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May 2016

Ingrid Gundrum, Supervisor
Members of the Town Board
Town of Grafton
2379 Route 2
Grafton, New York 12082

Report Number: 2013M-133-F

Dear Supervisor Gundrum and Members of the Town Board:

One of the Office of the State Comptroller's primary objectives is to identify areas where local government officials can improve their operations and provide guidance and services that will assist them in making those improvements. The Office also works to develop and promote short-term and long-term strategies to enable and encourage Town officials to reduce costs, improve service delivery and account for and protect their Town's assets. In accordance with these objectives, we conducted an audit of the Town of Grafton (Town) to assess the claims auditing process of the Town. As a result of our audit, we issued a report, dated August 2013, identifying certain conditions and opportunities for Town management's review and consideration.

To further our policy of providing assistance to local governments, we revisited the Town on March 29, 2016 to review progress in implementing our recommendations. Our follow-up review was limited to interviews with Town personnel and inspection of certain documents related to the issues identified in our report. Based on our limited procedures, it appears that the Town has not made progress implementing corrective action. Neither of the two audit recommendations were implemented.

Recommendation 1 – Adopt Claims Auditing Policy

The Board should adopt a policy to compliment the procedures over their claims auditing process to ensure that deliberate, thorough and timely audits are conducted, each claim approved is a legitimate Town expenditure and vendor payments are made in a timely manner.

Status of Corrective Action: Not Implemented

Observations/Findings: The Town's corrective action plan submitted in response to our audit report¹ included a claims auditing policy and indicated that the policy would be effective September 9, 2013. However, we found the Board did not adopt this policy. According to one Board member² and our review of the Board minutes, this policy was not presented to the Board for approval. Currently, the secretary to the Town Supervisor assembles claim packets and submits the claims to department heads for their review and approval. After the department heads sign the claims, the claims are submitted to the Board members who audit the claims and sign them to document their audit and approval.

We examined 30 claims totaling \$65,976 from the period December 2014 through March 2016 to determine if the Board conducted a thorough and timely audit to ensure the payments made were for legitimate Town expenditures and whether these claims were paid in a timely manner. Except for one minor exception, we found each of these claims was for legitimate Town expenditures and was paid in a timely manner.

Recommendation 2 – Recoup Vendor Payments

The Board should seek to recoup funds paid to the vendor for the services not provided.

Status of Corrective Action: Not Implemented

Observations/Findings: Following the issuance of our audit report, Town officials reported that the cell phone referred to in our report was used by the Grafton Rescue Squad (Squad).³ We found that the phone currently used by the Squad is the same phone referenced in our audit report and Town officials pay the related service bills. The Squad Treasurer told us that the phone has been in the Squad's possession since 2009. As a result, Town officials decided not to seek to recoup these funds. However, the contract between the Town and the Squad does not require the Town to pay for the Squad's cell phone, and Town officials have not adopted a policy identifying appropriate users of Town-owned cell phones.

During our review, we discussed the basis for our recommendations and the operational considerations relating to these issues. We encourage Town officials to continue their efforts to fully implement our recommended improvements.

Thank you for the courtesies and cooperation extended to our auditors during this review. If you have any further questions, please contact Jeffrey Leonard, Chief Examiner of our Glens Falls Regional Office, at (518) 793-0057.

Sincerely,

Gabriel F. Deyo
Deputy Comptroller

¹ *Town of Grafton – Internal Controls Over Claims Auditing* (2013M-133)

² The only current Board member who served on the Board during our audit.

³ The Town and Squad have entered into a contract under which the Squad provides ambulance services to Town residents.