New York State Comptroller
THOMAS P. DiNAPOLI

Town of Van Etten

Disbursements

November 2026 | 2026M-69
Prepared by the Division of Local Government and School Accountability

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Audit Results

Town of Van Etten

Audit Objective

Did the Town of Van Etten (Town) Board (Board) ensure that disbursements were adequately supported, accurate, properly approved and for proper Town purposes?

Audit Period

January 1, 2024 – September 30, 2025

Understanding the Audit Area

A town board is responsible for safeguarding public funds and ensuring that disbursements are adequately supported, accurate, properly approved and for proper town purposes. When the board performs an effective review and approval of disbursements, this helps ensure that public funds are spent appropriately and in accordance with applicable requirements. It also reduces the risk that improper payments, errors, waste or fraud could occur and remain undetected. Additionally, these controls promote accountability, transparency and public confidence in the town's financial operations.

The Town's total disbursements during the audit period were approximately $4.2 million.

Audit Summary

The Board did not always ensure that disbursements were properly approved, supported or accurate to indicate that claims were for proper Town purposes. As a result, the Town paid claims without adequate support or the Board's approval, and it could make inappropriate disbursements without the Board's knowledge or approval.

We reviewed 184 nonpayroll disbursements totaling approximately $431,300 and 822 payroll disbursements totaling $527,500 made during the audit period and identified the following:

- Eight nonpayroll disbursements totaling approximately $28,100 were not included on the abstract (a list of all claims that the Board audited and approved for payment).
- 16 nonpayroll disbursements totaling approximately $11,600 did not have support. These included three disbursements totaling approximately $2,900 that were paid to the former Justice and did not match the amount approved on the abstract.
- 12 employees were paid more than Board-approved amounts by a combined total of approximately $5,300.
- Five employees were underpaid by a combined total of approximately $3,200.

The report includes 10 recommendations that, if implemented, will improve the accuracy and reliability of the Town's disbursements process. Town officials generally agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the Office of the New York State Comptroller's (OSC's) authority as set forth in Article 3 of the New York State General Municipal Law (GML). The audit's methodology and standards are included in Appendix C.

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 OSC within 90 days, pursuant to GML Section 35. For more information on preparing and filing the CAP, please refer to the OSC brochure, *Responding to an OSC Audit Report*, which was provided with the draft audit report. The Board is encouraged to make the CAP available for public review in the Town Clerk's (Clerk) office.

Disbursements: Findings and Recommendations

A town board should conduct a thorough and deliberate audit of claims before authorizing payments by reviewing each claim to ensure that it contains sufficient supporting documentation (i.e., itemized invoices or receipts) and evidence that the town has received the goods and services. The town board audit also should ensure that each claim is for a legitimate and necessary town expenditure and that employees have complied with the town's claims audit policies and procedures. The town board must approve all individual claims included in the abstract before the town supervisor can make disbursements for the claims.

The town board also should establish written policies and procedures to help ensure that town officials and employees are paid according to time records and approved salaries and pay rates. Before payroll is finalized, the town supervisor should review and certify payroll registers (or similar records that list employee payroll information) to ensure that payments are accurately calculated, based on actual work performed and made using appropriate salaries and rates.

More details on the criteria used in this report, as well as resources OSC makes available to local officials that can help them improve operations, are included in Appendix A.

Finding 1 – Town officials paid certain disbursements without Board approval, and the Board approved certain unsupported disbursements.

No Board Approval – The Clerk did not include all claims on the approved abstracts because she was unaware that these claims were paid. Therefore, the Board was unaware of all the claims that were paid.

We reviewed 184 nonpayroll disbursements totaling approximately $431,300 made during the audit period. We identified eight disbursements totaling $28,100 that were not included on an approved abstract. These disbursements included, but were not limited to[1]:

- Five payments totaling approximately $25,300 for workers' compensation and health insurance. Bookkeeper 3[2] received the Town's insurance bills in the mail and paid them before the Board audited the claims.
- Two payments totaling approximately $2,600 to employees for installing heaters and refunding health insurance withholdings to a former employee.
- One payment totaling approximately $200 for auto repair services.

These deficiencies occurred because bookkeeper 3 and the Clerk used different software programs to complete their disbursement responsibilities. Also, the Board did not provide adequate oversight to ensure that all disbursements were audited and approved before payment. As a result, the Town had an increased risk that it could have made inappropriate disbursements without the Board's knowledge.

