

Fiscal Oversight Responsibilities of the Governing Board

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What Does Fiscal Accountability Mean to a Governing Board?

- Being responsible for the general management and control of municipal finances.

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Governing Board Responsibilities

- Set the tone – “fiscal fitness.”
- Review major policies.
- Adopt the budget and monitor the budget.
- Use monthly reports to make modifications as necessary.
- Ensure the audit of claims.
- Annually audit any departments collecting cash.

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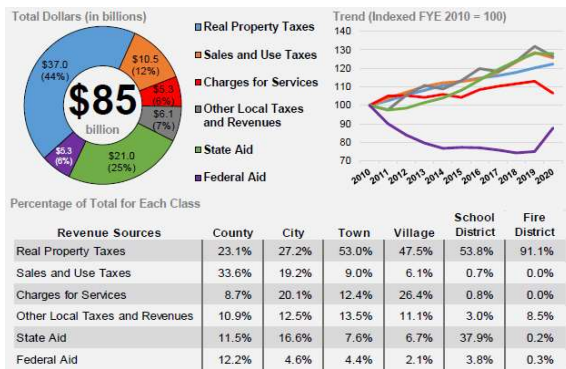
Know Your Fiscal Profile

- Where does money come from?
- Where does it go?
- How fast are revenues and expenditures growing?
- In which categories?
- What are the trends?

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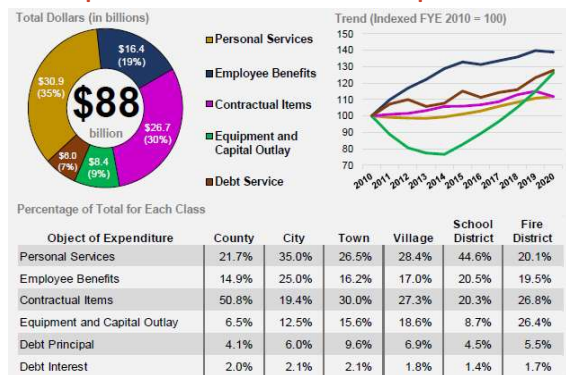
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Revenues for Municipalities



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Expenditures for Municipalities



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Good Fiscal Practices

- Open budget process
- Balance your risks with reserves
- Regular budget monitoring
- Multiyear financial planning
- Capital planning

Review Major Policies and Contracts

- Procurement (purchasing)
- Ethics
- Investments
- Workplace Violence Prevention
- Sexual Harassment Prevention
- Breach Notification
- Inventory/capital assets
- Personnel/union contracts

Adopting the Budget

- Know your budget calendar deadlines.
- Identify the step-by-step procedures.
- Follow all statutory requirements.
 - Initial budget requests
 - Public hearings
 - Adoption of budgets

Item	Due Date	Responsible Party	Comments
Initial budget requests	March 1, 2019	Department Heads	
Public hearings	March 15, 2019	Comptroller's Office	
Adoption of budgets	March 31, 2019	Board of Regents	

Monitoring the Budget

The Board needs to ensure that controls are in place by using:

- Budgetary reports;
- An encumbrance system; and
- A purchase order system or alternative method.

Monthly Reports

The Governing Board should review:

- A detailed statement of all money received and disbursed;
- Budget to actual reports; and
- Any other reports deemed necessary.

Budgetary Reports

Will assist the Board with:

- Controlling expenditures
- Monitoring progress
- Identifying variances
- Correcting identified problems

Budgetary Reports

Budgetary reports should be:

- Completed for all major operating funds;
- Prepared monthly;
- Distributed to all department heads; and
- Reviewed with department heads

Town of XYZ – General Fund Budget vs. Actual Report for 6 Months Ended June 30

A	B	C	D	E	F	G
	Actual Last Yr 12 Months	Budget 12 Months	Actual to date 6 Months	Current Variances D - C	Projected For Year	Projected Variance F - C
Revenues						
Property Taxes	\$750	\$900	\$900	\$0	\$900	\$0
Sales Tax	\$250	\$300	\$125	\$175	\$305	+\$5
Total	\$1,000	\$1,200	\$1,025	\$175	\$1,205	+\$5
Expenditures						
General Gov.	\$400	\$500	\$350	\$150	\$505	+\$5
Public Safety	\$600	\$700	\$375	\$325	\$700	\$0
Total	\$1,000	\$1,200	\$725	\$475	\$1,205	+\$5

Cash Flow Statements

- Can assist the Governing Board with identifying potential cash problems and cash available for investing; and
- The Board needs to ensure that available funds are invested in accordance with the investment policy and applicable laws.

Cash Flows – Major Revenue Sources

- Real Property Taxes, Sales Tax and Mortgage Recording Taxes
- General Purpose State Aid (AIM), CHIPS reimbursements (highway aid) and other State and Federal Aid programs for Education, Social Services, Health Services and Transportation
- Charges for services and user fees
- Intergovernmental charges

General Fund – Cash Flow Statement – Period Ending 6/30/21

Est. Receipts	Jan	Feb	Mar	Apr	May	Jun	Total
Property Taxes	\$750	\$150					\$900
Sales Tax			\$50			\$125	\$175
Total	\$750	\$150	\$50	\$0	\$0	\$125	\$1,075
Est. Disbursements	Jan	Feb	Mar	Apr	May	Jun	Total
Payrolls	\$70	\$70	\$50	\$40	\$30	\$50	\$310
Benefits	\$28	\$56	\$20	\$16	\$12	\$20	\$152
Total	\$98	\$126	\$70	\$56	\$42	\$70	\$462
Cash Balance Changes	+\$652	+\$24	-\$20	-\$56	-\$42	+\$55	
Est. Closing Cash Balance	\$664	\$688	\$668	\$612	\$570	\$625	
Beg. Cash Balance 1/01/21	\$12						

Special Reports

- Capital construction
- Personnel/staffing
- Accounts receivables
- Other reports

Using Reports Effectively

- If the Governing Board is reviewing reports monthly, they may need to modify the budget during the year.

