves as our Corrective Action Plan to address the report's findings, since we are fully prepared, at this time, to address the issues raised. We are proud of the fact that you recognized that our financial position is such that it did not warrant detailed further investigation. However, we recognize that there are still issues that we must address and we take our responsibility to do so very seriously. I trust that you will find our response/Corrective Action Plan satisfactory, but should you have any remaining questions, please feel free to contact me at any time.

Thank you and your staff for your assistance and cooperation throughout this process. We are committed to making sure this City is run effectively and in compliance with applicable laws and regulations.

Sincerely,

Meredith S. Robson
City Administrator



CITY OF BEACON New York

Meredith S. Robson
City Administrator

OFFICE OF CITY ADMINISTRATOR

845-838-5000

January 11, 2013

Tenneh Blamah, Chief Examiner
New York State Office of State Comptroller
Newburgh Regional Office
33 Airport Center Drive, Suite 103
New Windsor, NY 12553

RE: Unit Name: City of Beacon
Audit Report Title: Internal Controls Over Cash Receipts and Information Technology
Audit Report Number: 2012M-224

Dear Chief Blamah,

For each recommendation included in the audit report, the following is our corrective action(s) taken or proposed. For recommendations where corrective action has not been taken or proposed, we have included the following explanations.

Audit Recommendation:

1. City officials should ensure that sludge treatment services provided to customers are billed correctly by reconciling monthly receipts issued to the control log and to the customers' bill.
2. City officials should adopt policies requiring the issuance of sequential, press numbered receipts for all collections.
3. City officials should adopt policies requiring City police and MTA officers to issue parking tickets in sequential order and maintain copies of all tickets issued. In addition, City officials should track parking tickets issued and reconcile parking ticket payments collected by the contractor to ensure that all payments collected are submitted to the City.
4. The Council should have written agreement with Beacon City School District for the delinquent school tax collection. In addition, the Council should adopt a local law allowing the City to accept partial payments of delinquent school taxes if the City is going to continue to receive such payments.
5. City officials should ensure that moneys collected for school taxes be remitted at least monthly to the District.

Implementation Plan of Action(s)

Sludge Fees:

The City reconciles the amounts billed with the amount recorded on a monthly basis as the bills are issued. The billing department receives sludge tickets from the sewer department and issues the bills. The Sewer plant issues tickets for hauler dumping fees in sequential order and records in the log book. Most haulers are then required to pay the Clerk immediately; other larger/more frequent haulers are billed on a monthly basis. The City has updated the procedures for sludge billing to request the log book from the Sewer plant and match tickets received for the month with the log book before billing.

Park & Recreation Fees:

The City plans to review and update receipting procedures for Parking & Recreation Fees. The Recreation director will be using a prenumbered receipt book and giving a duplicate to the Clerk upon payment remittance. As part of the internal control procedures the finance department will review receipt book periodically to ensure all amounts collected for programs was remitted and recorded properly. Ultimately as funds allow, the City would like to institute an online program that participants in the recreation program can pay the City Clerk directly through the City's secured website.

Building Fees:

Sequential receipts were not used but the building permits that are issued are in numerical order generated by the Building department software which cannot be manually manipulated. We have added a receipt number function to the software, which automatically generates a sequential receipt number for all funds received by the building department. Monthly reports of funds received will be given to the finance department and reconciled periodically to ensure all fees collected have been remitted.

Parking tickets:

The City has outsourced the collection of parking tickets to an outside vendor. The City reconciles the amount received with reports received from the outside vendor of amounts collected. However, there has not been a log book of parking ticket books (the City currently has several police officers issue parking tickets) kept to ensure which tickets have been issued or destroyed etc. The City has implemented a log book for the parking tickets issued which includes officer name and sequential numbers in receipt book. The City also plans to hire a parking enforcement officer which will cut down on the distribution of booklets to several different officers. The City will continue to review the amounts received from the vendor with the reports of collection. In addition, the City will review the log books periodically to ensure that tickets issued by officers are remitted to the City.