Unsupported Disbursements – Although the claims recorded on the abstracts that we reviewed generally had adequate supporting documentation, some claims approved for payment did not have adequate support, such as itemized invoices. During our review of 184 claims totaling $431,300, we also identified 16 disbursements totaling approximately $11,600 that did not have supporting documentation, which included:

- Four payments totaling approximately $4,100 for landscaping and disposal services.
- One payment totaling $3,500 for property insurance.
- Eight payments totaling approximately $3,400 for nonpayroll disbursements to employees. Also, three of the disbursements totaling approximately $2,900 were paid to the former Justice and were listed on the abstract as totaling only $400. The former Supervisor and one Board member told us that the

1 Unless stated otherwise, we determined that these disbursements were for legitimate Town purposes by reviewing support from the vendors and vendor business descriptions and through discussions with Town officials.

2 Refer to Appendix A for further information on the three bookkeepers mentioned in the report.

$2,500 difference was for additional amounts paid to the former Justice for an informal health insurance stipend that the Board agreed to verbally. However, the Board should have formally approved the stipend and then paid the amounts only after adequate support was presented for payment.

These deficiencies occurred because the Board did not understand the documentation requirements to conduct an adequate claims audit. Also, officials did not always provide support that complied with the requirements, such as itemized invoices and receipts. In addition, the former Supervisor did not compare the prepared checks to the approved abstracts and claims to ensure that the claims were properly authorized and the amounts agreed. The former Supervisor and Board members told us that they have never attended or received training, or adopted written policies regarding claims processing and auditing. The former Supervisor said that he trusted that the bookkeeper was completing her duties accurately.

When claims do not have support, officials cannot determine whether the payments are for valid Town purposes. Additionally, when Town disbursements do not match the amounts indicated in the supporting documentation and listed on the approved abstract, taxpayers and residents cannot rely on the amounts reported as paid for Town operations.

Recommendations

The Supervisor should:

1. Ensure that the bookkeeper provides the Clerk with all bills requiring an audit.
2. Ensure that the amounts on the checks prepared by the bookkeeper match the amounts listed on the approved abstracts and claims.

The Board should:

3. Perform a deliberate and thorough audit of all claims in a timely manner to ensure that claims are adequate, complete and for appropriate Town purposes.
4. Ensure that all claims have adequate supporting documentation before auditing the claims.
5. Attend applicable and beneficial training sessions to better understand and perform its financial duties. Refer to Appendix A for additional resources, publications and training information for officials.

The Clerk should:

6. Ensure that itemized receipts and invoices are included in all claims packets that are submitted to the Board for approval.
7. Ensure that the abstract provided to the Board for approval includes the correct dollar amounts for all claims.

Finding 2 – Town officials made inaccurate payroll payments that were not properly approved or adequately supported.

We reviewed 822 payroll payments totaling approximately $527,500 that included 736 payments totaling $447,200 to salaried employees and 86 payments totaling approximately $80,200 to hourly employees. We identified incorrect payroll disbursements that caused 12 employees to be paid more than Board-approved amounts by a combined total of approximately $5,300 and five employees to be underpaid by a combined total of approximately $3,200 (Figure 1). Furthermore, the Town deputy water operators and a security employee were missing timecards to support their payroll disbursements.

Figure 1 – Employee Pay Discrepancies During the Audit Period

Total Overpayments by Employee			
	2024	2025[3]	Totals
Former Bookkeeper 2	$0	$1,154	$1,154
Water Operator	823	245	1,068
Highway Foreman	0	757	757
Deputy Supervisor	677	0	677
Supervisor	0	461	461
Town Clerk	400	0	400
Justice	200	154	354
Sergeant of Arms	300	0	300
Security	75	0	75
Code Enforcement Officer	0	52	52
Deputy Water Operators	45	0	45
Total Overpaid	$2,520	$2,823	**$5,343**
Total Underpayments by Employee			
	2024	2025	Totals
Highway Superintendent	$0	$929	$929
Highway Foreman	0	897	897
Machine and Equipment Operators	0	770	770
Water Clerk	489	72	561
Total Underpaid	$489	$2,668	**$3,157**

Beginning in January 2025, the Board inappropriately approved a $3,000 increase in salary for the former Supervisor when he assumed the Town's bookkeeping duties. The former Supervisor retained this salary increase after he relinquished these duties to bookkeeper 2, who was hired in March 2025, and he continued collecting the additional salary until bookkeeper 1 was hired in May 2025. Although a town board may increase the town supervisor's salary more than the amount in the approved budget for up to one fiscal year, it must adopt a local law, subject to a permissive referendum. However, the Town did not adopt a local law to increase the Supervisor's salary. The Board also gave the Deputy Supervisor extra pay for conducting interviews without passing the required Board resolution to increase his pay.

