



Town of Tuxedo

Financial Operations

Report of Examination

Period Covered:

January 1, 2013 — January 29, 2014

2014M-284



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

January 2015

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 Tuxedo, entitled Financial Operations. 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*



State of New York Office of the State Comptroller

EXECUTIVE SUMMARY

The Town of Tuxedo (Town) is located in Orange County and has a population of approximately 3,600 residents. The Town provides various services to its residents, such as highway, justice court, park and general government services. The 2014 Town budget totaled \$9.5 million for all funds, including special districts.

The Town is governed by an elected five-member Town Board (Board), comprising a Town Supervisor (Supervisor) and four Board members. The Board is responsible for managing Town operations and overseeing the Town's financial affairs. The Supervisor, as both chief financial officer and chief executive officer, is responsible for the Town's financial operations. The Supervisor appointed a secretary who primarily functions as a bookkeeper to maintain the accounting records.

Scope and Objective

The objective of our audit was to review the Town's financial operations for the period January 1, 2013 through January 29, 2014. Our audit addressed the following related questions:

- Did the Supervisor maintain complete and accurate accounting records and reports to allow the Board to monitor the Town's financial operations?
- Did the Board and Supervisor ensure that disbursements were for proper Town purposes?

Audit Results

The Supervisor did not maintain complete, accurate and up-to-date accounting records because he did not properly oversee the bookkeeper's work. As a result, the Supervisor did not provide the Board with the monthly financial information of cash balances for the Town's accounts, bank reconciliations and the required detailed statement of moneys received and disbursed. The lack of accurate records resulted in the Board being unable to evaluate the Town's true financial condition.

We also found that certain account balances in the Town's general ledger did not agree with its audited financial statements. In addition, the annual audit performed by an independent certified public accountant (CPA) is not reliable because the CPA told us that he did not assess internal controls. In addition, the CPA audits did not ensure that financial records were complete and did not properly account for justice court revenue. The Town's poor accounting records have created an environment where the Town's financial condition cannot be effectively assessed or monitored.

In addition, the Board and the Supervisor did not ensure that all disbursements were for proper Town purposes. We found that internal controls over cash disbursements are not properly designed because the bookkeeper's duties were not properly segregated. The bookkeeper performs, or has the ability to perform, all aspects of the disbursement process. We identified disbursements totaling almost \$6,100 that were not properly reviewed or approved by the Board. When the bookkeeper's responsibilities include performing most aspects of the Town's financial transactions, with no oversight or compensating controls, there is an increased risk of recordkeeping errors or loss of Town funds.

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 planned to initiate corrective action.

Introduction

Background

The Town of Tuxedo (Town) is located in Orange County and has a population of approximately 3,600 residents. The Town provides various services to its residents, such as highway, justice court, park and general government services. The 2014 Town budget totaled \$9.5 million for all funds, including special districts. The Town's expenditures are funded by real property taxes, State aid and user fees.

The Town is governed by an elected five-member Town Board (Board), comprising a Town Supervisor (Supervisor) and four Board members. The Board is responsible for general oversight of the Town's fiscal activities and safeguarding its resources. The Supervisor, as both chief financial officer and chief executive officer, is responsible for the Town's financial operations. Those responsibilities include maintaining the accounting records for all receipts, disbursements and account balances, reconciling the accounting records to the bank statements, filing the annual reports with the Office of the State Comptroller, and providing the Board with timely and accurate financial information.

The Supervisor appointed a bookkeeper to maintain the accounting records. The Town also retained an independent certified public accountant (CPA) to review the Town's books and records, and assist the bookkeeper in preparation of the Town's annual financial report and in accounting and financial matters that arise during the fiscal year.

Objective

The objective of our audit was to review the Town's financial operations. Our audit addressed the following related questions:

- Did the Supervisor maintain complete and accurate accounting records and reports to allow the Board to monitor the Town's financial operations?
- Did the Board and Supervisor ensure that disbursements were for proper Town purposes?

