



Town of Coeymans

Recordkeeping and Cash Disbursements

Report of Examination

Period Covered:

January 1, 2011 — September 30, 2012

2013M-186



Thomas P. DiNapoli

Table of Contents

	Page
AUTHORITY LETTER	2
EXECUTIVE SUMMARY	3
INTRODUCTION	5
Background	5
Objective	5
Scope and Methodology	5
Comments of Local Officials and Corrective Action	5
RECORDKEEPING	7
Sewer District Fund	7
Interfund Loans	9
Recommendations	11
CASH DISBURSEMENTS	12
Payroll	12
Vendor Payments	13
Recommendations	14
APPENDIX A Response From Local Officials	15
APPENDIX B OSC Comments on the Town’s Response	18
APPENDIX C Audit Methodology and Standards	19
APPENDIX D How to Obtain Additional Copies of the Report	21
APPENDIX E Local Regional Office Listing	22

State of New York Office of the State Comptroller

Division of Local Government and School Accountability

October 2013

Dear Town 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 Town 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 Town of Coeymans, entitled Recordkeeping and Cash Disbursements. 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 Town of Coeymans (Town) is governed by an elected five-member Town Board (Board) which comprises the Town Supervisor (Supervisor) and four Board members. The Board is responsible for overseeing the Town's operations, finances, and overall management. The Supervisor, who serves as the Town's chief executive officer and chief fiscal officer, is responsible for overseeing the financial management of Town moneys. The Town provides various services to its residents, including public safety, highway maintenance, snow removal, sewer services, and general government support. The Town's 2012 fiscal year budget of \$6.4 million was primarily funded with real property taxes, sales taxes, user charges, and State aid.

Scope and Objective

The objective of our audit was to examine internal controls over selected Town financial operations for the period January 1, 2011, to September 30, 2012. Our audit addressed the following related questions:

- Do the Board members receive accurate and reliable financial information that enables them to adopt realistic budgets and take appropriate action to maintain the Town's financial stability?
- Are internal controls over cash disbursements appropriately designed and operating effectively?

Audit Results

The Town's financial report did not properly reflect the true financial condition of the sewer district fund. On its 2011 annual financial report, the Town reported an unrestricted fund balance deficit of \$230,368 in the sewer district fund. This balance was incorrect because there were costs incurred for capital projects that were incorrectly accounted for in the sewer district fund instead of the capital projects fund and the sewer district fund included an interfund loan to the capital projects fund that was, in effect, uncollectible because that project had been closed. If the necessary adjustments were made to the accounting records, the Town would have reported a positive fund balance of \$451 in the sewer district fund. Although the financial condition of the sewer district fund has been improving over the past three years and is better than originally reported, the failure to accurately report this information increases the risk that the Supervisor and Board will not be able to effectively evaluate and manage the Town's financial activities.

Internal controls over cash disbursements are not adequately designed and operating effectively. Although the Town's payrolls total \$3.2 million per year, there is an inadequate segregation of duties for the payroll process. The payroll clerk's duties include making changes to salaries and wages and

verifying data after entry, but she is also capable of submitting data changes directly to the payroll-processing contractor without the Town Supervisor's approval. Furthermore, there is no comparison of the amounts of the payroll checks to the payroll journals after they are prepared. Even though the human resources bookkeeper's duties for vendor checks include creating and printing vendor checks, the Town's blank check stock is not secured and there is no comparison between the abstracts (check payment lists) and checks when they are signed. Furthermore, the Town's payroll-processing contractor and postage-servicing contractor were allowed to make withdrawals directly from the Town's bank accounts during our audit period. Because of these control weaknesses, there is an increased risk that errors or irregularities could occur and go undetected and uncorrected.

Comments of Local Officials

The results of our audit and recommendations have been discussed with Town officials and their comments, which appear in Appendix A, have been considered in preparing this report. Town officials generally agreed with our recommendations and indicated they have initiated corrective action. Appendix B includes our comment on an issue raised in the Town's response letter.