The under- and overpayments occurred due to calculation and clerical errors. For example, the Board-approved salary for the Justice in 2024 totaled $2,400; however, he was paid $100 bi-weekly, totaling $2,600. Furthermore, the Highway Superintendent's Board-approved salary for 2025 totaled $64,000, or $1,231 weekly payments. However, he was paid $1,208 per week due to a calculation error. These errors occurred in part because the former Supervisor did not certify payrolls until May 2025 when bookkeeper 1 asked him to review and certify each payroll. Although salaries and pay rates were approved in the budgets and collective bargaining agreements (CBAs) and during Board meetings, the former Supervisor or Board did not audit payroll changes or periodically review them for accuracy.

Payroll costs are a large component of the Town's budget and, without appropriate oversight over payroll distributions, the likelihood of inappropriate payments increases. Additionally, when payroll errors occur, taxpayers and residents cannot rely on the amounts reported as required for Town operations to continue.

3 Through September 30, 2025

Recommendations

The Board should:

8. Develop, adopt and implement written policies and procedures that clearly define the Town officials and employees who are responsible for preparing, reviewing and approving payroll payments.

The Supervisor should:

9. Ensure that employees are paid correct salaries and hourly wages for actual hours worked.

Town officials should:

10. Consult with legal counsel to determine the appropriate course of action to address the over- and underpaid amounts identified in this report and whether the Town should take corrective action.

Appendix A: Profile, Criteria and Resources

Profile

The Town is located in Chemung County and is governed by the elected five-member Board, which includes the Supervisor. The Board is responsible for managing and controlling the Town's financial operations, including adopting the annual budget and establishing financial policies. The Supervisor serves as the Town's chief executive officer and chief fiscal officer and is responsible for the Town's day-to-day financial operations. The former Supervisor left Town employment on December 31, 2025. The Clerk prepares abstracts and claims packets and is responsible for authorizing and directing the Supervisor to pay claims that the Board audited and approved.

The Town bookkeeper performs accounting duties, prepares and processes payroll and prepares accounting and financial reports for the Board. The Town had three different bookkeepers during the audit period. The current bookkeeper (bookkeeper 1) was hired in May 2025 and replaced the former bookkeeper (bookkeeper 2) who began Town employment in March 2025. The "former-former" bookkeeper (bookkeeper 3) left Town employment in December 2024.

Department heads prepared claim forms that included details such as the vendor, item description, amount due and budget codes and provided the claims to the Clerk to be added to the abstract. The Clerk assembled the claim packets by attaching vendor invoices and supporting documentation to the claim forms. The Clerk then generated the monthly abstract using a software program and provided the abstract and the claims in a folder to an assigned Board member for review. The monthly abstracts were approved for payment at each monthly Board meeting. After the Board's approval, the Clerk provided the abstract and individual claims packets to the bookkeeper to prepare the checks.

Criteria

New York State Town Law (Town Law) Section 118 generally requires a town board to audit all claims before payment. A town board may, by resolution, authorize payment of public utility services (i.e., electric, gas, water, sewer, fuel oil and telephone), postage, freight and express charges before the board audits these claims. However, these claims should be presented at the next regular board meeting for audit. Town Law Section 118 provides an exception to the claims audit process for fixed salaries, principal and interest on debt, and lawful contracts that exceed one year.

The town board should ensure that all purchases are authorized, adequately supported and approved before payment. Claims should be paid only after the person who initiated the claim verifies that the service has been rendered or the product has been delivered. Employees should provide original records – such as invoices, packing slips and monthly account statements – to those who authorize disbursements. After the board audits and approves the claims, the town clerk prepares and signs an abstract of audited claims which provides the town supervisor with the necessary authorization to pay the claims. The town board should indicate its review and approval of claims by initialing each claim packet and the abstract, which the town clerk forwards to the town supervisor who prepares and signs the checks for the amounts approved. Unless an exception applies, the town board is required to audit all claims before payment.

