

Village of West Haverstraw

Summer Program

NOVEMBER 2019



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

Contents

- Report Highlights 1**

- Summer Program 2**
 - How Should Officials Document, Account for and Deposit Program Collections? 2

 - Program Receipts Were Not Adequately Documented and Remitted 3

 - What Is An Effective Cash Disbursements Process? 4

 - Officials Could Improve the Disbursement Process 5

 - How Should Officials Provide Oversight of a Program? 6

 - Officials Did Not Provide Adequate Program Oversight 6

 - What Do We Recommend? 7

- Appendix A – Response From Village Officials 8**

- Appendix B – Audit Methodology and Standards 11**

- Appendix C – Resources and Services 12**

Report Highlights

Village of West Haverstraw

Audit Objective

Determine whether the Board ensured that summer program (Program) collections were properly accounted for, receipts were properly collected, deposited timely and intact and disbursements were properly supported and audited.

Key Findings

- The Program Coordinator (Coordinator), who deposited receipts for the 2018 Program, did not deposit all funds intact. The Coordinator held cash to pay vendors and reimburse staff who purchased incidentals for the Program.
- Payments made to a movie theater totaling \$4,730 were not documented. These payments were made in cash and no receipts were provided at the time of service.

Key Recommendations

- Establish internal controls over the Program, including written procedures for the collection of fees.

Village officials agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

Background

The Village of West Haverstraw (Village) is located in the Town of Haverstraw in Rockland County.

The Village is governed by an elected Board of Trustees (Board) composed of four trustees and a Mayor. The Board is responsible for oversight and general management of financial operations.

The appointed Treasurer, who also serves as the budget officer, is responsible for having custody of all funds and maintaining the accounting records. The appointed Coordinator is responsible for all aspects of the Program.

Quick Facts

2018-19 General Fund Budget	\$6.4 million
2018-19 Program Budget	\$139,000
Children Registered for the Program	249

Audit Period

June 1, 2017 – March 31, 2019

Summer Program

Each summer, the Village sponsors a Program for children ages six through 13. Officials charge a registration fee for the six-week program, which provides for transportation to and from the child's home and for daily field trips, which is due before the first day the program begins. In addition, event admission fees are collected daily, these fees vary depending on the type of field trip.

The Treasurer's office is responsible for collecting the registration fee and applicable documents. The Coordinator, along with his assistant and other summer staff, manages the Program including organizing and scheduling dates of field trips. Additionally, the Coordinator is responsible for various accounting duties, including verifying collections and preparing deposits, preparing and writing disbursement checks and organizing and storing Program records.

Summer staff is responsible for completing a daily attendance and collection worksheet. Bank deposit slips and the checkbook are remitted to the Treasurer at the end of the summer to be reconciled to the bank account. The Board audits all claims brought before them at their monthly meetings.

How Should Officials Document, Account for and Deposit Program Collections?

Village officials are responsible for providing adequate summer program oversight. This includes establishing internal controls to provide reasonable assurance that cash is safeguarded and financial transactions are properly recorded. To ensure collections are properly accounted for, the program coordinator should maintain adequate collection records, enter collections into an accounting ledger on a daily basis and, when no other supporting documentation exists, issue duplicate press-numbered cash receipts.

All collections should be deposited intact¹, preferably daily, but at a minimum within 10 days, as required by New York State Village Law (Village Law).² In addition, all collections should be deposited, and any amounts paid to vendors or reimbursed to staff for incidental expenditures should be issued with a village check.

For event admission fees collected for daily field trips, the coordinator should perform a daily reconciliation between the money collected and the collection records to ensure the proper amount of money has been collected, is on hand and deposited. Attendance and collection worksheets should be uniformly completed by staff to enable officials to readily summarize the number of children who attended and the amount of money collected each day.

1 In the same order and form (i.e., cash or check) in which they were received

2 New York State Village Law (Village Law), Section 4-408

The coordinator should remit collections to the treasurer's office daily, and the treasurer's office should count the money remitted and give the coordinator a receipt for the amount remitted. In addition, the treasurer should reconcile daily cash collection records to the amount of cash on hand at the end of each day to ensure that one staff member does not control all phases of the collection process (e.g., collecting program fees, recording attendance and collections and depositing cash).

