



Village of Deposit

Claims Auditing

2023M-173 | February 2024

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Report Highlights

Village of Deposit

Audit Objective

Determine whether the Village of Deposit (Village) Board of Trustees (Board) required adequate support for credit card claims.

Key Findings

Of the 93 credit card purchases (18 claims) during the audit period, the Board did not ensure compliance with the Village's credit card policy and approved 83 credit card purchases (17 claims) totaling \$20,659 without the required supporting documents.

As a result, the Board approved the use of taxpayer funds without having support to show funds were being expended for legitimate Village purposes and increased the risk for fraud, waste or abuse.

Key Recommendation

- Ensure the deputy clerk complies with the Village's credit card policy and that each claim has sufficient supporting documentation before authorizing payment.

Village officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

Audit Period

March 1, 2022 – August 31, 2023

Background

The Village is located in the Town of Sanford in Broome County and the Town of Deposit in Delaware County. The Village is governed by an elected five-member Board composed of the Village Mayor (Mayor) and four Trustees.

The Board is responsible for the general management and oversight of Village operations and finances and is required to audit credit card claims before approving them for payment

The Mayor is the Village's chief executive officer and is responsible for the Village's day-to-day management under the Board's direction.

The Clerk-Treasurer is the chief fiscal officer and is responsible for the Village's day-to-day financial activities. The Clerk-Treasurer oversees a deputy clerk responsible for preparing claims for Board audit.

Quick Facts

During the Audit Period

Number of Credit Card Purchases Reviewed	93
Total Credit Card Claims Reviewed	\$22,855

Credit Card Claims

How Can Officials Ensure Credit Card Claims Are Adequately Supported?

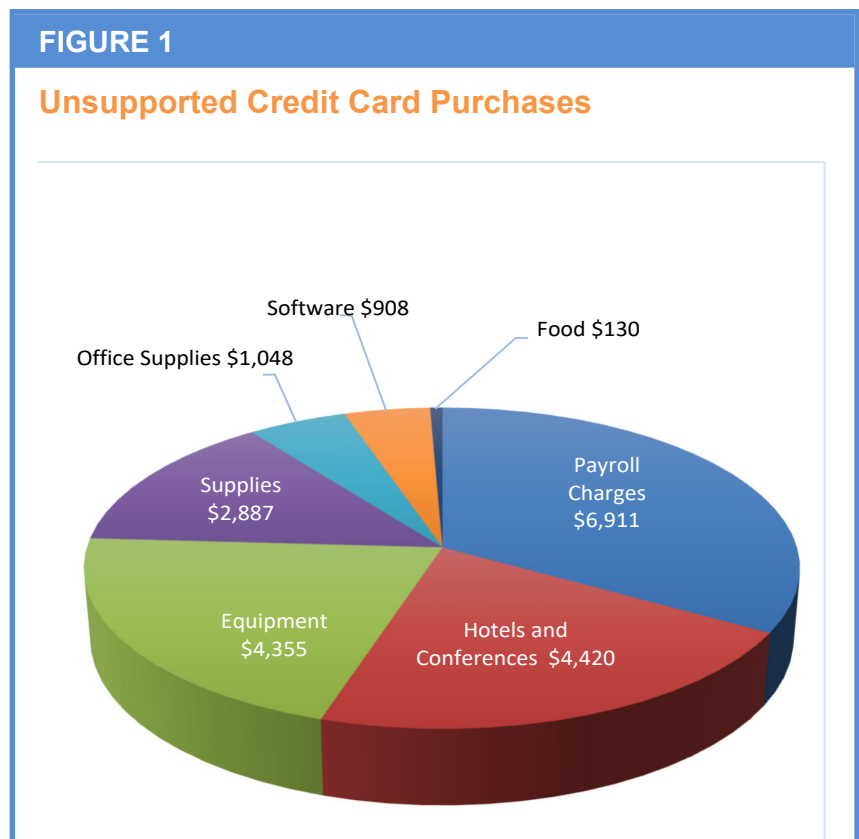
Officials should ensure each credit card claim contains enough supporting documentation to allow them to determine whether it complies with village policies and whether the amounts claimed represent actual and appropriate village expenditures. An adequately supported claim is itemized, approved by the proper department head and supported by sufficient documentation such as detailed receipts and invoices. Once a village board has determined that the claim satisfies these conditions, it then can approve the claim for payment.