The following are relevant statutory provisions:

- Pursuant to Town Law Section 119, when a claim has been audited by the board, the town clerk must file the claim or claims in numerical order as a public record of the town clerk's office. The town clerk must prepare an abstract of the audited claims specifying the number of the claim, name of the claimant, amount allowed and the fund and appropriation account chargeable, along with any other information as may be deemed necessary and essential). The abstract will be directed to the town supervisor and will authorize and direct the supervisor to pay the claimant the amount allowed as indicated on the claim.

- Pursuant to Town Law Section 125, in a town in which there is no town comptroller, no money shall be paid out by the supervisor except upon the warrant, order or draft of the town clerk, after audit and allowance by the town board.

Town officials should establish written policies and procedures, and effective internal controls, to ensure that employees are compensated accurately. The Town's employee handbook and the highway employees' CBA establish the Town's terms of employment. This written documentation communicates the Board's intent to employees and to those who are responsible for administering and processing payroll.

Payroll should be supported by signed time records and approved salaries and pay rates and should include changes in pay rates made during the year. The Board approves employee salaries and pay rates through Board resolutions, budget appropriations, the employee handbook and the highway employees' CBA. Before the payroll is finalized, Town officials should review and independently certify payroll registers or similar records to ensure that payments are accurately calculated, based on actual work performed and reflect appropriate salaries and pay rates.

Under Town Law Section 27, the town board cannot establish the salaries of the town board members, an elected town clerk or an elected town superintendent of highways at an amount that exceeds the amounts specified in the notice of hearing on the preliminary budget. The town board may increase these salaries above the amount specified in the notice, for not more than one fiscal year, by adopting a local law that is subject to a permissive referendum. Other salaries may be established and increased by a town board resolution.

Town Law Section 29 authorizes a town supervisor to designate a bookkeeper, who shall receive a reasonable compensation established by the town board. This compensation is considered a town charge. If the supervisor designates a bookkeeper, the supervisor should provide sufficient oversight of the bookkeeper by ensuring that the bookkeeper's duties are properly segregated or that mitigating controls are in place, such as reviewing the bookkeeper's work.

Additional Resources

OSC's *Local Government Management Guides,* and other informational resources that are available on OSC's website to help officials understand and perform their responsibilities, include:

- *Improving the Effectiveness of Your Claims Auditing Process:* https://www.osc.ny.gov/local-government/publications/claims-auditing-process/introduction
- *Local Government Management Guide – Fiscal Oversight Responsibilities of the Governing Board:* osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf
- *The Practice of Internal Controls:* https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf

In addition, local officials can use OSC's website to search for audits, resources, publications and training for officials at: https://www.osc.ny.gov/local-government.

Appendix B: Response From Town Officials

The content below is a reproduced copy of the original response letter issued by Town officials, is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*[4] and may include changes to spelling and grammar. The substance of the content was not changed.

September 30, 2026

Lucas S. Armstrong
Chief of Municipal Audits
Office of the New York State Comptroller
Binghamton Regional Office
State Office Building, Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417

Re: Town of Van Etten – Formal Response to Audit Report 2026M-69, Disbursements

Dear Mr. Armstrong:

On behalf of the Town of Van Etten Town Board, we submit this formal response to the Office of the New York State Comptroller's findings concerning the Town's disbursements during the audit period of January 1, 2024, through September 30, 2025.

The current Town Board recognizes its responsibility to safeguard public funds and to ensure that all claims and payroll disbursements are properly supported, accurately calculated, appropriately authorized and made only for lawful Town purposes. Although much of the activity examined occurred before the current administration took office, the Town accepts its institutional responsibility to correct the identified weaknesses and establish controls that will remain effective through future changes in officials and personnel.

The Town generally agrees with the audit's findings and recommendations. Since taking office, the current Board has been reviewing and strengthening the Town's personnel, payroll, claims-processing and fiscal-control procedures. Several corrective measures have already been developed or implemented, while others will be incorporated into the Town's formal corrective action plan.