Modifying the Budget

Don't Forget:

- It is the governing board's responsibility to make budget modifications by **BOARD RESOLUTION.**

Auditing the Claims

Why audit claims?

- Legal requirements
 - County Law Section 369
 - City Charter
 - Town Law Sections 119, 176(4-a)
 - Village Law Section 5-524
 - Education Law Sections 1724, 2524

Auditing the Claims

Why audit claims?

- To ensure that:
 - Claims are for valid and legal purposes;
 - Claims are incurred by authorized officials;
 - Goods are received/services are rendered;
 - Appropriations are available; and
 - Proper documentation exists.

Annually Auditing Departments Collecting Cash

Why do an annual audit?

- Legal requirements
 - County Law Section 210
 - Town Law Sections 123, 177
 - Unified Justice Court Act, Section 2019-a
 - Village Law Section 4-408(e)
 - City Charter

Annually Auditing Departments Collecting Cash

External Audit Requirements

- School Districts
 - Education Law Section 2116-a(3)(a) and 8NYCRR Sections 170.12(e)(1), 170.3(a) require that all school districts, except those employing fewer than eight teachers, obtain an annual independent audit by an outside CPA or PA.
- Fire Districts
 - Town Law Section 181-b requires an annual audit by an independent CPA or an independent PA if the district has revenues of \$400,000 or more.

Annually Auditing Departments Collecting Cash

Why do an annual audit?

- Provides oversight
- Ensures proper handling of public money
- Identifies improvement opportunities
- Provides forum to express concerns

Records Needed for Audit

- Review annual financial reporting.
 - Annual Update Document (AUD)
 - ST-3
- Review documentation of amounts reported.
- Trace bank reconciliation(s) to cash amounts reported in financial reports.
- Ensure that records are up-to-date.

Audit Objectives

- Records are complete and up-to-date
- Transactions are properly recorded
- Reports are timely and accurate
- Financial results are known
- Accountability is increased

How to Begin

- Understand operations.
- Learn what records are maintained.
- Learn what reports are produced.
- Use the OSC Checklists.

Bank Reconciliation		Yes	No
Are bank accounts reconciled?	By Whom? (Specify Name)	<input type="checkbox"/>	<input type="checkbox"/>
Is the bank reconciliation performed by someone other than the officer or employee who is responsible for the cash receipts or disbursements?		<input type="checkbox"/>	<input type="checkbox"/>
Is the bank reconciliation performed monthly after the bank statement is received?		<input type="checkbox"/>	<input type="checkbox"/>
Are Bank Reconciliations for Cash Bank Accounts:			
Bank Account	Bank Statement	Month Ending	
Are reconciliations documented and available for review?		<input type="checkbox"/>	<input type="checkbox"/>
Were the reconciling bank balances agreed to by the bank officer involved in the accounting records?		<input type="checkbox"/>	<input type="checkbox"/>

Cash Disbursements		Yes	No
Is the cash disbursement journal prepared up-to-date?		<input type="checkbox"/>	<input type="checkbox"/>
Is the cash disbursement journal prepared by a person to identify requests authorized and by the officer or employee who is responsible for the cash?		<input type="checkbox"/>	<input type="checkbox"/>
Are pre-numbered checks used for all disbursements (other than petty cash)?		<input type="checkbox"/>	<input type="checkbox"/>
Are all checks signed by the chief fiscal officer and co-signed if required?		<input type="checkbox"/>	<input type="checkbox"/>
If checks are signed electronically, is the signature stamp or address in the vicinity and control of the chief fiscal officer?		<input type="checkbox"/>	<input type="checkbox"/>
Are canceled checks or voided stamps retained with bank statements and deposited in files?		<input type="checkbox"/>	<input type="checkbox"/>
Are all amount checks properly controlled (blank check stock)?		<input type="checkbox"/>	<input type="checkbox"/>
Are checks recorded up-to-date?		<input type="checkbox"/>	<input type="checkbox"/>
Last Recorded Check # _____ Date _____ Amount _____			
Is the cash disbursement journal retained and maintained accurately?		<input type="checkbox"/>	<input type="checkbox"/>
Are personnel responsible for preparing disbursements? Consider completing a sample of disbursements with supporting documentation.		<input type="checkbox"/>	<input type="checkbox"/>

What Will You Need?

- Bank account reconciliations
- Receipts and disbursements
- Records
- Reports
- Other

Audit Concerns

- Discuss them with the officer/department head whose claims/records are being audited.
- If concerns still exist, contact OSC:
 - Regional Office
 - localgov@osc.ny.gov
- OSC Fraud Hotline
 - 1-888-672-4555 weekdays, 9:00 a.m. to 5:00 p.m.
 - investigations@osc.ny.gov

Thank You

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