Officials should ensure compliance with the Village's Board-adopted credit card policy that details authorized use, the approval process, documentation requirements (sales receipts or invoices to be attached to the claim) and receipt verification.

The Board Did Not Ensure Credit Card Claims Were Adequately Supported

We reviewed all 18 credit card claims (93 purchases) paid during our audit period totaling \$22,855 to determine whether the Board required adequate support (i.e., receipts, invoices) and whether purchases were for proper Village purposes. We identified 90 percent of the purchases (17 claims) totaling \$20,659 did not have adequate support such as detailed invoices or receipts. These purchases included office supplies, hotels and conferences, computer software subscriptions, payroll processing charges, equipment, food and supplies (Figure 1).

We asked the Clerk-Treasurer to verify the legitimacy of unsupported claims by obtaining support, including email communications, online vendor histories and invoices not included in the claims packets



submitted to the Board. Based on the discussions with the Mayor, Clerk-Treasurer and three Trustees and support obtained, we determined all purchases were for proper Village purposes.

These deficiencies occurred because the deputy clerk did not obtain and attach support for the credit card purchases, and the Board or Clerk-Treasurer did not ensure she complied with the Village's credit card policy that required sales receipts or invoices to be attached to the claims. Three Board Trustees and the Mayor told us that they were aware of the policy, but had not been enforcing it. Instead, the Board approved the purchases based on credit card statements.

As a result, the Board approved the use of taxpayer funds without knowing if the funds were being expended for legitimate Village purposes. Because the Board approved the payment of unsupported claims that did not adhere to the Village's credit card policy, the risk for fraud, waste or abuse is increased.

What Do We Recommend?

The Board should:

1. Only authorize payments after ensuring that each claim has sufficient supporting documentation.

The Board and Clerk-Treasurer should:

2. Ensure the deputy clerk complies with the Village's credit card policy and attaches sufficient documentation to support credit card purchases before submitting claims to the Board for approval.

Appendix A: Response From Village Officials

VILLAGE OF DEPOSIT

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January 25, 2024

Audit Response Letter Audit 2023M-173

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Audit 2023M-173

Village of Deposit Response and Corrective Action

Response

The Village of Deposit agrees with the findings.

Recommendation 1: only authorize payments after ensuring that each claim has sufficient supporting documentation

Corrective Actions:

The Village Board has instructed employees to make sure each claim has sufficient documentation

Recommendation 2: Ensure the Deputy Clerk complies with the Village's credit card policy and attaches sufficient documentation to support credit card purchases before submitting claims to the Board for approval.

Corrective Actions:

The Village Board and Clerk Treasurer have instructed the Deputy Clerk to make sure supporting documentation has been attached to the claim before submitting to the Board for approval.

Implementation Date:

September 2023

Person Responsible for Implementation:

Village Board, Clerk Treasurer and Deputy Clerk Treasurer

President, Board of Trustees

1/30/24

Date

WEST BRANCH OF THE DELAWARE RIVER WORLD CLASS TROUT STREAM

THE VILLAGE OF DEPOSIT IS AN EQUAL OPPORTUNITY EMPLOYER. Discrimination is prohibited by Federal Law. Complaints of discrimination may be filed with USDA, Director of Civil Rights, 1400 Independence Ave., SW, Washington 20250-9410 or call (800) 759-3272 or TDD: 1-800-662-1220

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. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed Village officials and employees to gain an understanding of the process to prepare, approve, audit and pay credit card claims.
- We reviewed the Village's credit card policy to determine whether Village officials followed the policy.
- We reviewed all 18 credit card claims (93 purchases) totaling \$22,855 paid during our audit period to determine whether claims were adequately supported and for proper Village purposes.

We conducted this performance audit in accordance with generally accepted government auditing standards (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.

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 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-Treasurer's office.

Appendix C: Resources and Services

Regional Office Directory

www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/fiscal-monitoring

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/resources/planning-resources

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

www.osc.ny.gov/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.ny.gov/local-government/required-reporting

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/academy

Contact

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<https://www.osc.ny.gov/local-government>

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

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