Program Receipts Were Not Adequately Documented and Remitted

In addition to the registration fees, Village officials charged a premium on all Program event tickets, which was used to pay for those children who received scholarships, staff admission, incidentals and an all-inclusive pizza party at the end of the Program.

The Coordinator had complete control of all phases of the collection process, including receiving, depositing and maintaining the bank account. Officials adopted new procedures to provide guidance and enable staff to properly prepare the daily attendance and collection worksheets and ensure the uniformity of data entered and minimize errors at the end of our audit fieldwork.

However, officials did not require the use of press-numbered duplicate receipts for cash collections and perform an independent reconciliation of field trip collections to the amounts deposited. Furthermore, records were missing, which prevented us from determining whether the daily attendance and collection worksheets supported the collection totals listed on the daily cash envelopes.

The Coordinator assigned children to individual groups and each group was assigned a staff member responsible for completing the daily attendance and collection worksheet. However, staff did not complete the worksheets in a uniform manner, which impeded reconciliation with the daily cash envelope totals. Attendance was generally shown by a check mark and collections were either left blank or shown as follows:

- Amount received
- Check mark
- PP (prior payment)
- N/A
- Owe
- No

Furthermore, the daily attendance and collection worksheets for the period July 31 through August 7, 2018 were missing. Therefore, we were unable to verify the amounts listed on the daily cash envelopes.

The Coordinator deposited the collections and the majority of money collected was deposited timely (within 48 hours). However, the deposits were not always made intact because the Coordinator retained cash to pay vendors and reimburse staff for incidental Program expenditures.

We compared the daily cash envelopes to the bank deposit slips for the 29-day period July 2 through August 8, 2018. We found variances between the amounts listed on the daily envelopes when compared with the bank deposits for deposits on 26 days. Furthermore, the envelope totals for the period were \$39,980 and bank deposits for the same period totaled \$37,433, a difference of more than \$2,500. However, the amount of cash retained by the Coordinator to pay vendors did not cover the amount expended (Refer to Officials Could Improve the Disbursement Process).

Based on the records maintained by the Coordinator, he retained \$2,547 in cash to pay vendors. However, these vendors were paid \$5,885 in cash resulting in a \$3,338 difference for which the Coordinator was unable to provide an explanation. We found that all of the vendors were paid, which could result from additional cash being collected that was not recorded as a receipt.

These discrepancies occurred because the Coordinator did not maintain adequate records. The Treasurer did not require the Coordinator to remit the daily collections and supporting documents to her office, creating inadequate segregation of duties issues. In addition, the Treasurer did not account for Program daily collections and reconcile them to total cash collected each day.

Without adequate collections records, officials cannot be assured that all fees collected are accounted for and deposited. The new procedures, if properly implemented, should improve controls over the collection process and provide guidance to enable staff to properly prepare the daily attendance and collection worksheets and ensure the uniformity of data entered and minimize errors.

What Is An Effective Cash Disbursements Process?

The board should conduct a deliberate and thorough audit of claims before it approves payments. To properly approve claims for payment, the board must ensure that a claim contains sufficient supporting documentation, including itemized receipts or invoices to determine whether the amounts claimed represent valid village expenditures and comply with board-adopted policies.

Effective cash disbursement policies can help ensure that public money is being spent, handled properly and controlled, identify conditions in need of improvement and provide oversight and review of the village's disbursements process. Written policies and procedures help ensure that claims are properly supported and procurement policies are followed.

Officials Could Improve the Disbursement Process

The Board audited Program claims paid to a bus company for transporting the children from and to their homes and for field trips. All other Program disbursements were made by the Coordinator and the Board did not require the Coordinator to prepare a report for all money disbursed on the Village's behalf.

Officials annually solicited a bid for Program transportation. The bid documents provided to the vendor included the approximate number of children that would be attending, the routes for pick-up and drop-offs, the schedule of trip locations and frequencies. The Board accepted a bid from a local bus company with a per-bus contracted price and a flat rate with a minimum of four buses to transport children to and from their homes. The bus company billed the Village four times for the 2018 six-week program, and attached to the invoice was an itemized schedule including the date, the number of buses, trip location and cost.

We compared the itemized invoices to the bid documents and found that officials overpaid the bus company by \$3,425. Of this amount, \$2,520 was due to a change in the location of one venue. However, the adjusted price change was not attached to the contract as an addendum or noted in the Board minutes. The remaining \$905 was the result of the bus company charging the wrong price and the Board not comparing the contract price to the invoice when performing its claims audit.