Introduction

Background

The Town of Coeymans (Town) is located in Albany County and has a population of approximately 7,400 residents. The Town is governed by an elected five-member Town Board (Board) which comprises the Town Supervisor (Supervisor) and four Board members. The Board is responsible for overseeing the Town's operations, finances, and overall management. The Supervisor serves as the Town's chief executive officer and chief fiscal officer (CFO). As CFO, the Supervisor is responsible for overseeing the financial management of Town moneys. Pursuant to Town Law, the Supervisor is responsible for the disbursement of Town moneys.

The Town provides various services to its residents, including public safety, highway maintenance, snow removal, sewer services, and general government support. The Town's 2012 fiscal year budget of \$6.4 million was primarily funded with real property taxes, sales taxes, user charges, and State aid.

Objective

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

- Do the Board members receive accurate and reliable financial information that enables them to adopt realistic budgets and take appropriate action to maintain the Town's financial stability?
- Are internal controls over cash disbursements appropriately designed and operating effectively?

Scope and Methodology

We examined the internal controls over recordkeeping and cash disbursements of the Town for the period January 1, 2011, to September 30, 2012.

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 C of this report.

Comments of Local Officials and Corrective Action

The results of our audit and recommendations have been discussed with Town officials and their comments, which appear in Appendix A, have been considered in preparing this report. Town officials generally agreed with our recommendations and indicated they have initiated corrective action. Appendix B includes our comment on an issue raised in the Town's response.

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's office.

Recordkeeping

The overall responsibility for effective financial planning and management of the Town rests with the Board. As chief financial officer, the Supervisor also plays an essential role in the Town's financial management by maintaining its accounting records and reporting financial information to the Board. The Town's financial data must be accurate and reliable to be relevant and useful for managing Town operations. The lack of adequate accounting records makes it difficult for the Supervisor and Board to evaluate the Town's financial activities, and inaccurate records can obscure the Town's true financial condition.

The Town's financial report did not properly reflect the true financial condition of the sewer district fund. On its 2011 annual financial report, the Town reported an unrestricted fund balance deficit of \$230,368 in the sewer district fund. If the necessary adjustments were made the Town would have reported a positive fund balance of \$451 in the sewer district fund. Although the financial condition of the sewer district fund has been improving and is better than originally reported, the failure to provide accurate and reliable information increases the risk that the Supervisor and Board will not be able to effectively evaluate and manage the Town's financial activities.

Sewer District Fund

Town officials are responsible for maintaining accounting records that properly reflect the true financial condition of the Town's operating funds. If financial resources are used to acquire or construct major capital facilities or to account for equipment purchases financed in whole or in part from the proceeds of obligations, the activity should be accounted for in the capital projects fund, even if the capital project is sewer-related. Although capital projects may be financed with a variety of revenue sources, temporary financing may also be provided through interfund loans. This type of capital project activity should be accounted for within the capital project fund.

As noted in our prior audit report,¹ the sewer district fund ended 2009 with a fund deficit of about \$590,000 as a result of a shortfall in operating revenues. This shortfall was caused by the non-payment of sewer charges from the Village of Ravena (Village) resulting from a dispute over the Town's cost allocation method and costs incurred for sewer-related capital projects that should have been accounted for in the capital project fund, rather than the sewer district fund. As a result, Town officials made substantial interfund advances to the

¹ *Town of Coeymans – Financial Condition and Internal Controls Over Selected Financial Operations* (2010M-134)

sewer district fund from the part-town general fund to finance the revenue shortfall and capital expenditures.

The Town and Village subsequently settled their dispute over the sewer cost allocation, and payments from the Village were again being received on a regular basis in 2010. However, an unrestricted fund deficit of over \$261,000 still remained in the sewer district fund at the end of 2010 as a result of capital expenditures that had been incorrectly accounted for in the sewer district fund. As of December 31, 2011, the sewer district fund had an interfund loan balance totaling \$339,419 related to the financing of the capital expenditures that still remained in the accounting records. If this loan and the related capital expenditures had been properly accounted for in the capital projects fund, the sewer district fund would have had a positive fund balance as of December 31, 2011. The effect of this particular adjustment on fund balance is shown in Table 1.