Finding 1 – Claims Approval and Supporting Documentation

Recommendations 1 and 2 – Supervisor Oversight

The Town agrees that claims subject to prior audit must be presented and processed in accordance with Town Law §§118, 119 and 125, with an appropriate abstract of audited and allowed claims prepared by the Town Clerk, except where a lawful exception permits payment without prior audit. Payroll and other statutory exceptions will remain subject to appropriate authorization, reconciliation and fiscal oversight.

The Town is implementing the following controls:

1. The bookkeeper/Appropriate Department Heads will provide the Town Clerk with every invoice, claim and proposed disbursement requiring Board audit and approval.
2. The Town Clerk will maintain a sequential claims process and prepare a complete abstract identifying the claim number, claimant, amount, applicable fund and appropriation account.
3. Before checks or electronic payments are released, the Supervisor or designated reviewing official will compare the proposed payments against the Board-approved abstract and underlying claims.
4. Any difference between the amount approved by the Board and the amount prepared for payment must be resolved and documented before payment is released.

4 https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule

5. No individual official or employee will have independent authority to add, alter or release a payment that was not included on an approved abstract, except where expressly permitted by law and properly documented.
6. Claims that may lawfully be paid before audit under Town Law §118(2) will be submitted for audit at the next regular Board meeting to the extent required by that provision. Other disbursements exempt from prior claims audit under applicable Town Law provisions, including qualifying payroll, will be processed through their legally applicable authorization, certification and oversight procedures. The Town's proposed three-signature voucher standard will apply to claims subject to prior audit and will not delay payments that law permits or requires to be made without that prior audit.

The Town will document these responsibilities in a written claims-processing procedure identifying the duties of the department heads, Town Clerk, bookkeeper, Supervisor and Town Board.

Recommendations 3 and 4 – Board Audit of Claims

The Town agrees that claims must undergo a deliberate and thorough audit before payment. The Board's review will include confirmation that:

- The expenditure is a lawful and necessary Town expense.
- The expenditure was properly authorized.
- The appropriate goods or services were received.
- The claim includes an itemized invoice, receipt, contract, purchase authorization or other appropriate supporting documentation.
- The amount claimed agrees with the supporting documentation.
- The proper fund and appropriation account are identified.
- Procurement requirements and applicable Town policies were followed.
- Any payment to an employee or Town official is adequately documented and supported by a lawful authorization.

The Town of Van Etten has drafted a voucher review and claims-approval policy establishing the Town's proposed internal standard that, for claims subject to prior Board audit, a minimum of three Town Board members must sign the voucher or associated approval record before actual payment is released. This three-signature requirement is an additional Town control, not a representation that state law independently requires three signatures. The underlying claims will continue to be audited and allowed by lawful Board action with adequate supporting documentation; signatures do not replace the required Board vote, quorum or compliance with conflict-of-interest and abstention rules. The policy will be presented for formal adoption and implemented consistent with statutory exceptions to prior audit. A claim subject to this standard will be held if the required signatures have not been obtained until the matter is lawfully resolved.

The Town will also establish a process for holding incomplete claims until the missing documentation or necessary explanation is received. Approval will not be based solely on familiarity with a vendor, verbal assurances or an assumption that another official has reviewed the expenditure.

Recommendation 5 – Training

The Town agrees that Board members and other officials involved in claims processing and payroll should receive applicable financial training.

The Town will arrange or identify training concerning:

- Claims auditing and approval;
- Town Law §§118, 119 and 125;
- Payroll review and certification;
- Budgetary controls;
- Procurement requirements;

- Segregation of financial duties;
- Documentation and records retention; and
- The fiscal oversight responsibilities of the governing board.

The Town will maintain documentation of training attended by Board members and relevant employees. Newly elected or appointed officials who participate in financial oversight will also be provided with appropriate training materials.

Recommendations 6 and 7 – Clerk's Claims and Abstract Responsibilities

The Town agrees with these recommendations.

The Town Clerk will conduct an administrative completeness check, identify claim packets lacking supporting documentation and refer them for supplementation or written explanation before Board consideration, where practicable. The Clerk will perform the recording, numbering, filing and abstract responsibilities applicable under Town Law §119. The Town Board, not the Clerk, remains responsible for independently auditing and determining whether claims subject to its audit are lawful, accurate, supported and proper Town charges. The Clerk's preliminary review does not constitute approval or substitute for the Board's audit.