Scope and Methodology

We examined the Supervisor's records and reports and the Town's cash disbursements for the period January 1, 2013 through January 29, 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 is included in Appendix B 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 planned to initiate corrective action.

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 New York State 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.

Supervisor's Records and Reports

The Town's financial activities should be accurately recorded in the accounting records and summarized in interim financial reports that are presented to the Board on a monthly basis to help it monitor and manage the Town's financial operations and assess the Town's financial condition. The Supervisor, as chief fiscal officer, is responsible for performing basic accounting functions, including maintaining accounting records. If the Supervisor assigns these duties to a bookkeeper, he should provide sufficient oversight to ensure that the bookkeeper's records are reliable and up-to-date and that journal entries are approved and made in a timely manner. An annual audit helps the Board fulfill its fiscal oversight responsibilities by providing it with an opportunity to assess the reliability of the Town's accounting records and financial condition.

The Town does not have complete, accurate and up-to-date accounting records. The Supervisor relied on the bookkeeper to perform most of the Town's financial duties without providing any oversight. The Board relied on the Supervisor for interim financial updates without ensuring that the Supervisor provided sufficient and accurate information. In addition, we question the reliability of the CPA's annual Town audit because there is no indication that the CPA assessed internal controls or ensured that financial records were complete and that justice court revenue was properly accounted for.

Poor accounting records have created an environment where the Town's financial condition cannot be effectively assessed or monitored. This puts the Town in a position where the financial condition could significantly deteriorate without the Board being aware of it. The Board does not have the necessary information to make the appropriate decisions to remedy financial issues in a timely manner. For example, according to the Office of the State Comptroller's Fiscal Stress Monitoring System (FSMS), based on the annual update documents (AUD) filed with the State Comptroller's Office, the Town appears to be susceptible to fiscal stress for fiscal year 2012.¹ However, because the records and reports are not accurate, the Town's financial condition for 2013 cannot be accurately determined.

Accounting Records

The Town's financial records must be complete, accurate and up-to-date to be useful for managing Town operations. The general ledger is a detailed record containing the accounts needed to reflect a government's financial position and results of operations. The

¹ After the end of our fieldwork, FSMS also made a determination that the Town was susceptible to fiscal stress for the 2013 fiscal year.

general ledger includes assets, liabilities and equity (fund balance) accounts, control (aggregate) accounts for revenues and expenditures, and the adopted budget. The purpose of the accounting records, financial reporting and the financial statement audit is to provide the information needed for both financial decision making and the assessment of financial condition.

Because the 2013 fiscal year accounting records were not finalized during our field work, we reviewed the records available for the period ending December 31, 2012. Based on the trial balance that the bookkeeper provided us for this period,² we found that significant accounts in the Town’s general ledger for the town-wide (TW) general fund were not consistent with the audited financial statements. Similar issues exist with the town-outside-village (TOV) general fund accounts.

Figure 1: Reliability of Accounting Records for 2012

Account	Per Trial Balance	Per Financial Statements	Difference
A200 – Cash	(\$15,458)	\$253,120	\$268,578
A380 – Accounts Receivable	\$32,760	\$96,206	\$63,446
A600 – Accounts Payable	\$180,203	\$159,108	(\$21,095)
A601 – Accrued Liabilities	\$57,237	\$104,605	\$47,368

In addition to the discrepancies with the reliability of the accounting records, the bookkeeper was unable to provide accounting records to support the amounts in significant accounts. For example, the Town reported accrued liabilities in the TOV general fund of \$716,608 for fiscal year 2013 on its AUD that was filed with the State Comptroller’s Office. Upon inquiry, the bookkeeper could only provide an incomplete general ledger with a negative account balance of \$87,000. When we followed up on the issue, we were told that the CPA filed the AUD and we would have to get the adjusting entries and details for the account from him. After multiple requests, the entries and details had still not been provided. Because the bookkeeper was not able to provide us with a detail ledger for that account, we could not verify the accuracy of the balance.

