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December 21, 2012

Mayor Randall Sterling
Members of the Board of Trustees
Village of Dryden
16 South Street
Dryden, NY 13053

Report Number: P4-12-31

Dear Mayor Sterling and Members of the Board of Trustees:

A top priority of the Office of the State Comptroller is to help local government officials manage resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support 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 Board of Trustees governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

In accordance with these goals, we conducted an audit of three counties and seven local governments within these counties. The objective of our audit was to determine whether local governments can reduce information technology (IT) costs and/or enhance their efficiency through cooperative services. We included the Village of Dryden (Village) in this audit. Within the scope of this audit, we examined the IT operations of Tompkins County, in which the Village is located, and determined whether there was any IT cooperation between Tompkins County and the Village for the period January 1, 2010, to August 8, 2011. In addition, we reviewed IT costs incurred by the Village during the same period.

This report of examination letter contains our findings and recommendations specific to the Village. We discussed the findings and recommendations with Village officials and considered their comments, which appear in Appendix A, in preparing this report. Village officials generally agreed with our findings and recommendations and indicated they plan to initiate corrective action. At the completion of our audit of the three counties and seven local governments within them, we prepared a global report that summarizes the significant issues we identified at all of the units audited.

Background and Methodology

The Village is located in Tompkins County (County). Its budgeted operating expenditures totaled \$1.4 million in 2011, which were funded primarily through real property taxes and State and Federal aid. The Village is governed by a five-member Board of Trustees (Board). The Board's primary function is to provide general oversight of Village operations to ensure that necessary services are provided to Village residents.

The County IT Department (Department) has 10 employees and had a budget of approximately \$1.1 million in 2012. The Department provides IT support to law enforcement and software programs to five other local governments in the County and provides central dispatching software and support to all police agencies in the County. The Department also shares geographic information system (GIS) software with the City of Ithaca and will soon allow other local governments to access its document indexing software. The Village does not currently have a need for any of the services listed previously. However, the Village could benefit from IT cooperation with the County for other IT services, such as general IT support and anti-virus licenses, which the Department does not currently provide to its local governments.

We reviewed IT costs incurred by the Village for the period January 1, 2010, to August 8, 2011. In addition, we examined the IT operations of the County and determined whether there was any IT cooperation between the Village and County during the same period.

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.

Audit Results

It is essential for local governments to provide necessary services in a cost-effective manner by actively seeking opportunities to cut costs, which includes the pursuit of intermunicipal cooperation. Centralized IT resources provide security for and easier access to relevant information, so that local government operations can be more effective and efficient. Intermunicipal cooperation can also leverage the advantages of shared IT services and help lower costs in the related areas of support services and software purchasing. Local governments within the County often use the same types of software; these similar business functions lend themselves to centralization. With one processing point housing the data and providing the software, the local governments benefit from economies of scale by sharing costs of equipment and services. For example, one county in our review (Schoharie County) provides 10 applications to 33 local governments and affiliates, and IT support to all towns and villages within its borders, at no cost.¹

The Village paid various vendors approximately \$17,000 for IT-related costs during our audit period, which included IT support, software and computer equipment purchases, annual

¹ The applications include county clerk software, document indexing, dog licensing, governmental contacts, municipal backup, public announcements, tax collection software, web-based utility billing software, stand-alone utility billing software, and web hosting.

maintenance fees, web hosting, and anti-virus licenses. The Village could have saved approximately \$1,960, or 70 percent² of the Village's associated costs on IT support³ and anti-virus licenses⁴ if it were able to use the County for these services. The possible aggregate savings could be greater with the potential expansion of intermunicipal cooperation between the County and its local governments. (Due to the vastly different needs of each local government and the complexities of different applications, a specific dollar savings could not be calculated for other types of applications and services.)

Village officials were not aware of any intermunicipal IT services available at the County. According to the County's IT Director, the Department would need additional staffing resources to provide IT support and applications to more local governments in the County. (Our review did not include a determination of whether additional staff and associated costs would be necessary.) Nonetheless, the potential opportunities that exist for intermunicipal cooperation for IT services between the County and the Village can increase efficiency and enable greater public awareness and ease of access to government information. By sharing the costs of equipment and services, local governments can provide improved functionality and dissemination of information to their taxpayers and other parties.