The Clerk will also verify that the amounts appearing on the abstract agree with the individual claims and supporting documents. Any subsequent correction must be documented and, where necessary, returned to the Board for approval.

The Town will evaluate whether the separate software systems currently used by the Clerk and bookkeeper can be reconciled through a shared report, controlled workflow or documented comparison process. Until a more integrated process is available, a manual reconciliation will be completed before payments are released.

Finding 2 – Payroll Accuracy, Approval and Documentation

Recommendation 8 – Written Payroll Policies and Procedures

The Town agrees that written payroll procedures are necessary.

The Town has developed comprehensive personnel and fiscal policies addressing wage and hour compliance, timekeeping, overtime, compensatory time, leave administration, payroll errors, employee time-off requests, supervisory review and records retention. These policies require:

- Accurate and complete time records;
- Employee certification of time worked where applicable;
- Department-head or supervisor review;
- Documented corrections to time records;
- Prior authorization of overtime when practicable;
- Payment for all compensable time required by law, regardless of whether advance authorization was obtained;
- Separate corrective action when an employee violates an authorization procedure;
- Administration of leave and compensatory time in accordance with applicable law, Board resolutions and collective bargaining agreements; and
- Prompt reporting and correction of payroll errors.

The Town will formally identify the officials and employees responsible for each stage of payroll preparation, review, certification and payment. At a minimum:

- Employees will submit complete and accurate time records.
- Department heads or designated supervisors will review hourly employees' time records.
- The bookkeeper will prepare payroll using Board-approved salaries, wage schedules, collective bargaining agreements and documented personnel actions.

- The Supervisor will independently review and certify the payroll register before payroll is finalized.
- The Board will periodically compare actual payroll payments with the adopted budget, organizational resolutions, wage schedules and applicable collective bargaining agreements.
- Any change in salary, hourly rate, stipend or other compensation must be supported by the legally required Board resolution, local law, agreement or other written authorization before it is entered into payroll.

The Town's policy and procedure manual has undergone legal review and has been presented to the Board for formal consideration. Following adoption, the Town will provide the applicable procedures to all officials and employees who participate in payroll processing.

Recommendation 9 – Correct Salaries, Wages and Hours

The Town agrees that employees and elected officials must be paid only the compensation lawfully authorized and actually earned.

The Town will:

1. Recalculate and verify the salary and hourly rate of every current employee and elected official against the adopted budget, organizational meeting resolutions, collective bargaining agreement and any subsequent authorized personnel actions.
2. Maintain a master payroll authorization record showing the legal authority for each employee's position, salary or hourly rate, stipend and other compensation.
3. Require time records for all hourly, part-time, on-call and per-diem employees, including deputy water operators and security personnel.
4. Require documentation supporting any special assignment, call-in, additional duty or supplemental compensation.
5. Review payroll registers before each payroll is finalized.
6. Conduct periodic reconciliations between approved compensation and actual year-to-date payments.
7. Correct verified underpayments promptly and document the calculation, authorization, taxes, retirement reporting and other payroll adjustments.
8. Refer questionable or unauthorized compensation to the Town Board and Town Attorney before taking corrective action.

The Town understands that the failure to obtain advance authorization for overtime does not, by itself, permit the Town to withhold compensation for hours that an employee was legally entitled to be paid. Violations of authorization procedures will be addressed separately and in accordance with applicable law, Civil Service requirements and collective bargaining rights.

Recommendation 10 – Overpayments and Underpayments

The Town agrees that all payroll discrepancies identified in the audit require individualized verification and appropriate correction. The Town intends to take affirmative, documented steps to seek repayment of public funds where counsel determines that compensation exceeded lawful entitlement and that a legally enforceable recovery claim exists. This review will extend, as appropriate, to current and former Town employees and elected or appointed officials, without presuming that every unsupported payment is necessarily recoverable.

The Town will prepare and retain a written reconciliation for each affected individual identifying:

- The individual's position, employment or official status, and applicable pay periods;
- The salary, wage, stipend or other compensation lawfully authorized, together with the controlling budget, resolution, agreement or other documentation;
- The amount actually paid and the amount, if any, paid in excess of lawful entitlement;
- The nature and cause of the discrepancy, distinguishing clerical or mathematical error, insufficient supporting documentation, and compensation lacking required authorization;

- Any applicable contractual rights, potential defenses, time limitations, and required notice or opportunity to contest the amount; and
- The appropriate accounting, withholding, retirement-system and payroll-tax adjustments and the proposed corrective or recovery action.