Timeliness is critical in providing accurate financial information. The CPA does not provide the adjusting entries to the Town in a timely manner. The CPA did not provide adjusting entries for the fiscal year ended December 31, 2012 until March 2014. As such, the bookkeeper could not update records in a timely manner, which further reduced the reliability of records available for monitoring Town operations.

² This report was generated in February 2014.

The reliability of the financial records is also dependent on the knowledge and experience of the staff preparing the records. The bookkeeper is a part-time employee and does not appear to have the necessary accounting skills to properly fulfill these duties. For example, the bookkeeper did not have an understanding of how to determine the amount of fund balance and was unfamiliar with the CPA management letter. Although the Town hired a CPA to assist the bookkeeper with accounting and financial matters, these services are not timely and financial records are not readily available to the bookkeeper.

Because the bookkeeper does not maintain accurate and timely accounting records, the Supervisor and Board cannot properly monitor the Town's financial condition. This puts the Town in a position where the financial condition could significantly deteriorate without the Board being aware of it. As a result, the Board does not have the opportunity to make informed decisions relating to the Town's financial condition.

Interim Financial Reports

According to New York State Town Law (Town Law), the Supervisor is required to submit detailed financial reports to the Board on a monthly basis. Monthly financial reports must provide the Board a detailed accounting of moneys received and disbursed. These reports also should include cash balances, bank reconciliations and budget-to-actual results of operations, which would allow the Board to monitor Town operations against the budget.

The Supervisor did not submit the required monthly reports to the Board, including a detailed statement of moneys received and disbursed, cash balances for the Town's accounts and bank reconciliations. Although the Board reviewed abstracts listing cash disbursements and revenue reports detailing all revenue received for the period, these are not sufficient to provide a clear picture of the Town's financial position.

The lack of interim reporting resulted in the Board being unable to evaluate the Town's true financial condition and take corrective action as necessary. For example, the Board was notified in April 2013, over three months after the close of the 2012 fiscal year, that certain accounts would have deficits as of December 31, 2012 and that the bookkeeper made budget modifications. The Board should have been made aware of these deficits at an earlier time and approved the budget modifications prior to the bookkeeper making them.

Annual Audits

Audits of the Town's financial statements must be performed in compliance with GAGAS, which requires the auditor to obtain an understanding of internal controls sufficient to plan the audit by

performing procedures to understand the design of controls and determine whether they have been placed in operation. In addition, control deficiencies identified during the audit that are considered significant deficiencies or material weaknesses must be communicated in writing to management.

We question whether the Town's CPA properly assessed and reported on internal control deficiencies. The CPA audited the Town's financial statements of each major fund for the years ended December 31, 2011 and December 31, 2012. The audit reports indicate that the audits were conducted in accordance with GAGAS and stated that the Town's financial statements presented fairly, in all material respects, the Town's financial position. The audit reports also indicated that the CPA did not identify any deficiencies in internal controls that were considered to be material weaknesses.

Our audit identified significant internal control deficiencies that existed during the period that the CPA's audits covered. For example, the bookkeeper's cash disbursement duties were not properly segregated and the Board provided no oversight of the bookkeeper's activities (see the "Cash Disbursement" section). In addition, revenue from justice court fines and fees was improperly recorded in the TOV general fund instead of the TW general fund. New York State Vehicle and Traffic Law generally requires that all fines, penalties and forfeitures paid to a town be credited to the TW general fund, unless the town has adopted a local law or ordinance that provides for a different disposition. However, the financial statements included a portion of the justice court revenue in the TOV general fund. The statements included justice court revenue of \$219,000 for fiscal year 2012 and \$144,000 for fiscal year 2013 in the TOV general fund instead of the TW general fund. The CPA told us that he certified the financial statements that presented justice court revenue in this way because that is what the Board requested when he started auditing the Town 10 years ago.

When revenue is not properly applied to specific funds, the financial position of funds cannot be adequately assessed. The operating losses in the TOV general fund would have increased significantly if the revenue was properly accounted for in the TW general fund. The operating loss in the TOV general fund for 2012 should have been about \$421,000 instead of \$202,000 and for 2013 the operating loss should have been about \$560,000 instead of \$416,000.