Table 1: Effect of Loan Adjustment on the Sewer District Fund	
Unassigned Fund Balance as of December 31, 2011, as reported	(\$230,368)
Adjustment for Improperly Recorded Loan	\$339,419
Unassigned Fund Balance as of December 31, 2011, after the Loan Adjustment	\$109,051

This \$339,419 adjustment is factored into the \$320,000 bond anticipation note (BAN) adjustment discussed later in this report.² If the BAN adjustment and the necessary adjustment for an uncollectible receivable, also discussed later in this report, were made, the Town would have reported a positive fund balance of \$451 as of December 31, 2011.

Table 2: Restated Sewer District Fund Balance	
Unassigned Fund Balance as of December 31, 2011, as reported	(\$230,368)
BAN	\$320,000
Uncollectible Receivable	(\$89,181)
Restated Unassigned Fund Balance as of December 31, 2011	\$451

Our comparison of sewer district fund budget estimates and results of operations for 2010 and 2011 disclosed no significant shortfalls in total revenues or significant overexpenditure of total appropriations. Our review of financial data for 2012 yielded the same results. In

² See related section entitled “Interfund Loans” for BAN and receivable adjustments.

fact, the sewer district fund experienced operating surpluses for 2010, 2011, and 2012.

Year	Revenues	Expenditures	Operating Surplus
2010	\$668,107 ^a	\$325,544	\$342,563
2011	\$411,562	\$369,591	\$41,971
2012	\$452,305	\$372,995	\$79,310

^a Includes payment from the Village for settlement of the prior dispute over sewer billings

Although the financial condition of the sewer district fund has been improving and is better than originally reported, the failure to accurately report this information increases the risk that the Supervisor and Board will not be able to effectively evaluate and manage the Town’s financial activities.

Interfund Loans

General Municipal Law states that moneys advanced between funds are to be repaid as soon as the funds become available, but in no event later than the close of the fiscal year in which the advance was made. While the use of an interfund advance is a permissible form of short-term borrowing to meet current cash flow needs, it is not intended to be used as a long-term approach for providing financial resources.

Town officials did not repay interfund advances before the close of the fiscal year in which they were made. As a result, four of the Town’s operating funds had interfund loans outstanding on December 31, 2011. The amount owed was particularly substantial in the sewer district fund (\$467,879). The sewer district fund’s liability originated in the years prior to our audit period. The sewer district fund’s finances were severely impacted in 2009 due to a substantial shortfall in operating revenues because of the dispute with the Village over the Town’s cost allocation method and costs incurred for sewer-related capital projects (previously discussed). In addition, the Board decided to fully redeem a BAN totaling \$463,000 in that year even though only a small portion of the BAN had been budgeted to be redeemed.

The financing to compensate for the revenue shortfall and BAN redemption was provided, to a large extent, through interfund loans. As of December 31, 2009, the outstanding balance for interfund loans owed by the sewer district fund totaled \$877,560 and, of this amount, \$747,192 was owed to the part-town general fund. Although the sewer district fund made significant progress in paying down these loans over the subsequent years, it still owed \$467,879 to other funds

as of December 31, 2011. This included \$339,419 owed to the part-town general fund as shown in Table 1.

Adjustments – Town officials should make two adjustments to restate the unassigned sewer district fund balance as of December 31, 2011. The first adjustment pertains to December 2012 BANs that were issued for sewer capital improvements in the amount of \$320,000. The proceeds were used to repay the part-town general fund for the long outstanding loans made for prior capital sewer project costs, and to make the sewer district operating fund whole by eliminating most of its liability for interfund loans. If properly recorded as a prior period adjustment to fund balance, this action will have a \$320,000³ positive impact on the sewer operating fund's equity, eliminating that fund's deficit. The repayment of this outstanding loan balance not only positively impacts the part-town general fund, but also the town-wide general fund, since it enables the part-town fund to repay a substantial interfund loan of \$274,178 payable to the town-wide fund.