Verified underpayments will be corrected promptly following appropriate review and authorization. The Town will not characterize an unsupported or disputed payment as a collectible debt solely because documentation is missing; the lawful amount owed and the legal basis for recovery must first be established.

Where the Town Attorney determines that an overpayment is legally recoverable, the Town intends to pursue an orderly and consistent recovery process, subject to any necessary Town Board authorization, applicable collective bargaining agreements, procedural protections, potential defenses and limitation periods. The Town will:

1. Provide the affected individual with written notice explaining the calculation, supporting authority, claimed amount and a reasonable opportunity to provide records or dispute the determination;
2. Request voluntary repayment and, where appropriate, issue an individualized invoice or written demand for repayment to current or former employees or officials;
3. Consider voluntary written installment arrangements, with terms approved through the Town's lawful fiscal procedures and appropriately recorded;
4. Refer unpaid or disputed claims to the Town Attorney to determine whether further action, including a civil recovery proceeding, is justified and cost-effective; and
5. Document all determinations, payments received, adjustments made, and cases in which recovery is unavailable or not pursued for a documented lawful reason.

The Town recognizes that invoicing an individual or requesting voluntary repayment is distinct from withholding compensation. No unilateral payroll deduction, setoff of wages or benefits, or offset against a verified underpayment will be undertaken unless counsel confirms the Town's authority, applicable procedural requirements and any collective bargaining obligations. The Town will evaluate separately whether an alleged overpayment arises from a calculation mistake or from compensation intentionally awarded without sufficient legal authorization; those circumstances may present different recovery issues.

The Town requests OSC's technical guidance concerning accounting for recoveries relating to prior fiscal years; correcting related payroll, tax and New York State and Local Retirement System reports when necessary; and documenting implementation in the subsequently required corrective action plan. The Town will coordinate each potential recovery with legal counsel, document any required Board authorization, assess whether a claim is enforceable and economically appropriate to pursue, and maintain records sufficient for subsequent audit review.

Continuing Corrective Action

In addition to the specific measures above, the Town will:

- Adopt and implement a formal corrective action plan within the required period.
- Assign responsibility and target completion dates for each corrective measure.
- Maintain written evidence showing that each recommendation has been implemented.
- Periodically review compliance with the new procedures.
- Update the procedures when laws, collective bargaining agreements, staffing or financial systems change.
- Ensure that financial controls do not depend solely on the knowledge or practices of one official or employee.

The Town appreciates OSC's assistance in identifying these deficiencies. The current Board is committed to establishing clear, documented and sustainable controls that protect public funds, ensure employees are paid correctly and strengthen accountability to Town residents.

This submission constitutes the Town Board's formal response to the audit findings. Please advise if OSC identifies factual inaccuracies or requests clarification. Following issuance of the final audit report, the Town will prepare and submit its separate formal corrective action plan within the applicable deadline.

