

New York State Comptroller
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Village of Wappingers Falls

Audit Follow-Up Review

June 2026 | Report 2023M-70-F

Prepared by the Division of Local Government and School Accountability



Audit Follow-Up Review

Village of Wappingers Falls

Purpose of the Audit Follow-Up Review

In December 2023, we issued a report for the Village of Wappingers Falls (Village) titled *Village of Wappingers Falls: Board Oversight (2023M-70)*.¹ The audit revealed significant breakdowns in internal controls, oversight, and financial reporting, including lack of segregation of duties, unsupported transactions, incomplete reconciliations and unreliable financial records. The audit report included 13 recommendations directed to the Board of Trustees (Board) or Treasurer that focused on strengthening internal controls, financial reporting, oversight, and long-term planning. The Mayor's response to our report indicated he, with the Treasurer's assistance, would initiate corrective action.²

Because effective implementation will improve accountability, reduce financial risk, and provide Village officials with reliable information to support sound decision-making, we conducted a follow-up review from September 30, 2025 through February 28, 2026 to determine whether corrective actions moved beyond intent to effective, sustained practice, and that the Village's financial operations are now transparent, controlled, and accountable.

Our follow-up review was limited to inspection of certain documents related to the issues identified in our audit report, a review of the Village's corrective action plan (CAP) and interviews with five Board members (Trustees), the Mayor, Village Clerk (Clerk) and the Treasurer. The scope of our review does not constitute an audit under generally accepted government auditing standards (GAGAS).

Review Summary

Of our 13 recommendations, we determined Village officials partially implemented two recommendations and did not implement 11 recommendations. Specifically, we determined the Board did not make progress implementing our recommendations regarding proper oversight, monitoring banking transactions or monitoring capital projects. As a result, the risk of financial mismanagement and officials' lacking reliable understanding of the Village's financial condition we identified in our December 2023 audit report remains.

Moreover, the lack of substantial progress in implementing the audit recommendations has hindered the Board's ability to appropriately account for and manage Village operations, and the Board and Village officials cannot ensure that the Village's assets are fully safeguarded. Furthermore, continual turnover in the Treasurer's position may also have contributed to a lack of improvement related to financial records and reporting; seven different individuals have served in the Treasurer's position from 2020 through our follow-up review period. Two of these individuals are discussed in this review: Treasurer A who served from July 14, 2025 through January 30, 2026 and Treasurer B, who served from April 3, 2023 until July 1, 2025 and signed the CAP.

During our review, we discussed the basis for our recommendations and the operational considerations relating to these issues. We encourage the Board and Village officials to fully implement the audit recommendations.

1 The full report is available at: <https://www.osc.ny.gov/files/local-government/audits/2023/pdf/wappingers-falls-village-2023-70.pdf>

2 Village officials' response is available at: <https://www.osc.ny.gov/files/local-government/audits/2023/pdf/wappingers-falls-village-2023-70.pdf#page=14>

Recommendations and Implementation Status

We determined that most of the corrective actions remain incomplete, such as fully implementing compensating controls, restoring accurate accounting records, ensuring compliance with debt requirements, and establishing capital planning. Because Village officials have not implemented all recommendations, significant breakdowns exist in internal controls, oversight, and financial reporting. These include a lack of segregation of duties, unsupported transactions, incomplete reconciliations, and unreliable financial records as well as a lack of fundamental financial controls and oversight practices.

Governance, Policies and Internal Control

- Develop mitigating controls where financial duties are not properly segregated – **Partially Implemented**
- Adopt, implement and enforce policies and procedures for daily financial operations – **Not Implemented**

The Board has not taken sufficient steps to improve the Village's governance, policies and internal controls. Although the Board partially segregated incompatible financial duties, it did not adopt, implement and enforce policies and procedures for daily financial operations. For example, the Board has not established procedures that require the Treasurer to provide adequate financial reports. As a result, the Treasurer's duties were not performed effectively, and the Board was unaware of the Village's financial condition.

Segregation of Duties – The Board partially implemented corrective action related to the segregation of duties. The Board segregated the Recreation, Water and Building Departments' billing and collection duties by assigning different clerks to each of the duties of billing and receiving and tasked the Village Clerk (Clerk) to remit deposits for the Departments and tax collections to the bank.

However, the Board did not designate a Board member or someone independent of the financial duties to review accounting records, bank statements, or financial reports on a regular basis. Specifically, the Treasurer still collected tax receipts, recorded transactions, executed bank transfers, and prepared and signed checks without any independent review.