The second adjustment pertains to a substantial interfund loan of \$89,181 made by the sewer district fund in earlier years to one of the capital projects that was, in effect, uncollectible because the project had been closed and all project revenues had already been received. If this balance was written off and properly recorded as a prior period adjustment to fund balance, there would be an \$89,181 negative impact on the sewer district operating fund's equity.

If the two prior period adjustments were made, the net result would be a small positive fund balance of \$451 in the sewer district fund as of December 31, 2011, as indicated in Table 2. These corrections, plus the Board's action to increase sewer rates on December 18, 2012, should have a positive impact on the sewer district fund's subsequent operations and financial condition.⁴

This situation highlights why it is important to maintain accurate and complete financial reports so that the Board can determine the financial condition of a fund at any point in time. Without accurate financial information, the Board cannot effectively evaluate and manage the Town's financial activities.

³ This adjustment would factor into the \$339,419 adjustment as shown in Table 1.

⁴ According to preliminary data available at March 16, 2013, the improvement in operations, along with the adjustments noted previously, would result in a positive fund balance of approximately \$70,000 as of December 31, 2012.

Recommendations

1. The Board should review our suggested adjustments and take action it deems proper.
2. The Board should review the uncollectible loan balance for the closed capital project and take action to write off the balance.
3. Town officials should repay interfund advances before the close of the fiscal year in which they are made.

Cash Disbursements

An important component of any internal control system is proper segregation of duties over cash disbursements, which ensures that no one person controls all phases of a transaction. Concentrating key duties (such as authorization, recordkeeping, and custody of assets) with one individual with little or no management oversight through increased supervision significantly increases the risk that errors or irregularities could occur and go undetected. Town officials must also ensure the Town's blank check stock is secured, that abstracts (check payment lists) are compared to checks when they are signed, and that vendors are not allowed to make withdrawals directly from the Town's bank accounts.

Although the Town's payrolls total \$3.2 million per year, there is an inadequate segregation of duties for payroll. The payroll clerk's duties include making changes to salaries and wages but she is also capable of submitting data changes directly to the payroll-processing contractor without approval, and there is no comparison of the amounts of the payroll checks to the payroll journals after they are prepared. Even though the human resources bookkeeper's duties for vendor checks include creating and printing vendor checks, the Town's blank check stock is not secured and there is no comparison between the abstracts and checks when they are signed. Furthermore, the Town's payroll-processing contractor and postage-servicing contractor made withdrawals directly from the Town's bank accounts. As a result, there is an increased risk that errors or irregularities could occur and go undetected.

Payroll

The Town's payroll-related costs total almost \$3.2 million per year. Therefore, it is essential that management design and implement effective controls over the payroll process comprising well-developed practices and procedures, adequate managerial oversight, and proper segregation of duties.

There is an inadequate segregation of duties because of the payroll clerk's over-involvement in the payroll process. Her duties include entering new hires into the Town's computerized payroll system, making changes to salary and hourly wages, inputting direct deposit data into the system, entering all biweekly payroll data into the system, verifying data after entry and generating a preliminary payroll journal (used for comparison with the timesheets and for the Town Supervisor's review and approval). The payroll clerk's duties also include making any necessary adjustments to the preliminary journal, and receiving signed checks from the payroll-processing contractor

for comparison with the payroll journal prior to distribution. However, the payroll clerk is capable of modifying the preliminary payroll journal and submitting data changes directly to the contractor for processing without the Town Supervisor's approval. Furthermore, although the payroll clerk matches the checks to the employees on the payroll journal to ensure that all payroll checks have been prepared, neither she, nor anyone else, compares the amounts.

Because of these control weaknesses, we performed audit procedures to verify that payrolls agreed with the timesheets and authorized pay rates and that earnings and withholdings were accurately reported to third parties.⁵ Although our testing did not reveal any significant exceptions, because of the lack of segregation of duties the Board can neither guarantee the accuracy of the Town payrolls, nor their freedom from manipulation. As a result, there is an increased chance that errors or irregularities could occur and not be detected and corrected in a timely fashion.