Respectfully submitted,

Angela Dennison, Town Supervisor

Rebecca F. Wright, Deputy Supervisor/Councilperson

Town of Van Etten Town Board

Appendix C: Audit Methodology and Standards

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

- We interviewed Town officials and reviewed Town procedures, claims packets, payroll reports, timesheets, budgets, the highway employees' CBA and meeting minutes from the Board's meetings to determine the adequacy of the Town's claims audit and disbursement processes.
- We reviewed 143 nonpayroll disbursements totaling approximately $409,300. We used our professional judgment to select all disbursements from the canceled check images that were issued and cleared the bank from October 1 through December 31, 2024, with no expectation that they would have more or fewer discrepancies than any other Town disbursements. We compared the disbursements from the canceled check images to the approved abstracts and then to the invoices and claims packets to determine whether amounts disbursed were audited and approved, matched the amount approved and had adequate support to determine whether they were for proper Town purposes.
- We used our professional judgment to select five months (January 2024, February 2024, October 2024, November 2024 and December 2024) of nonpayroll disbursements, with no expectation that these disbursements would have more or fewer discrepancies than any other disbursements made during the other months in the audit period. We identified 32 disbursements totaling approximately $19,000 that were paid to Town officials, employees and other individuals and compared the canceled check images to the approved abstracts, invoices and claims packets to determine whether amounts disbursed were audited and approved, matched the amount approved and had the proper support to determine whether they were for proper Town purposes.
- We used our professional judgment to select a four-month sample (November 2024, December 2024, January 2025 and June 2025) of credit card disbursements, with no expectation that the disbursements made during these months would have more or fewer discrepancies than any other disbursements made during the other months in the audit period. We selected two months in 2024 and two months in 2025 to cover periods in which different Town officials were involved in the credit card disbursements process. The sample included nine canceled check images totaling approximately $3,000 that were paid from the general and water funds. We compared the canceled check images to the approved abstracts, invoices and claims packets to determine whether amounts disbursed were audited and approved, matched the amount approved and had the proper support to determine whether they were for proper Town purposes.
- We reviewed all salary payroll disbursements totaling $447,300 for the audit period to determine whether salaries were properly calculated and paid accurately based on approved salary schedules. We compared these disbursements to approved budgets, the meeting minutes from the Board's annual organizational meeting, payroll reports and canceled check images to determine whether amounts paid were accurate.
- We used our professional judgment to select a four-month sample (November 2024, December 2024, January 2025 and February 2025) of hourly employee payroll disbursements totaling approximately $80,200, with no expectation that the disbursements made during these months would have more or fewer discrepancies than any other disbursements made during the other months in the audit period. We determined whether wages were accurate and properly calculated based on approved hourly rates and the highway employees' CBA. We compared these disbursements to payroll reports, time sheets and canceled check images to determine whether amounts were accurate.

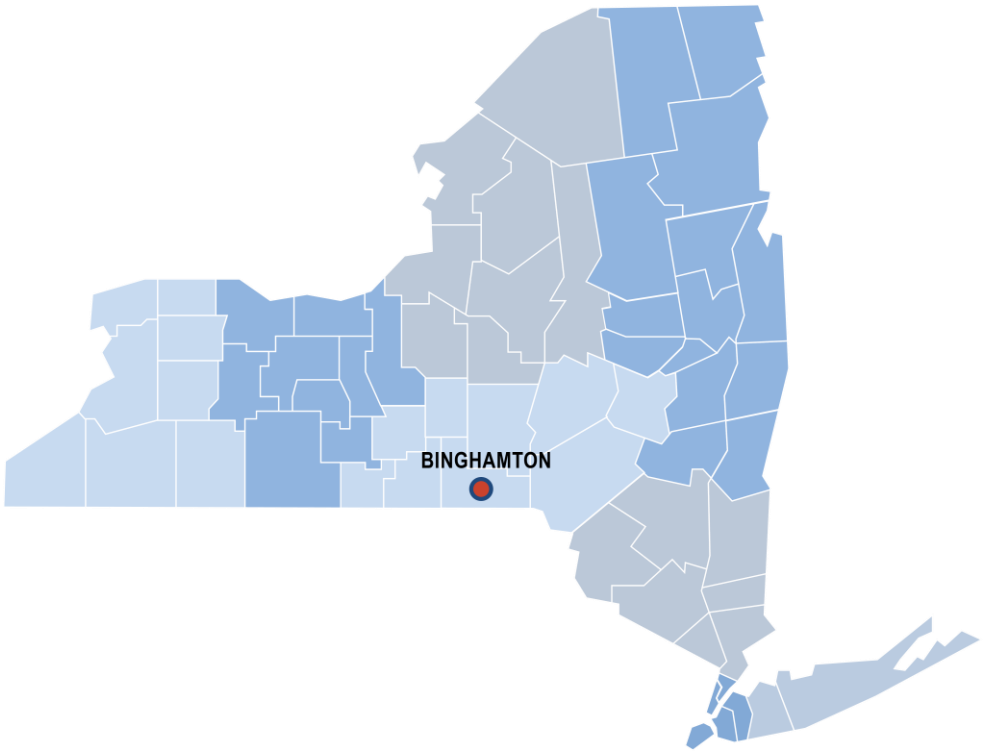
OSC auditors conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit

objective. Auditors believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the 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 relevant population size and the sample selected for examination.

Questions?

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