The CPA also told us that he did not properly assess internal controls. The CPA indicated that in the past he used an audit checklist when conducting the audit, which assisted him in assessing internal controls. However, he told us that was not done for the 2011 and 2012 audits.

Town employees confirmed that the CPA had not questioned them on internal controls during the 2011 and 2012 audits.

The Town relied on the CPA's work to provide assurance that its accounting records were accurate. When the work performed cannot be relied on, it is difficult for the Board to monitor the Town's financial health and make informed financial decisions. In addition, taxpayers and other interested parties lack access to reliable financial information, which can be used to measure the effectiveness of the Town's operations and fiscal health.

Recommendations

1. The Supervisor should ensure that accounting records are kept in an accurate and complete manner.
2. The Board should identify the financial reports that the Supervisor should prepare and require that they be provided on a monthly basis to help manage Town finances and evaluate financial condition. Such reports should include:
 - Budget-to-actual reports for all Town funds, including the original and modified budget for revenues and expenditures.
 - Monthly reports showing all moneys received and disbursed, balance sheet accounts and cash balances for all Town funds.
 - Bank reconciliations.
3. The Board should review the previous accounting for justice court revenues and make any necessary adjustments to the TW and TOV general funds.

Cash Disbursements

The Board is responsible for establishing adequate internal controls to properly safeguard the Town's cash assets. An effective system of internal controls should include the segregation of duties so that no one person can complete a transaction without another person involved. When duties cannot be segregated, compensating controls should be established. In addition, Town Law designates the Supervisor as the official responsible for signing checks, and as such the Supervisor plays a critical role in the cash disbursement process. The Supervisor must ensure that all disbursements of Town moneys are made by checks signed by himself or, in his absence, by the Deputy Supervisor.

We found that the Board and the Supervisor did not ensure that all disbursements were for proper Town purposes. Internal controls over cash disbursements need to be improved. The bookkeeper performs, or has the ability to perform, all aspects of the disbursement process. The bookkeeper establishes vendor accounts, processes disbursements, maintains accounting records, performs all bank reconciliations and has possession of both the blank checks and the Supervisor's signature stamp, all without oversight. The bookkeeper uses the Supervisor's signature stamp to sign all checks. In addition, he has administrative rights to the financial application system, which gives him the ability to perform any functions.

Due to the lack of segregation of the bookkeeper's duties, we reviewed the abstracts for 2013. We identified two checks, totaling \$2,533, for events for the Town's Family Fun Day that were not included on an abstract or formally approved by the Board.

We also reviewed all 2013 bank statements to determine if non-check disbursements were for Town purposes. We found a payment for a bank credit card account for \$475 that was not supported. Town officials have no assurance that this electronic disbursement was for a Town purpose.

We also reviewed a sample of 10 payments for the Town's credit cards totaling \$23,850 and found one invoice totaling \$2,544 that was not listed on an abstract and not reviewed by the Board. Based on the receipts attached to the invoice, it appears that it was for Town purposes. In addition, another payment of \$2,667 included a charge of \$514 that was not supported with a receipt. We subsequently determined that the \$514 charge was for a legitimate Town purpose.

When the bookkeeper's responsibilities include performing most aspects of the Town's disbursement transactions with no oversight or compensating controls, there is an increased risk of recordkeeping errors or loss of Town funds due to errors or irregularities. Therefore, the Board has no assurance, beyond the claims approval process, that funds are used solely for legitimate Town purposes. Furthermore, the Supervisor and the Board would not be able to detect inappropriate activity in a timely manner.

Recommendations

4. The Board should ensure that the bookkeeper's financial duties are adequately segregated. If segregation of duties is not feasible, compensating controls should be established.
5. Town checks should be signed by the Supervisor or, in his absence, by the Deputy Supervisor, as required by Town Law.

