



Village of Fultonville Claims Auditing

Report of Examination

Period Covered:

June 1, 2013 — December 31, 2014

2015M-106



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

July 2015

Dear Village 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 Village 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 Village of Fultonville, entitled Claims Auditing. 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 New York State 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*

Introduction

Background

The Village of Fultonville (Village) is located in the Town of Glen in Montgomery County and has approximately 790 residents. The Village provides various services to its residents including water and sewer, fire protection, street maintenance, snow removal, garbage collection and general governmental support. These services are funded primarily through real property taxes, sales tax and user fees. The Village's 2014-15 fiscal year budgeted appropriations totaled approximately \$829,000.

The Village is governed by an elected Board of Trustees (Board), which comprises a Mayor and four trustees. The Board is responsible for the general management and control of the Village's financial affairs. The Mayor serves as the chief executive officer and is responsible for the Village's day-to-day management. The Village Clerk-Treasurer, who is appointed by the Board, serves as the chief financial officer and is responsible for maintaining the accounting records, processing collections, making deposits, disbursing Village moneys and preparing and filing financial reports.

Objective

The objective of our audit was to examine the Village's claims auditing procedures. Our audit addressed the following related question:

- Did the Board conduct a proper audit of claims to ensure that each claim was adequately documented, supported and for legitimate Village purposes?

Scope and Methodology

We examined the internal controls over the Board's claims auditing process for the period June 1, 2013 through December 31, 2014.

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 B of this report.

Comments of Village Officials

The results of our audit have been discussed with Village officials, and their comments, which appear in Appendix A, have been considered in preparing this report. Village officials generally agreed with our report.

Claims Auditing

The Board is responsible for auditing and approving claims. The claims audit process should be deliberate and thorough and should ensure that each claim contains sufficient supporting documentation. A proper audit ensures that each claim is itemized and accompanied by an invoice or receipt to determine if it is a proper and valid charge against the Village. Additionally, such an audit should determine whether the officer or employee who gave rise to a claim approved it, usually by signing the claim attesting that goods and services were received and that the charges are correct.

As part of the claims process, the Clerk-Treasurer receives vendor invoices by mail and prepares the claim packets. The Clerk-Treasurer consecutively numbers all claim packets and lists them on an abstract.¹ He submits the claim packets to the Board for review at the regularly scheduled Board meetings. Each Board member reviews each individual claim packet and signs the claim to document his or her review. Board resolutions approving payment of claims are then passed and documented in the meeting minutes.

We randomly² selected 115 claims totaling \$257,816 out of the 604 claims totaling \$1,729,071 paid by the Village during our audit period. Our sample included claims from all of the Village's departments. Our procedures included verifying that all claims were included on the abstracts, contained the signatures of Board members as evidence of review, and were for legitimate Village purposes. Except for minor discrepancies, which we discussed with Village officials, we found that the Board conducted a complete and thorough audit of the claims and that claims were adequately supported and for legitimate Village purposes.

We commend Village officials for designing and implementing this system of controls over the approval and payment of claims.

¹ An abstract is a list of claims to be paid.

² Using a computerized random sampling tool

APPENDIX A

RESPONSE FROM VILLAGE OFFICIALS

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

Village of Fultonville
PO BOX 337
FULTONVILLE, NY 12072

Robert Headwell, Mayor

Thomas DiMezza, Clerk/Treasurer

July 15, 2015

NYS COMPTROLLERS OFFICE
GLENS FALLS REGIONAL OFFICE
Jeffrey P. Leonard, Chief Examiner
One Broad Street Plaza
Glens Falls, New York 12801-4396

Dear Mr. Leonard,

This letter is the official response to the recent Claims Auditing of the Village of Fultonville.

I would like to take this opportunity to thank the Comptroller's Office for conducting an audit of the Village of Fultonville's claims. It is apparent that the comptroller's office recognizes a municipality when it is compliant and ends up with a clean audit. We are very appreciative of your staff that spent time with the village and looked at over 600 claims for a period of 18 months.

Again, thank you for the services that the Comptroller's Office provides.

Very truly yours,

Robert Headwell
Mayor

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to review the Village's claims auditing practices. To accomplish the objective of this audit and obtain valid audit evidence, our procedures included the following:

- We interviewed Village officials and employees to gain an understanding of the Village's claims auditing process.
- We randomly selected 115 claims from our audit period. We examined each claim to determine whether it had adequate supporting documentation, such as an itemized invoice or receipt, it was audited by the Board, and whether the expenditure was for a valid Village purpose.

We conducted this performance audit in accordance with 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.

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