School taxes:

The City collects partial payments for School taxes and prior year School taxes. The School does not accept partial payments therefore the City holds the taxes for the School until the taxpayer pays the complete bill. The City remits all payments for fully paid parcels to the School District on a monthly basis. The City makes the School "whole" after 2 years of collection regardless of partial payments and the City remains responsible for collecting the remaining

balances of unpaid taxes. The City Administrator and the City Attorney have already met to discuss the plan of action. The City will develop a written agreement with Beacon City School District to formally document the understanding of collection. The City will also adopt a local law allowing the City to accept partial payments of delinquent School taxes.

IT Plan:

The City has been in the process of developing its IT infrastructure for several years and is now at the point where it can go further and begin to develop and adopt a Comprehensive security plan, a disaster recovery plan and a breach of notification policy. Prior to 2009, the City did not even have the funds to provide basic or adequate technology infrastructure, let alone deal with appropriate infrastructure planning. However, the City is now able to move forward on the IT planning and will get these plans completed. Several improvements, including Cloud technology for backup, have already been anticipated and included in the 2013 budget. The City Administrator and IT consultant have discussed the plans and improvements needed and the consultant will provide the City Administrator with a proposed timeline for implementation in 2013.

Implementation Date:

Sludge Fees:	12/20/12
Park & Recreation Fees:	02/28/13
Building Fees:	01/01/13
Parking Tickets:	02/28/13
School Taxes:	01/31/13
IT Plan:	06/30/13

Person Responsible for Implementation:

Sludge Fees:	Deputy Clerk, Director of Finance
Park & Recreation Fees:	Recreation Director, Director of Finance
Building Fees:	Building Department typist, Director of Finance
Parking Tickets:	Police Chief, Director of Finance
School Taxes:	City Administrator, City Attorney
IT Plan:	City Administrator

Sincerely,

Meredith S. Robson
City Administrator

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to assess the adequacy of the internal controls put in place by officials to safeguard City 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 City officials, performed limited tests, and reviewed pertinent documents such as City policies and procedures, Council minutes, and financial records and reports.

After reviewing the information gathered during our initial assessment, we determined where weaknesses existed, and evaluated those weaknesses for the risk of potential fraud and/or theft. We then decided upon the reported objectives and scope by selecting for audit the areas most at risk. We examined the City's internal controls over cash receipts and information technology for the period January 1, 2011 through May 31, 2012. For park and recreation fees, we extended the scope back to January 1, 2007. To accomplish our audit objective and obtain relevant audit evidence, our procedures included the following:

- We interviewed City officials and employees as part of a comprehensive evaluation of the City's system of internal controls over cash receipts.
- We judgmentally selected the month of September 2011 (which is halfway through our audit period of January 2011 to May 2012) for cash receipt testing.
- We traced September 2011 sludge treatment receipt copies to the water pollution control log to City Clerk office finance records to customer bills to deposit slips and bank statements to determine if all receipts issued were accounted for and billed to customer properly.
- We traced all building permits issued in September 2011 from the Building department report to the log of payments, to City Clerk office finance records, to the bank deposit slips, and to bank statements to determine if all permit fees collected were handed to the City Clerk office to be deposited and posted.
- We reviewed the City park and recreational charges account balances for the last five years to identify trends in the account.
- We traced original/copies of parking tickets issued in September 2011 to reports provided by the parking ticket processing contractor to the City Clerk's office finance records, to deposit slips and bank statements to determine if all parking tickets issued were accounted for.
- We reviewed the delinquent school taxes payments collected by the City during our audit period and added all partial payments listed in the payments by receipt report to determine the total amount of partial payments collected and not submitted to the school.

- We interviewed appropriate City officials to determine internal controls in place over information technology. We also contacted the IT consultant for information regarding the City's IT systems.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX C

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