APPENDIX A

RESPONSE FROM LOCAL OFFICIALS

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

January 2, 2015

Ms. Tenneh Blamah, Chief Examiner
Office of the State Comptroller
33 Airport Center Drive, Suite 103
New Windsor, New York 12553

Dear Ms. Blamah:

On behalf of the Board of the Town of Tuxedo and the citizens of the Town of Tuxedo, New York we appreciate the opportunity to review the draft "Town of Tuxedo Financial Operations Audit" report. The findings and recommendations in the draft report are deemed appropriate and will help guide the Town to more effectively manage day-to-day operations and planning for the future. The Town Board takes all of the findings and recommendations seriously and will continue to work towards our goal of getting all Town procedures in "best practice" form.

We understand that the primary objective of the Financial Operations Audit report was to review the Town's financial operations for the period January 1, 2013 through January 29, 2014. The audit addressed the following related questions:

- Did the Supervisor maintain complete and accurate accounting records and reports to allow the Board to monitor the Town's financial operations?
- Did the Board and Supervisor ensure that disbursements were for proper Town purposes?

The preliminary audit results have been reviewed and discussed with the Board, our employees, and accounting/financial consultants. We concur with the audit recommendations and will be developing a detailed Corrective Action Plan ("CAP") to be submitted within 90 days of the release of the final audit report.

In review of the findings and recommendations, the Town has the following responses:

Recommendation 1. The Supervisor should ensure that accounting records are kept in an accurate and complete manner.

Response 1: The Town concurs with this finding and recommendation for improved controls and oversight to ensure that accounting records are accurate, complete, and timely. The specific findings will be reviewed with the Town's new outside accounting firm to ensure that current and prior year transactions are being properly recorded.

Secondly, the Town Supervisor has developed a monthly checklist of key financial transactions and processes that will be verified for accuracy and completeness each month. A reorganization plan is also being deployed to

enhance the needed oversight of the Town's financial records and ensure timely and accurate journal entries.

The Town agrees that an annual audit will guide the Board to "fulfill its fiscal oversight responsibilities by providing it with an opportunity to assess the reliability of the Town's accounting records and financial condition." The CAP will outline the key reconciliation processes targeted to improve the accuracy and completeness of the Town's financial records. The CAP will address the immediate need for:

- Timely recording of adjusting journal entries
- Validation of trial and fund balances within the Town's financial record
- Review of postings from vendor payments, credit card payments, and cash receipts to ensure proper classification of expenses and revenues
- Improved coordination between the Town's CPA firm and the Bookkeeper

Recommendation 2. The Board should identify the financial reports the Supervisor should prepare, and require the reports be provided on a monthly basis to help manage Town finances and evaluate financial condition.

Response 2: The Town concurs with the recommendation for improved financial reporting and the need for monthly reports to assist the Board and staff in monitoring the financial health of the Town.

Our action plan will include, at the minimum, the following monthly reports:

- Summary of Fund Appropriation Cash Position – Year to Date and Monthly
- Summary of All Funds Year to Date Budget (Original and Modified) to Actual Financial Results
 - Revenue Budget (Original and Modified) to Actuals by Major Fund Appropriation
 - Expense Budget (Original and Modified) to Actuals by Major Fund Appropriation
- Sources and Uses of Monies Cash Flow
- Summary of Major Capital Improvement Construction Projects
- Summary of Department Position Staffing Levels By Major Fund Appropriation
- Summary of Competitive Bids/Request for Proposals and Purchase Orders
- Summary of Revenue Accounts Receivables by Major Fund Appropriation
- Summary of Bank Reconciliations including Custodial Banking and Investment Holdings

Recommendation 3. The Board should review the previous accounting for justice court revenues and make any necessary adjustments to the TW and TOV general funds.

Response 3: The Town concurs with the findings and recommendation for improved reconciliation and accounting for justice court revenues. The Town will instruct its new finance accounting team to make the necessary adjustments to both the Fiscal Year 2013 and 2014 accounting entries, including any needed reclassification of court revenues between the Town-Wide (TW) General Fund and Town-Outside-Village (TOV) General Fund accounts. The Town recently hired a new accounting firm to assist in the completion of the FY 2013 audit and review the accuracy of the FY 2014 accounting entries.