Policies and Procedures – The Board did not establish adequate policies and procedures for daily financial operations, such as an investment policy, online banking policy, or detailed procedures to provide guidance on interim reporting requirements. Although the CAP refers to procedures for approving bank transfers and interim reporting requirements, these procedures were never adopted by the Board.

The Mayor and five Trustees told us that no policies or procedures were developed to provide the Treasurer with a clear definition of financial reporting requirements. Treasurer A told us that he was not aware of the CAP or any Board-established guidelines for submitting financial reports on an interim or recurring basis.

While developing and adopting financial policies and procedures will not guarantee error-free financial operations, they are required and help communicate the Board's oversight role. These policies and procedures can also help establish oversight requirements to mitigate the risk of inadequately segregated financial duties. Without the Board's direct oversight, there is no assurance that fraud or significant errors did not occur and could remain undetected.

Financial Accountability, Reporting and Transparency

- Ensure there is an annual audit of the Treasurer's records – **Not Implemented.**
- Ensure that Annual Financial Reports (AFRs) are submitted in a timely and accurate manner – **Not Implemented.**

- Treasurer to file AFR within 90 days after fiscal year-end – **Not Implemented.**
- Ensure AFRs are supported by the Village’s accounting records – **Not Implemented.**
- Provide the Board with adequate financial reports to monitor operations – **Not Implemented.**

Overall, the Board did not ensure there was an annual audit of the Treasurer’s records or that the Treasurer filed the AFR in a timely and accurate manner. Specifically, the Treasurer did not file the AFR with OSC within 90 days after the close of the Village’s fiscal year, ensure the AFR was supported by the Village’s accounting records, or provide the Board with adequate financial reports.

Annual Audit and AFR – The Board did not conduct an annual audit of the Treasurer’s records or ensure that the Treasurer filed timely AFRs that were supported by accounting records. Four Trustees told us the Board asked for reports, however Treasurer B would not provide any information to review. One Trustee told us that Treasurer B told him she filed the AFR, but she did not provide proof of doing so. The Mayor told us that the Board did not complete any financial audits because the accounting records were in disarray due to the transition to a new accounting system. Although the Mayor also told us that the Village attempted to hire a certified public accounting firm to perform the annual audit, he was unable to provide any documentation to support such an attempt. Furthermore, it is the Board’s responsibility to conduct an annual audit of the Treasurer’s records.

Treasurers A and B did not file the AFR with OSC within 90 days after the close of the Village’s fiscal year. As of February 2026, the AFRs for fiscal years 2023 through 2025 were not filed. Further, we determined that the accounting records were not accurate or complete because the Treasurers were not performing journal entries to record water and sewer revenue totaling \$6.4 million.

Our office attempted to contact the Mayor by email and phone several times between June and July 2025 to encourage Village officials to file the delinquent AFRs and to provide assistance, if needed. However, the Mayor did not respond to OSC’s multiple attempts to inform him that the AFR was delinquent. The Mayor told us when we revisited that he does not check his communications, and he is not at the Village Hall during the day.

When the AFRs are not filed as required, transparency is diminished, and the Board, taxpayers, OSC and other interested parties are unable to assess the Village’s financial operations or financial condition. Furthermore, without an annual audit of the Treasurer’s records, the Village had an increased risk that errors and/or other irregularities could occur and remain uncorrected. Had the Board audited the Treasurer’s records, it would have known the accounting records were still incomplete and inaccurate.

Financial Reports – Although the Village’s CAP indicated that the Board would implement measures to ensure the Treasurer would regularly prepare, and it would review, detailed financial reports, the Treasurer did not provide the Board with adequate financial reports to assist it with monitoring financial operations. For example, according to the CAP, the Mayor and Treasurer were establishing clear guidelines for the content, format and timing of financial reports for Board review along with training for staff involved in financial reporting. However, the Mayor and Treasurer did not establish such guidelines.

Treasurer A submitted a Treasurer’s Office Report to the Board starting in September 2025. We reviewed this Treasurer’s Office Report and determined that it included statements of revenues and expenditures compared to their respective budgets and some bank balance information. However, this report did not include other information that would assist in providing fiscal oversight, such as a balance sheet or statement of cash flows. Further, it was not generated prior to September 2025, and the reports were not accurate due to the incomplete accounting records explained above.

Without adequate monthly financial reports, the Board did not have sufficient information to monitor the Village’s financial operations. As a result, the Board was unaware of the true status of the Village’s financial position.