Vendor Payments

The objective of internal controls over vendor payments is to ensure that cash is disbursed only upon proper authorization, supported by sufficient documentation, spent for valid business purposes, and properly recorded. When cash disbursement duties are not properly segregated and compensating controls are not in place, and when vendors are permitted access to the Town's bank accounts, it increases the risk that payment processing errors and irregularities may occur and not be detected and corrected.

Internal controls over vendor payments were not adequately designed. The human resources (HR) bookkeeper's duties included creating and printing checks, maintaining the disbursement journals, and mailing checks to vendors. As a result, the HR bookkeeper could have potentially prepared fraudulent checks without supervisory approval. Furthermore, the Town's blank check stock was not adequately secured. Despite these control weaknesses, compensating controls were not in place. For example, there was no comparison between the abstracts (check lists) and checks when they were signed because the approved abstracts did not accompany the checks when they were submitted to the Town Supervisor for his approval and signature.

In addition, two vendors had the ability to withdraw funds directly from the Town's bank accounts. The Town's payroll-processing contractor was authorized to make withdrawals to cover payrolls after the payroll clerk completed biweekly payroll submissions. In addition, a postage-servicing contractor was authorized to make

⁵ See Audit Methodology and Standards (Appendix C) for a description of the testing performed.

withdrawals to cover postage orders after the Supervisor's secretary completed orders on its website.

Because of these control weaknesses, we reviewed 40 high-risk payments⁶ to verify that the checks, abstracts, and vouchers were in agreement; that the payments were legitimate and properly authorized; and that the supporting documentation was adequate. In addition, we selected a sample of 20 gaps in the check number sequence of written checks to determine if there was a reasonable explanation for them. We examined voided checks and bank statements to verify their propriety. We also examined 100 percent of the blank check stock for the capital funds. For one missing check, we verified the HR bookkeeper's explanation for it by examining the disbursements journal and verifying that it was properly recorded and accounted for.⁷

Although our testing did not reveal any significant exceptions, when cash disbursement duties are not properly segregated and vendors are permitted access to the Town's bank accounts, the Board cannot guarantee that payments agree with authorized amounts and are free from manipulation, or that any inappropriate payments that occurred could be detected and corrected in a timely fashion.

Recommendations

4. The Supervisor should authorize any changes made to the preliminary payroll journal.
5. The Board should ensure there is an adequate segregation of duties for vendor payments or institute compensating controls. For example, if the Supervisor compared vendor checks with approved abstracts prior to signing the checks, this would constitute a compensating control.
6. The Board should ensure that blank check stock is adequately secured.
7. The Board should end the practice of permitting vendors to withdraw funds directly from the Town's bank accounts.

⁶ Thirty-three made by check and seven made by electronic withdrawal

⁷ See Audit Methodology and Standards (Appendix C) for additional details of the testing performed.

APPENDIX A

RESPONSE FROM LOCAL OFFICIALS

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

TOWN OF COEYMANS

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THOMAS A. BOEHM
THOMAS E. DOLAN
COUNCIL MEMBERS

September 26, 2013



NYS Office of the State Comptroller
Division of Local Government
and School Accountability
One Broad Street
Glens Falls NY 12801

RE: Town of Coeymans
Record Keeping and Cash Disbursements

Dear :

After review of the draft of the Report of Examination from the NYS Comptroller's office, I submit the following letter as "Appendix A –Response from local Officials".

I have immediately instituted the following controls to ensure the Town of Coeymans Payroll is monitored more closely: The Supervisor initials any changes to the Payroll Journal Prior to Transfer, before it is submitted to . The Bookkeeper or Supervisor signs a new form I have instituted: the Payroll Review Confirmation Form; after the Final Payroll Journal is compared to the actual check amounts.

The Town's Blank Checks are now secured by themselves in a new locked cabinet which the Supervisor, Bookkeeper, and HR Clerk have a key to.

The Supervisor now compares the Abstract against the Checks to vendors, prior to signing the checks. I feel that  has a proven track record and per industry standards, we will continue to allow them to make direct withdrawals from our account. We have utilized the company  since 2002 without any complications. The account is double checked for amounts withdrawn by the bookkeeper and HR Clerk for any amount errors.  which is the only other vender to make direct withdrawals for postage has also been utilized by the Town for almost ten years without incidence.