Because the Coordinator was responsible for all aspects of the Program, including preparing and scheduling dates of field trips, collecting trip fees and disbursing payments to the vendors on the day of the trip and reimbursing incidental expenditures, we obtained and reviewed all disbursements and supporting documentation for the 2018 Program.

We found the following discrepancies:

- Payments made to a movie theater totaling \$4,730 were not documented, these payments were made in cash and no receipts were provided at the time of service.
- Receipts from a bowling alley vendor did not agree with the canceled checks. Check payments totaled \$5,992 and the vendor invoices totaled \$6,728, a difference of \$736.³

The Board authorized the use of a separate checking account to be maintained by the Coordinator and authorized him (as a signatory on the account) to write checks to vendors at the time of field trips. However, the discrepancies we

³ For example, the bowling alley check image dated July 6, 2018 was for \$592 and the receipt showed \$624 was received and the canceled check image dated August 3, 2018 was for \$568 and the receipt showed \$600 was received.

identified occurred because the Coordinator did not maintain adequate Program records.

Without an effective cash disbursement process that ensures that Program expenditures are properly supported and for valid purposes, the Board does not have adequate assurance that the purchases are actual and necessary expenditures that comply with its policies and procedures.

How Should Officials Provide Oversight of a Program?

A well-designed system of internal controls ensures that money received by a village for a program is properly recorded, reported and disbursed. Essential procedures include the monthly reconciliation of bank accounts to village records⁴ and an accountability of all receipts and disbursements for the session.

Village Law⁵ requires a board to annually audit, or have a village officer, employee or an independent public accountant audit, the treasurer's financial records to provide an independent verification of the annual report and the supporting records, including the Program. This provides board members with an added measure of assurance that the financial records and reports contain reliable information on which to base financial decisions.

The Coordinator is responsible for overseeing the Program and its financial operations and ensuring that staff follow Board policies and procedures. Accordingly, the Coordinator must ensure that all cash collected is properly accounted for, receipted and recorded, disbursed and reported to the Board.⁶

Officials Did Not Provide Adequate Program Oversight

Officials did not ensure that money received for the Program was properly recorded, reported and disbursed. There was no process at year-end to close out the books for the Program or ensure all records were complete. In addition, officials provided no oversight or monitoring of Program activities and the Coordinator did not submit any financial reports to the Board other than attendance counts.

The Coordinator maintained a manual checkbook, which he documented checks he had written. However, because claims vouchers were not prepared and approved, the Board was unaware there were discrepancies between invoices

⁴ Village Law requires the clerk to keep a complete and accurate account of the receipts and disbursement of all money.

⁵ Village Law 4-408

⁶ The Board may establish guidance in a written cash receipts policy that follows the statutory guidance established for the Treasurer in New York State Village Law, Section 4-408.

and payments and that adequate records and documentation to support the disbursements were not maintained.

To determine the cash balance in the account, the Coordinator would receive the balance from the bank when he made the deposits. Cash received for field trips and disbursed by the Coordinator were not recorded in the financial software, thereby circumventing the Board's annual audit conducted each year. As a result, the financial records and reports were incomplete and inaccurate.

What Do We Recommend?

The Board should:

1. Adopt a written policy for Program financial transactions including reporting to and monitoring by officials.
2. Annually audit, or have a Village official, employee or independent public accountant audit the Program's financial records.

The Treasurer should:

3. Develop and implement written procedures for the collection of Program fees (including a uniform process for completing worksheets and remitting collections to the Treasurer's office).
4. Require the Coordinator to remit, on a daily basis, all Program trip fees collected to the Treasurer's office for deposit.
5. Record all Program deposits and disbursements in the financial system.

The Coordinator should:

6. Maintain adequate collection records to ensure collections are properly accounted for and when no other supporting documentations exists, issue duplicate press-numbered cash receipts and enter collections into an accounting ledger on a daily basis.
7. Remit collections to the Treasurer's office on a daily basis.
8. Ensure that each claim contains sufficient supporting documentation, including itemized receipts or invoices.
9. Prepare and submit periodic Program financial reports to the Board.

