

Town of Willing

Town Supervisor's Financial Duties

AUGUST 2021



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

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Report Highlights

Town of Willing

Audit Objective

Determine if the Town of Willing (Town) Supervisor (Supervisor) maintained adequate records, prepared appropriate reports and provided adequate oversight of the bookkeeper.

Key Findings

The Town's bookkeeper maintained adequate records and the accounting records we reviewed were accurate and complete, but the Supervisor did not prepare and submit appropriate reports or provide sufficient oversight of the bookkeeper.

- Annual financial reports, known as the annual update document (AUD), were not filed with the Office of the State Comptroller (OSC), as required.
- Bank reconciliations were not always performed by the bookkeeper and were not reviewed by the Supervisor.
- Monthly financial reports were not always prepared for and submitted to the Town Board (Board), and reports did not include a detail of money received and disbursed as required.

Key Recommendations

- File AUDs as required.
- Complete and review bank reconciliations in a timely manner.
- Prepare and provide monthly financial reports to the Board which include a detail of money received and disbursed.

Town officials agreed with our recommendations and indicated they will take corrective action.

Background

The Town is located in Allegany County (County). The Town is governed by an elected five-member Board composed of the Supervisor and four Board members. The Board is responsible for the general oversight of the Town's operations and finances.

The Supervisor is the Town's chief financial officer (CFO) and is responsible for the Town's day-to-day financial activities, including maintaining accounting records and providing monthly financial reports to the Board. The Town has a bookkeeper that assists the Supervisor in performing these financial duties.

The Town's main operating funds are the general and highway funds.

Quick Facts

2021 General Fund Appropriations	\$319,556
2021 Highway Fund Appropriations	\$524,484

Unfiled AUDs as of January 26, 2021

Year	Days Late
2016	1,427
2017	1,062
2018	697
2019	332

Audit Period

January 1, 2020 – March 18, 2021.

We expanded our scope back to January 1, 2016 to determine whether AUDs and extensions were filed.

Town Supervisor's Financial Duties

How Should a Supervisor Maintain Records, Prepare Reports and Provide Oversight of a Bookkeeper?

A town's financial data must be complete, accurate and up to date to be relevant and useful for managing town operations. A supervisor, as CFO, is responsible for collecting funds belonging to or due the town, paying board-approved claims, maintaining complete and accurate accounting records, providing detailed monthly financial reports to the board and filing the AUD with OSC. A supervisor must file the AUD with OSC within 60 days of the end of a town's fiscal year or request an extension which, if granted, would extend the deadline an additional 60 days. The AUD provides a board, OSC, town residents and other interested parties with a transparent tool to monitor and evaluate financial operations.

If a supervisor assigns financial duties to a bookkeeper, the supervisor must provide sufficient oversight to ensure the bookkeeper maintains suitable records, documents financial activity accurately, provides useful reports to the board and prepares and files financial reports as required. As part of this oversight, a supervisor should ensure monthly bank reconciliations are performed and review all reconciliations prepared by the bookkeeper. Monthly bank reconciliations provide a way to identify, correct and document differences between a town's records and bank transactions and for detecting and addressing any unauthorized activity.

A supervisor is also required to submit an annual accounting to a board on or before January 20th for all funds received and disbursed during the preceding year, unless a certified public accountant or public accountant has been hired to audit the supervisor's records within 60 days after the close of the fiscal year. The annual accounting helps a board fulfill its overall fiscal oversight responsibilities by providing it with an opportunity to assess the reliability of the books, records and supporting documents. It also serves to identify conditions that need improvement and provides useful information to help a board oversee a town's financial operations.

The bookkeeper performed virtually all of the Supervisor's financial duties without adequate oversight.

Accounting Records Were Complete and Accurate

The Town's accounting records and reports were complete, accurate and up to date. The bookkeeper recorded cash receipts and disbursements correctly and in a timely manner.

The Supervisor Did Not Provide Adequate Oversight of the Bookkeeper

The bookkeeper performed virtually all of the Supervisor's financial duties without adequate oversight. The bookkeeper maintained the Supervisor's accounting records, prepared bank reconciliations and was responsible for all financial

reporting. The Supervisor told us that he did not review the accounting records to ensure they were complete and current. However, he periodically reviewed bank statements, but did not do so every month. The Supervisor also told us that he did not perform a bank reconciliation comparing bank and book balances.

Because the Supervisor did not perform these important oversight responsibilities, he would not be able to detect and correct any errors that had occurred or ensure that the bookkeeper was adequately fulfilling his financial duties.