As we begin FY 2015, we will also ensure proper controls are in place to establish the proper budgeting and accounting for the justice court revenues between funds.

The Correction Action Plan will include a schedule for the reclassification of needed entries and audit plan for the completion of both the FY 2013 and FY 2014 audits.

Recommendation 4. The Board should ensure that the bookkeeper's financial duties are adequately segregated. If segregation of duties is not feasible, compensating controls should be established.

Response 4: The Town concurs with these findings and recommendations. Provisions have already been put in place to ensure proper segregation of duties in performing the Town's financial tasks.

The Town will be implementing a revised organizational structure to address proper internal control and segregation duties. The organizational plan will create checks and balances and reporting structures for improved accountability and reporting.

The Town will also be considering various financial policies and the adoption of standard operating procedures/desk manuals to ensure proper financial accounting, reporting, and financial management. Such policies will include:

- Financial Management Policy
- Cash Management Policy
- Procurement Policy (Updated)
- Investment Policy (Updated)

Recommendation 5. Town checks should be signed by the Supervisor, or in his absence by the Deputy Supervisor, as required by Town Law.

Response 5: The Town concurs with this finding and recommendation. Provisions have been taken to ensure segregation of duties and improved internal controls related to cash disbursement. Immediate measures taken include:

- Check stock is being stored in a secure location with a check stock log to document the sign-out of checks compared to approved vouchers.
- The signature stamp of the Town Supervisor is stored in a secure location that must be signed-out for by the authorized finance personnel responsible for the endorsement signature process

- The Town is in process of creating a new internal organizational structure to address the needed segregation of duties
- Creation of new vendor and employee records have been segregated from the personnel who have access to create vouchers, process payments, and issue checks

In closing, the Town appreciated the professionalism of the State Controllers' staff and guidance the auditors provided in this Audit Report. We will continue to focus our efforts on improvements in the areas noted in the Audit Report.

As noted above, the Town will submit a formal Corrective Action Plan to address findings and recommendations in the final report within 90 days of receipt of the final audit report. Please feel free to contact me at your convenience, if you have any questions related to our response to the draft Audit Plan.

Respectfully submitted,

Michael Rost, Town Supervisor

cc: Town Board Members

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to assess the Town's financial operations for the period January 1, 2013 through January 29, 2014.

To achieve our objective and obtain valid audit evidence, our audit procedures for records and reports included the following:

- We interviewed Town officials and reviewed Board minutes and policies to gain an understanding of the internal controls over the Town's records and reports.
- We reviewed the balance sheets, trial balances and general ledger details to determine if the accounting records were adequate and maintained on a timely basis.
- We reviewed the 2012 AUD to ensure that it was supported by the accounting records and to determine if annual financial reports were complete and timely.
- We reviewed the audited financial statements for fiscal year 2012 to determine if they were consistent with the accounting records maintained by the Town. We also reviewed any communication from the CPA to management.

To achieve our objective and obtain valid audit evidence, our audit procedures for cash disbursements included the following:

- We interviewed Town officials to gain an understanding of the Town's disbursement processes and the related internal controls.
- We reviewed all of the abstracts for 2013 to determine if they were accurate and complete.
- We selected a random sample of 40 vouchers to determine whether:
 - o The vouchers were approved by the Board.
 - o Vendor names and amounts on the abstracts matched the invoices and canceled checks.
 - o The purchases were made according to the Town's procurement policy.
 - o The amounts were properly recorded in the general ledger.
 - o The purchases were made for proper Town purposes.
- We tested all non-check disbursements from the bank statements to supporting vouchers to determine if they were properly authorized and for valid Town purposes.

- We tested all disbursements made to key officials, the bookkeeper, the assistant bookkeeper and the former Supervisor.
- We tested a sample of credit card purchases to determine if they were properly approved and for Town purposes.

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.

APPENDIX C

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