Appendix A: Response From Village Officials

MAYOR
Robert R. D'Amelio

TRUSTEES
Frances R. Nardi
Robert J. Lagrow
Ramon Lopez
Ralph W. Kirschke



VILLAGE CLERK
O. Fred Miller

DEPUTY VILLAGE CLERK/TREASURER
Catherine B. Kopf

VILLAGE ATTORNEY
John S. Edwards

CONFIDENTIAL ASST. TO THE MAYOR
Katherine M. Welsh

September 24, 2019

Office of the State Comptroller
Newburgh Regional Office
33 Airport Center Drive
Suite 103
New Windsor, NY 12553

To Whom it May Concern:

This letter is the official response from the Village of West Haverstraw in regards to the draft Report of Examination Summer Program 2019M-146. This report was reviewed by me, the Village Trustees and other appointed officials. The Village concurs with most of the findings.

We thank you for your time and assistance with enhancing our cash controls for the Summer Program. Below is a brief summary of your findings and recommendations followed by corrective actions implemented by the Village to improve operations. A formal action plan is not required by the Office of the State Comptroller.

OSC PRIMARY FINDINGS

- The Summer Program Coordinator did not deposit all funds intact. He held cash to pay vendors and reimburse staff who purchased incidentals for the Program.
- Payments made to a movie theater totaling \$4,730 were not documented. These payments were made in cash and no receipts were provided at the time of service.

OSC PRIMARY RECOMMENDATION

Establish internal controls over the Program, including written procedures for the collection of fees.

VILLAGE CORRECTIVE ACTION

The NYS Comptroller's audit of the 2018 camp season was conducted as preparations for the 2019 season were ongoing. This enabled the Village to work with the Comptroller's staff to revise existing procedures to comply with recommended internal controls.

Beginning in 2019, the Village used the following procedures for collecting, receipting and paying trip fees.

- During the morning check-in process, campers turn over their daily trip fees to their counselors who record payment information on their group's daily attendance sheet.
- The group envelopes were turned over to the Senior Recreation Leader (SRL), not the Program Coordinator. In the past, the SRL would accompany the camp on the daily trips

MAYOR
Robert R. D'Amelio

TRUSTEES
Frances R. Nardi
Robert J. Lagrow
Ramon Lopez
Ralph W. Kirschkel



VILLAGE CLERK
O. Fred Miller

DEPUTY VILLAGE CLERK/TREASURER
Catherine B. Kopf

VILLAGE ATTORNEY
John S. Edwards

CONFIDENTIAL ASST. TO THE MAYOR
Katherine M. Welsh

to provide another layer of supervision. This summer, he stayed at Village Hall to record the payments in an individual journal for each child.

- After entering the data, the SRL turned over the daily receipts to a staff member in Village Hall who confirmed the accuracy of the receipts and prepared the daily deposit.
- Issuing press-numbered duplicate receipts on a daily basis was considered but discarded as impractical and unnecessary. We discussed different options with the field auditors and our solution – to mail parents a season-long summary of payments – was approved. To date, the parents have appreciated receiving the documentation, particularly those who claim childcare credits from their employer and/or on their income taxes.
- A petty cash fund of \$300 was established for camp use by the Village Board. The funds remained in Village Hall. Season disbursements, supported by receipts, totaled \$78.55.
- The Program Coordinator (PC) paid for the trips in a variety of different ways: voucher payments for deposits, Village credit card and day camp checks. No cash was carried during the day.
- At the end of each day, the PC turned over the trip receipts to the Village staffer who put them in the daily envelopes with the deposit records.
- The Treasurer performed spot audits during the season to verify deposit amounts, trip fees and receipted payments.
- Vouchers for bus transportation were verified against the approved contract. In two instances minor (<\$100) differences were caught and corrected before payment was issued.
- At the conclusion of the season, the SRL and Village staffer prepared lists of overpayments and underpayments. The Treasurer reviewed this information and prepared refunds and requests for payment.
- The Treasurer also audited the entire program at the conclusion of the season. She verified that trip deposits made prior to the start of camp were applied to the season trip fees. She verified that the trip fees recorded matched the trip fees deposited. And reconciled the trip receipts to the trip payments.

This process proved to be time consuming and cumbersome. Village administration and day camp staff will review and revise for 2020.

