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Michael Ferrara, Town Supervisor
Members of the Town Board
Town of Seneca Falls
130 Ovid Street
Seneca Falls, NY 13148

Report Number: 2018M-144-F

Dear Supervisor Ferrara and Members of the Town Board:

One of the Office of the State Comptroller's primary objectives is to identify areas where local government officials can improve their operations and provide guidance and services that will assist them in making those improvements. The Office also works to develop and promote short-term and long-term strategies to enable and encourage town officials to reduce costs, improve service delivery and to account for and protect their town's assets. In accordance with these objectives, we conducted an audit of the Town of Seneca Falls (Town) to assess the purchasing processes related to credit card and travel expenditures. As a result of our audit, we issued a report, dated September 13, 2019, identifying certain conditions and opportunities for the Board's review and consideration.

To further our policy of providing assistance to local governments, we revisited the Town beginning in July 2022 to review progress in implementing our recommendations. Our follow-up review was limited to interviews with Town personnel and inspection of certain documents related to the issues identified in our report. Based on our limited procedures, it appears that the Town has made progress implementing corrective action. Of the five audit recommendations, three recommendations were fully implemented and two recommendations were partially implemented.

Recommendation 1 – Credit Card Policy

The Board should establish a formal credit card policy, which details authorized use, approval process, documentation requirements, receipt verification and relevant reimbursement processes.

Status of Corrective Action: Fully Implemented

Observations/Findings: The Board adopted a formal credit card policy in October 2020 which sufficiently addresses all components of the recommendation. Additionally, the credit card policy

requires all employees issued a credit card to sign an acknowledgement form in order to use the Town credit card.

Recommendation 2 – Travel, Meals and Conference Policy

The Board should establish a policy for travel, meals and conferences.

Status of Corrective Action: Fully Implemented

Observations/Findings: The Board established a policy that addresses travel, meals, lodging and conferences in May 2018. The policy requires expenditures to be approved prior to traveling or attending conferences. The Board also adopted the use of the travel per diem, meal and lodging rates used by the Office of the State Comptroller.

Recommendation 3 – Credit Card Supporting Documentation

The Board should require adequate supporting documentation for credit card purchases.

Recommendation 4 – Audit Credit Card Claims

The Board should thoroughly audit credit card claims, ensuring that documentation to support credit card purchases is intact before approving claims for payment, and credit card statements are reconciled to itemized supporting documentation.

Status of Corrective Actions (Recommendations 3 and 4): Partially Implemented

Observations/Findings (Recommendations 3 and 4): The Board adopted a credit card policy in October 2020 requiring all credit card users to submit all itemized receipts related to purchases together with the Town/department approved purchase memorandum or credit card use form to the Town Clerk. Officials indicated in their corrective action plan to the audit that the adoption of a policy was intended to address recommendation 3. However, we found instances where supporting documentation was not always included with the claims. We found that the Board improved its oversight over credit card purchases and adopted a purchase memorandum to document what is being purchased, what department it is for, the budget code, type of payment, the amount due and the purchase approver. However, the Board did not distinguish who was responsible for reconciling monthly credit card statements and verifying that adequate supporting documentation was included with claims.

We reviewed 99 credit card purchases totaling \$25,384 and found that all were properly supported with an itemized receipt or invoice. However, we found 12 purchases totaling \$5,189 (20 percent) did not have a corresponding purchase memorandum as required by the credit card policy.

Recommendation 5 – Timeliness of Credit Card Payments

The Board should ensure that credit card statements are paid in full and in a timely manner to avoid unnecessary late fees and interest charges.

Status of Corrective Action: Fully Implemented

Observations/Findings: The Town accrued credit card interest charges in 2020 and 2021 of \$180 and \$1,153. At the beginning of 2022 the Board implemented measures to ensure that credit card statements are paid in full and in a timely manner to avoid unnecessary late fees and interest charges. All charges are now reconciled with supporting documentation and paid timely, resulting in no interest or penalties being incurred in 2022.

During our review, we discussed the basis for our recommendations and the operational considerations relating to these issues. We encourage Town officials to continue their efforts to fully implement our recommended improvements.

Thank you for the courtesies and cooperation extended to our auditors during this review. If you have any further questions, please contact Edward V. Grant Jr., Chief of Municipal Audits of our Rochester Regional Office at 585-454-2460.

Sincerely,

Elliott Auerbach
Deputy Comptroller