



# Cattaraugus County Soil and Water Conservation District

## Cash Receipts and Disbursements

### Report of Examination

Period Covered:

January 1, 2015 — September 1, 2016

2016M-396



Thomas P. DiNapoli

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# State of New York Office of the State Comptroller

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## **Division of Local Government and School Accountability**

February 2017

Dear District 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 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 Cattaraugus County Soil and Water Conservation District, entitled Cash Receipts and 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 New York State General Municipal Law.

This audit's results and recommendations are resources for district 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 Cattaraugus County Soil and Water Conservation District (District) is one of 58 such districts in New York State. These districts provide services and fund projects to improve and maintain wildlife habitat, help control and prevent water pollution from nonpoint sources and manage and control soil erosion and other related land-use issues. The District is governed by a five-member Board of Directors (Board) appointed by the Cattaraugus County (County) Legislature. The Board is responsible for the general management and oversight of the District's financial and operational affairs.

The District Field Manager is responsible for the District's day-to-day operations under the Board's direction. While the Treasurer has overall responsibility for the District's financial records, the Assistant Treasurer manages the day-to-day financial activity and reporting.<sup>1</sup> The Assistant Treasurer is responsible for receiving and disbursing funds, maintaining accounting records and preparing financial reports.

The District's main revenues include State and federal grants, a County appropriation and proceeds from customer sales and various service fees. During 2015, District revenues totaled \$1.4 million and expenditures totaled nearly \$850,000.

## Objective

The objective of our audit was to review the District's cash receipts and disbursements. Our audit addressed the following related question:

- Did the Board ensure that receipts were properly accounted for and reported and disbursements were approved and for proper District purposes?

## Scope and Methodology

We examined the District's financial records for the period January 1, 2015 through September 1, 2016.

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 District Officials and Corrective Action

The results of our audit and recommendations have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report. District officials agreed with our findings and indicated that they plan to take corrective action.

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<sup>1</sup> Annually, the Board elects one of its members to serve as the Treasurer. The Assistant Treasurer was appointed by the Board in October 2013.

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 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 Secretary's office.

## Cash Receipts and Disbursements

The Board is responsible for ensuring that all money due to the District is collected, recorded and deposited, and that all money disbursed is for proper District purposes. Written policies and procedures should be adopted by the Board to govern how cash receipts and disbursements are handled. The Board should ensure that press-numbered duplicate receipts are issued for all money received and should regularly review financial records and reports to ensure that receipts are properly recorded in the accounting records. The Board should also audit claims to ensure that disbursements are properly supported and for valid District purposes and checks are signed by authorized individuals.

The Board did not adopt adequate policies and procedures for cash receipts and disbursements. While the Board reviews certain nonrecurring disbursements exceeding \$500 at its monthly meetings, it does not review all claims. The Board adopted a disbursement policy granting the Assistant Treasurer the authority to pay certain claims when they are recurring or when necessary to avoid late fees<sup>2</sup>; however, these claims are not subsequently audited or reviewed by the Board. The Board's inadequate oversight of the disbursement process creates a risk that payments may not be for appropriate purposes.

We reviewed all cash receipts totaling \$1.9 million and all 310 nonpayroll disbursements totaling \$1.2 million for our audit period. Other than some minor exceptions which we discussed with District officials, the Assistant Treasurer properly receipted, deposited and recorded cash receipts. Press-numbered duplicate receipts were generally issued for all money received and deposits were typically made weekly. Cash disbursements appeared to be for proper District purposes. However, 261 disbursements (84 percent) totaling approximately \$1.1 million were not audited by the Board, and 23 payments totaling \$2,430 were not supported by adequate documentation to allow for a proper audit.

When the Board does not audit and approve claims, the District has an increased risk of paying for goods and services that are not proper District expenditures.

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<sup>2</sup> The policy is entitled "Assistant Treasurer Bill Paying Policy" and was re-adopted by the Board in January 2016.

## **Recommendations**

The Board should:

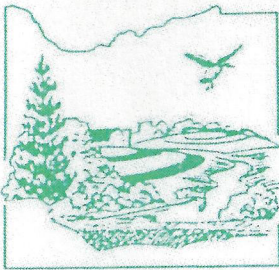
1. Adopt written policies and procedures related to cash receipts and disbursements, including a comprehensive claims audit policy.
2. Conduct a deliberate and thorough audit of all claims.

**APPENDIX A**

**RESPONSE FROM DISTRICT OFFICIALS**

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





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## Cattaraugus County Soil and Water Conservation District

8 MARTHA ST., P.O. BOX 1765 ELLICOTTVILLE, NY 14731 PHONE (716) 699-2326 FAX (716) 699-5506

February 2, 2017

Unit Name: Cattaraugus County Soil & Water Conservation District  
Audit Report Title: Cash Receipts & Disbursements  
Audit Report Number: 2016M-396

*The following is the response from the Cattaraugus County Soil & Water Conservation District regarding the NYS Comptroller's Office Report of Examination/Cash Receipts & Disbursements 2016M-396. We are combining this audit response to include our Corrective Action Plan.*

*The Cattaraugus County Soil & Water Conservation District Board has reviewed the audit findings. We understand and agree with what was reported. We understand that we need to better enforce our current written policies and procedures related to cash receipts and disbursements, including a comprehensive claims audit policy. The procedures will also include conducting a thorough audit of all claims at each board meeting for recurring and non-recurring payments.*

### **Audit Recommendation:**

The Board should:

1. Adopt written policies and procedures related to cash receipts and disbursements, including a comprehensive claims audit policy.

**Corrective Action Plan** – *The Cattaraugus County Soil & Water Conservation District has reviewed and will continue to use the current written policies and procedures related to cash receipts & disbursements. The Assistant Treasurer will report all recurring bills and expenses paid in the monthly financial statement presented at the following Board of Director's meeting. All cash disbursements will be individually reviewed and signed off by the board. The board will continue to approve payment of bills that are not-recurring before payment is submitted.*

2. Conduct a deliberate and thorough audit of all claims.

**Corrective Action Plan** – *A monthly claims audit shall be conducted by the board at each monthly board meeting, and an annual audit is conducted by two board members each year, usually in March or April.*

Thank you for your guidance during the audit. We have addressed the outlined concerns and will continue to improve our policies for proper recording of cash receipts and disbursements.

Signed: \_\_\_\_\_ 2/3/17  
Name: Herbert Herman, Chairman Date  
Cattaraugus County Soil & Water Board of Directors

Signed: \_\_\_\_\_ 2/2/17  
Name: Brian Davis, District Field Manager Date  
Cattaraugus County Soil & Water Conservation District

Signed: \_\_\_\_\_ 2/2/17  
Name: Joyce Telaak, Treasurer Date  
Cattaraugus County Soil & Water Board of Directors

## **APPENDIX B**

### **AUDIT METHODOLOGY AND STANDARDS**

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We reviewed District policies and procedures and interviewed District officials to gain an understanding of the cash receipts and disbursements procedures.
- We reviewed accounting records, bank statements and deposit records to determine if cash receipts were properly recorded and reported.
- We reviewed all nonpayroll disbursements to determine if claims were supported by sufficient documentation and were for valid District purposes.
- We reviewed Board minutes to determine if the Board performed and documented an audit of claims.

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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