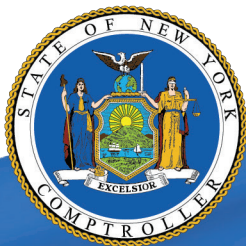


# Village of Speculator

## Claims Auditing

APRIL 2017



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

# Contents

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- Report Highlights . . . . . 1**
- Claims Auditing . . . . . 2**
  - What Is an Effective Claims Auditing Process? . . . . . 2
  - The Village Has an Effective Claims Auditing Process . . . . . 2
- Appendix A: Response From Village Officials . . . . . 3**
- Appendix B: Audit Methodology and Standards. . . . . 4**
- Appendix C: Resources and Services . . . . . 5**

# Report Highlights

## Village of Speculator

### Audit Objective

Determine whether Village officials established effective procedures to ensure claims were properly audited, adequately supported and for a legitimate Village purpose.

### Noteworthy Achievements

- Village officials have established adequate procedures to ensure that claims are sufficiently documented and supported for legitimate Village purposes and audited and approved before payment.
- We reviewed 184 claims totaling \$295,878 to determine whether these claims were supported for legitimate Village purposes and properly audited and approved before payment. We noted just minor deficiencies, which we discussed with Village officials.

There were no recommendations as a result of this audit.

### Background

The Village of Speculator is located in the Town of Lake Pleasant in Hamilton County.

The Village is governed by an elected Board of Trustees (Board) composed of four Trustees and a Mayor. The Board is responsible for the general management and control of the Village's financial affairs, including establishing internal controls over financial operations. The Clerk-Treasurer, who is appointed by the Board, serves as chief financial officer and is responsible for receiving, disbursing and maintaining custody of Village money and maintaining accounting records.

#### Quick Facts

17	Employees
320	Population
\$1.6 million	2016-17 Budgeted Appropriations

### Audit Period

June 1, 2015 through October 31, 2016

# Claims Auditing

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## What Is an Effective Claims Auditing Process?

An effective claims auditing process ensures that every claim against the Village is subject to an independent, thorough and deliberate review to determine if proposed payments represent actual and necessary Village expenditures and are in accordance with Village policies. With constant pressure to do more with less, villages cannot afford to overpay vendors, lose discounts or pay for goods and services that are not received. Further, it is important that the entire Board audit and approve claims before payment and that its authorization to pay claims is documented. An effective audit of claims prevents unauthorized, improper or fraudulent claims from being paid. The audit of claims is a highly important internal control if properly and effectively exercised.

## The Village Has an Effective Claims Auditing Process

Village officials have established effective procedures that ensure claims are adequately documented and properly supported, for legitimate Village purposes and presented and approved by the Board before payment.

The Clerk-Treasurer receives approved purchase orders, vendor receipts or invoices and any other supporting documentation from department heads or by mail and prepares the claim packets. She consecutively numbers all claim packets and lists them on an abstract (a list of all claims being presented for audit and approval). The Clerk-Treasurer submits the claims packets to the Board for review and approval at the regularly scheduled Board meetings.<sup>1</sup> A Board resolution approving the payment of claims listed on the abstract is passed and documented in the Board minutes.

We reviewed 184 claims totaling \$295,878 paid during four months of our audit period<sup>2</sup> to determine whether the claims were properly approved before payment, supported by adequate documentation, such as itemized invoices or receipts, and whether the Village was charged and paid for unauthorized items, such as sales tax. We also reviewed these claims to determine whether they were mathematically accurate and for legitimate Village purposes. Our review identified only minor deficiencies that we discussed with Village officials.

We commend Village officials for establishing effective procedures for processing claims. Establishing and adhering to effective claims auditing procedures decrease the risk that errors or irregularities in processing and paying claims could occur and not be detected in a timely manner.

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<sup>1</sup> The Board meets twice each month.

<sup>2</sup> See Appendix B for our sampling methodology.

# Appendix A: Response From Village Officials

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*MAYOR*  
Letty J. Rudes

*TRUSTEES*  
Cheryl Paestella  
Karen McComb  
Robert Hoffman  
William Tracy

*VILLAGE CLERK-TREASURER*  
Bonnie J. Page



## THE VILLAGE OF SPECULATOR

POB 396 - Elm Lake Road  
Speculator, New York 12164

*SUPT. OF PUBLIC WORKS*  
Roger E. Blanchard, Jr.

*WWTP CHIEF OPERATOR*  
Edward A. Scharpou

*WATER RESPONSIBLE  
OPERATOR IN CHARGE*  
James J. Desrochers

March 2, 2017

NYS Office of the State Comptroller  
Glens Fall Regional Office  
One Broad Street Plaza  
Glens Falls, NY 12801-4396

RE: Village of Speculator Claims Auditing Report of Examination

The Village of Speculator received the NYS Comptroller's draft audit report covering the period of June 1, 2015 – October 31, 2016. The Board of Trustees reviewed the draft and the mayor and clerk-treasurer met with representatives from your office on March 2, 2017. The Village Board appreciates the efforts of OSC in putting the report together and the professional way the audit was conducted.

As discussed at the meeting on March 2, 2017, it is our understanding that there were no major findings or necessary corrective actions being suggested at this time.

On behalf of the Village officials and employees, I would like to thank your office and particularly the auditor that performed the examination for providing a high degree of professionalism and feedback during this process.

Thank you for the report and we plan to continue to work conscientiously to keep the financial operation of the Village in good form for the benefit of our residents.

Sincerely,

✓ Letty J. Rudes |  
Mayor  
Phone: 518-548-7354  
Fax: 518-548-2774  
E-mail: [speculat@frontiernet.net](mailto:speculat@frontiernet.net)  
TDD: 1-800-662-1220

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*If you wish to a Civil Rights program file a complaint of discrimination, complete the USDA Program Discrimination Complaint Form online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html) or at any USDA office or call (866)632-9992 to request the form. You may also write a letter containing all the information requested on the form. Send your completed complaint form or letter to USDA by mail at USDA, Director, Office of Adjudication, 1400 Independence Avenue, S. W., Washington, DC 20250-9410 or by fax (202)690-7442 or email [program.intake@usda.gov](mailto:program.intake@usda.gov)*

## Appendix B: Audit Methodology and Standards

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

- We interviewed Village officials to determine the policies and procedures in place for claims auditing.
- We randomly selected four of our audit period's 17 months. We reviewed the abstracts prepared during these months (two abstracts from each month) and supporting documentation for the claims listed on the abstracts and any claims that were processed but not listed on the abstracts to determine whether they were properly audited and approved by the Board. We had no expectation that the months selected for testing would present different results than the other months in the audit period.
- We reviewed our previously selected sample of claims to determine whether they received official approval before the goods or services were ordered and the claims were for appropriate Village purposes.
- We reviewed the footing, cross-footing, extensions and the addition of multiple invoices for claims in our sample that were paid with a single check to determine whether they were accurate.
- We compared the abstracts and the claims in our sample to the canceled checks to determine whether they agreed. We also reviewed the claim documentation to determine whether the Village made any inappropriate payments (for example, sales tax from which the Village is exempt).

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.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

# Appendix C: Resources and Services

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## **Regional Office Directory**

[www.osc.state.ny.us/localgov/regional\\_directory.pdf](http://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](http://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](http://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](http://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](http://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/lgli/pdf/cybersecurityguide.pdf](http://www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.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](http://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](http://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](http://www.osc.state.ny.us/localgov/academy/index.htm)

## Contact

Office of the New York State Comptroller  
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[www.osc.state.ny.us/localgov](http://www.osc.state.ny.us/localgov)

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

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