Recommendation

1. The Village should engage in discussions with the County to determine if the County could provide certain IT services, such as:
 - County-provided IT support
 - County-provided anti-virus licenses.

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 Village Clerk's office.

Sincerely,

Steven J. Hancox
Deputy Comptroller
Office of the State Comptroller
Division of Local Government
and School Accountability

² The Village paid \$2,808 during our audit period for IT support and anti-virus protection (\$1,960 divided by \$2,808).

³ We multiplied the actual hours of IT support used by the Village during the audit period by the average hourly wage for the County employee that would provide IT support services. We then subtracted this number from the total cost paid by the Village for IT support during the audit period.

⁴ We compared the actual cost-per-anti-virus license paid by the County to the actual anti-virus license cost paid by the Village in 2010.

APPENDIX A

RESPONSE FROM VILLAGE OFFICIALS

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



VILLAGE OF DRYDEN

Incorporated 1857 Tompkins County

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July 10, 2012

Mr. Todd Barnes, Chief Examiner
Office of the State Comptroller
Division of Local Government
And School Accountability
State Office Building, Room 1702
44Hawley Street
Binghamton, New York 139041-4417

Re: Response to draft findings of IT Audit

Dear Mr. Barnes:

This is in response to the June 2012 draft fiscal audit regarding the feasibility of reducing information technology costs and enhance efficiency of IT Support through multi-jurisdictional services. The Village Board of Trustees and personnel have reviewed your findings for IT Services.

The draft audit found that the Village of Dryden could have saved \$1,960 on IT support and anti-virus protection by using Tompkins County for IT support and anti-virus protection.

I wish to raise several responses to the audit and your findings.

Regarding technical support to the Village, the County has and continues to provide many hours of support and services to the Village of Dryden Police Department for programs associated with applications outlined in the Intermunicipal Law Enforcement Technology Shared Services (LETSS) Group Agreement. The countless hours they have spent helping has been at no cost to the Village of Dryden. During previous discussions, we had asked the County to provide us with additional IT Support for our municipality. Primarily due to staffing, they have advised they could not provide that service. During the current economy, the Village of Dryden agrees that further potential cost savings opportunities should be reviewed if available and feasible through the county.

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Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-9410

Anti-virus software is available to all local governments through New York State contract. Any savings for the Village associated with procuring anti-virus software through the County would be minimal if any. Some of the cost of the licensing used in the audit findings are software related and would not have any effect on our IT services.

The Village of Dryden will continue to identify shared services and opportunities that provide a mutual benefit to all involved. Thank you for the opportunity to respond to your findings.

Sincerely,

Randy Sterling
Mayor

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to evaluate whether intermunicipal cooperation for IT services between the County and the Village would result in cost savings. 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.

- We interviewed Village officials to gain an understanding of the type of IT services received from the County and obtain background information on the Village's IT operations.
- We reviewed the Village's 2011 adopted budget to document the Village's total budgeted expenditures and reviewed expenditure reports and invoices for the period January 1, 2010, to August 8, 2011 to determine the total amount the Village spent during our audit period for IT-related costs.
- We reviewed 2010 and 2011 salary data to determine the cost-per-hour of the County IT position that would provide support, if offered by the County, by taking annual salaries and dividing by 26 pay periods and 80 hours per pay period.
- We calculated the support savings that the Village could realize by taking the hourly cost for the County to provide support and multiplying by the total number of hours of IT support that the Village received from vendors during the audit period. We then subtracted this number by the total amount spent by the Village for IT support during the audit period.
- We reviewed invoices and vendor history reports to determine the cost-per-anti-virus license for the County. We then subtracted the cost-per-anti-virus license of the County from the cost-per-license incurred by the Village and multiplied this number by the total number of anti-virus licenses used by the Village to determine the amount of anti-virus license savings that the Village would realize.