The Supervisor Did Not File AUDs

The Supervisor did not file AUDs for fiscal years 2016 through 2019, nor had extensions been requested. As a result, these reports are significantly past due as shown in Figure 1. The Supervisor told us that he believed that the bookkeeper was having trouble filing the AUDs. However the bookkeeper told us he was not having trouble filing the reports, he just had not set aside time to actually file them. The Supervisor, not the bookkeeper, is responsible for ensuring that AUDs are filed annually or obtaining an extension if necessary.

Figure 1: AUD Filings

Fiscal Year	Due Date	Days Late as of January 26, 2021
2016	March 1, 2017	1,427
2017	March 1, 2018	1,062
2018	March 1, 2019	697
2019	February 29, 2020	332

The failure to prepare and file AUDs leaves the Supervisor, as CFO, unable to present the Town’s financial standing in a transparent manner to the Board, taxpayers, OSC and any other interested parties.

The Supervisor Did Not Ensure Bank Reconciliations Were Always Performed

Monthly bank reconciliations were not always prepared by the bookkeeper, and the Supervisor did not review the bookkeeper’s reconciliations.

We requested and reviewed bank reconciliations for the 13-month period January 2020 through January 2021. We found that the bookkeeper did not perform a bank reconciliation for three months; March 2020, December 2020 and January 2021. For the months that reconciliations were prepared, we found they were completed accurately.

The Supervisor told us that he reviews bank statements but not bank reconciliations or bank transfers. By only reviewing bank statements and not bank reconciliations or transfers, the Supervisor cannot detect and correct errors in a timely manner.

The Supervisor Did Not Always Provide Monthly Reports to the Board

The Supervisor relied on the bookkeeper to prepare monthly financial reports for the Board. However, we found that the bookkeeper did not prepare or provide the Board with eight monthly reports during the 13-month period ending January 2021. Additionally, the five monthly reports that were provided to the Board did not detail monthly cash receipts and disbursements and were not sufficient to allow the Board to properly monitor the Town's financial operations.

The Supervisor told us that the bookkeeper usually only prepares a monthly report for meetings that the bookkeeper is attending. However, the Supervisor should have ensured the Board received monthly financial reports every month and required the bookkeeper to provide them. Because the Board did not always receive monthly financial reports, its ability to effectively monitor financial operations was diminished.

The Supervisor Did Not Submit an Annual Accounting to the Board

The Supervisor did not submit an annual accounting to the Board as required. The Supervisor told us that while he was aware of requirements for the Town Justice and the Town Clerk (Clerk), he was not aware of the requirement to submit an annual accounting to the Board.

Because the Supervisor did not submit an annual accounting, the Board could not perform the annual audit, and its ability to effectively monitor financial operations was diminished.

What Do We Recommend?

The Supervisor should:

1. Ensure the bookkeeper performs duties assigned by periodically reviewing records and reports and monthly bank reconciliations.
2. File AUDs with OSC as required.
3. Complete and review bank reconciliations and bank transfers in a timely manner.
4. Provide monthly financial reports to the Board which include a detail of money received and disbursed.
5. Submit accounting records for audit to the Board annually.

Appendix A: Response From Town Officials

Town of Willing
1431 State Route 19
Wellsville, NY 14895

August 3, 2021

The Town of Willing would like to thank the comptroller's office for conducting this audit. We appreciate any information by which we can improve on our procedures. We agree with the findings in the draft audit report. We will be developing corrective actions to address the findings in the report.

Ron Wightman

Town of Willing Supervisor

Appendix B: Audit Methodology and Standards

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, our audit procedures included the following:

- We interviewed Town officials and the bookkeeper to gain an understanding of policies and procedures and controls over the Supervisor's records and reports and his oversight of the bookkeeper.
- We reviewed accounting records from January 2020 through January 2021 to determine whether they were complete and accurate by tracing cash deposits to accounting records and tracing electronic bank transfers and canceled check images to the Board approved claims (abstracts) and accounting records, and we also compared the 2020 year-end cash balances to general ledger cash balances.
- We reviewed the Town's AUD filing status and extension requests for the last five fiscal years (2016 - 2020) and interviewed the Supervisor and bookkeeper regarding their status.
- We obtained the Supervisor's monthly financial reports and reviewed them to determine whether the reports contained sufficient detail of money received and disbursed.
- We obtained and reviewed bank reconciliations from January 2020 through January 2021 for four general fund and highway fund bank accounts to verify evidence of the Supervisor's review of bank reconciliations.

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.

A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and provided 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 the CAP available for public review in the Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

<https://www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf>

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

<https://www.osc.state.ny.us/local-government/publications>

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

<https://www.osc.state.ny.us/local-government/publications>

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

<https://www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.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/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

<https://www.osc.state.ny.us/local-government/publications>

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/local-government/academy

Contact

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