Additionally, the Village has or will implement the following recommendations by the NYS Comptroller:

1. The Village Board should adopt a written policy for Program financial transactions including reporting to and monitoring by officials. *Day camp staff and administrative personnel are currently reviewing the process used in 2019 to develop a policy. When complete, it will be presented to the Board for review and adoption.*
2. The Village Board, or a Village official, employee or independent public accountant should audit the Program's financial records. *This was done and will continue to be done by the Village*

MAYOR
Robert R. D'Amelio

TRUSTEES
Frances R. Nardi
Robert J. Lagrow
Ramon Lopez
Ralph W. Kirschkel



VILLAGE CLERK
O. Fred Miller

DEPUTY VILLAGE CLERK/TREASURER
Catherine B. Kopf

VILLAGE ATTORNEY
John S. Edwards

CONFIDENTIAL ASST. TO THE MAYOR
Katherine M. Welsh

Treasurer. The trip fee total (approximately \$60,000) does not warrant the engagement of an independent auditor.

3. The Treasurer should develop and implement written procedures for the collection of Program fees. *A draft of procedures was presented to the Comptroller's staff. It is currently under review based on the 2019 season. It will be presented to the Village Board shortly.*

4. The Treasurer should require the Coordinator to remit, on a daily basis, all Program trip fees collected to the Treasurer's office for deposit. *This procedure was implemented in 2019 and will continue to be part of the process.*

5. The Treasurer should record all Program deposits and disbursements in the financial system. *Disbursements have and continue to be maintained in [REDACTED] going forward, additional supporting worksheets will be maintained in [REDACTED]*

6. The Coordinator should maintain adequate collection records to ensure collections are properly accounted for. *The SRL was assigned to oversee the daily collections, record the collections into a ledger and issue receipts.*

7. The Coordinator should remit collections to the Treasurer's Office on a daily basis. *Daily collections are now remitted and deposited on the day they're collected.*

8. The Coordinator should ensure that each claim contains sufficient supporting documentation, including itemized receipts or invoices. *Daily envelopes are maintained with trip fee collection information and trip receipts/invoices. These envelopes are checked by the Treasurer.*

9. The Coordinator should prepare and submit periodic Program financial reports to the Board. *The camp program is only 6 weeks long. Preparing multiple periodic reports as suggested is not feasible. The Treasurer will submit a summary report to the Board at the conclusion of camp.*

I appreciate the professionalism of the Comptroller's Office staff and respect their thorough examination of the Village's records for 2017-2018 and recommendations for improvement. The Day Camp is a treasured program the Village has operated for over 50 years. These changes will help us continue to meet our residents' need for quality, affordable summer childcare.

Sincerely,

Robert R. D'Amelio
Mayor

RRD/cbk

Appendix B: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective⁷ and obtain valid audit evidence, our audit procedures included the following:

- We interviewed Village officials and employees and reviewed financial records to gain an understanding of internal controls in place over Program cash receipts and disbursements.
- We obtained and reviewed all the 2018 daily attendance and collection worksheets, daily receipt envelopes and deposit detail from the bank statements to determine whether all collections of cash for the 2018 Program were deposited and accurately recorded.
- We reviewed all cancelled check images from the 2018 bank statements, the checkbook and supporting documentation to document evidence of Board approval and authorization, and to determine whether all disbursements for the 2018 Program were recorded and reviewed before payment.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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.

The Board/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 provided to our office within 90 days, pursuant to Section 35 of 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 the CAP available for public review in the Village Clerk's office.

⁷ We also issued a separate audit report, *Village of West Haverstraw – Accrued Leave and Benefits* (2019M-143).

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/localgov/costsavings/index.htm

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/localgov/planbudget/index.htm

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/localgov/pubs/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/localgov/finreporting/index.htm

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/localgov/researchpubs/index.htm

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/localgov/academy/index.htm

Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

www.osc.state.ny.us/localgov/index.htm

Local Government and School Accountability Help Line: (866) 321-8503

NEWBURGH REGIONAL OFFICE – Lisa A. Reynolds, Chief Examiner

33 Airport Center Drive, Suite 103 • New Windsor, New York 12553-4725

Tel (845) 567-0858 • Fax (845) 567-0080 • Email: Muni-Newburgh@osc.ny.gov

Serving: Columbia, Dutchess, Greene, Orange, Putnam, Rockland, Ulster, Westchester counties



Like us on Facebook at facebook.com/nyscomptroller

Follow us on Twitter [@nyscomptroller](https://twitter.com/nyscomptroller)