See
Note 1
Page 18

The Board has already taken corrective action with respect to the Sewer fund and has passed a resolution to forgive the debt and close the Capital Project with the loan balance of \$89,181. The prior period adjustment of \$320,000.00 has also been done in 2013.

Our 2013 AUD will reflect these adjustments, which have had a positive impact on the Sewer Fund.

My office has spent the past year and a half working with our accountant to make the proper adjustments and pay all inter-fund loan balances so that our AUD will properly reflect the Town's fiscal condition at year end. As the Town's Chief Fiscal Officer, I understand the need for inter-fund loans to be repaid by year end, but it has taken longer than anticipated educating the Board members and gaining their approval on resolutions pertaining to this, as noted in resolutions that have been provided to [REDACTED] at the NYS Comptroller's office.

Sincerely yours,

Stephen D. Flach
Supervisor

APPENDIX B

OSC COMMENTS ON THE TOWN'S RESPONSE

Note 1

Third-party vendors should not be allowed to make direct withdrawals (electronic transfers) from Town bank accounts. Town officials could make electronic transfers to third-party vendors if appropriate controls are instituted. Appropriate controls include management authorization before transfers are initiated and itemized documentation (e.g., records of bank accounts involved, dollar amounts of the transfers, proof of authorizations, and the reasons for the transfers). For guidance, please refer to our publication *Local Government Management Guide Cash Management Technology*, which may be accessed at: <http://www.osc.state.ny.us/localgov/pubs/lgmg/cashtechology.pdf>

APPENDIX C

AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to determine if the system of internal controls established by Town officials was appropriately designed and operating effectively. To accomplish this, we performed an initial assessment of internal controls so that we could design our audit to focus on those areas most at risk. Our initial assessment included evaluations of the following areas: control environment, financial condition, budgeting, records and reports, cash management, cash receipts and disbursements, purchasing, claims processing, payroll and personnel services, billed services, justice court, real property taxes, and information technology.

During our initial assessment, we interviewed Town officials, performed limited tests of transactions, and reviewed pertinent documents such as adopted policies and procedures, Board minutes, and financial records and reports. Further, we reviewed the Town'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 inherent control risks. We then decided on the reported objective and scope by selecting for audit those areas most at risk. We selected recordkeeping and cash disbursements for further audit testing.

To review the Town's recordkeeping, we performed the following steps:

- We interviewed officials to gain an understanding of the Town's budget process and financial accounting system.
- We reviewed the results of operations and determined their impact on fund balances. We also reviewed the Town's preliminary financial data for the fiscal year ended December 31, 2012.
- We reviewed the Town's budgets for fiscal years 2010 through 2012 to determine if they were reasonable and structurally balanced.
- We analyzed interfund borrowings as of December 31, 2011, and December 31, 2012.
- We reviewed the Town's 2011 debt limit.
- We reviewed the Town's periodic financial reports and meeting minutes.

When testing cash disbursements, we performed the following procedures:

- We reviewed policies and procedures. We also interviewed Town officials and employees to obtain additional information regarding the procedures and practices surrounding cash disbursements.
- We selected a sample consisting of nine high-risk employees, including the payroll clerk, to determine if payroll disbursements were a reflection of work actually performed, were at

the proper rates and in the proper amounts, and that payroll disbursement records were in agreement and reasonable. To accomplish this we examined payroll journals, Board minutes, union contracts, timesheets, authorized pay rates, and Federal withholding forms (W-2s) for the period January 2011 through September 2012.

- We selected a sample of 40 high-risk vendor payments to determine if they were legitimate, properly authorized, and properly supported.
- We selected and examined a sample consisting of 10 gaps in the check number sequence of written checks from 2011 and 10 gaps from January 1, 2012, through September 30, 2012, to determine if there was a reasonable explanation for them. We examined voided checks and bank statements to verify their propriety. Because we considered them to be high-risk, we also examined 100 percent of the blank checks for the capital funds.

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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