Cash Management & Banking Oversight

- Ensure bank transfers are approved, necessary and periodically reviewed – **Not Implemented**.
- Ensure all bank reconciliations are prepared in a timely and accurate manner and independently reviewed – **Not Implemented**.
- Treasurer should prepare timely monthly bank reconciliations for all accounts – **Not Implemented**.

The Board did not monitor Village banking transactions because it did not ensure that bank transfers were approved and necessary or that bank reconciliations were prepared in a timely and accurate manner for all bank accounts. In addition, the Treasurer did not prepare timely bank reconciliations each month for any of the Village's bank accounts.

Bank Transfers – The Mayor did not receive, or review debt payments and bank-issued wire transfers reports and did not maintain the transfer and debt payment paperwork he was responsible for maintaining, as outlined in the CAP.

We reviewed 22 bank transfers totaling \$2.4 million, which included transfers to and from the checking and wire, tax lockbox, savings, water and sewer, and the utility clearing accounts. Twenty transfers reviewed totaling almost \$2.4 million (91 percent) between February 2025 and October 2025 were not properly approved. Specifically:

- Ten transfers totaling almost \$1.8 million were not approved because Treasurer A did not prepare and submit transfer reports to the Board.
- Six transfers totaling over \$400,000 were not signed by the Mayor or reported to the Board. Of these, three wire transfer forms for transfers totaling \$341,599 from the tax lock box to the general checking were manually stamped with the Mayor's signature stamp. The Mayor told us that he did not maintain custody of his signature stamp and he could not locate it during our review. Therefore, we could not determine whether the Mayor approved these transfers.
- Three transfers totaling almost \$173,000 may have occurred prior to the Mayor's approval. We could not determine when the Mayor approved the transfers because he did not date the transfer report.
- One transfer totaling almost \$37,500 to the payroll account was approved by the Mayor without documentation (e.g., payroll report) to support why the Treasurer performed it. Although the Mayor told us he reviewed the payroll reports, he did not retain the records with the transfer report as the CAP stated.

The Mayor properly approved the remaining two transfers totaling \$64,634 (9 percent) from the savings to payroll account.

Because the Mayor did not secure and could not locate his signature stamp and the Board did not require or review transfer reports, there was an increased risk of unauthorized disbursements.

Bank Reconciliations – Treasurer A told us the last bank reconciliation completed was in 2021 and he did not prepare and submit bank transfer reports or bank reconciliations during his tenure. He also told us he could not complete the reconciliations because the accounting records were in disarray and needed updating after the Village changed accounting software programs in 2023. However, the Treasurer has not begun the process of updating the prior accounts or performing the bank reconciliations.

Treasurer A provided a system report he believed was a bank reconciliation from 2021 performed by Treasurer B. We determined this report did not constitute a comprehensive bank reconciliation because there was no comparison between the bank statement and the amount on record in the Village's accounting system.

Three Trustees told us that Treasurer B did not provide bank reconciliations to the Board. However, the Board did not require the Treasurers to prepare and submit bank reconciliations for their review.

If unauthorized disbursements were made, they likely would not be detected because the Board did not review banking activity or ensure that someone independent of the disbursements process performed bank reconciliations. The Mayor and Board's lack of oversight created opportunity for unauthorized use of more than \$4.2 million held in the Village's 27 accounts as of February 28, 2026.

Capital Planning and Project Oversight

- Adopt a multiyear capital plan to properly monitor capital projects and plan for capital expenditures – **Partially Implemented.**
- Maintain complete capital project records, including financial history and written agreements – **Not Implemented.**

The Board did not adequately monitor capital projects. While the Board adopted a multiyear capital plan, it did not use the adopted plan to properly monitor capital projects and plan for capital expenses. Records were not maintained for all capital projects, including a complete financial history and all written agreements with contractors and other vendors. Further, bond proceeds were not used for their intended purposes, such as repairing Village infrastructure, as discussed below.

Capital Plan – The Board adopted a multiyear capital plan on December 11, 2024; however, the plan was generally not used or distributed to Board members. Two Trustees told us they were unaware of the plan, and one stated that Treasurer B handled the plan. The Mayor told us the plan is a capital project wish list, and the Board was unlikely to undertake any of the projects unless the Village secured funding. Therefore, we consider this recommendation partially implemented.

Because the capital plan was not distributed to Board members, the Board did not establish priorities for future capital projects or have clear guidance on how to assess financial risks and the affordability of maintaining their capital investments.

Capital Projects Records – We reviewed the records for a road highway resurfacing project totaling \$29,479 eligible for State reimbursement and determined the information was incomplete. The records did not include a complete financial history of the project. For example, Village officials could not support how the reimbursement was calculated and could not provide documentation for the use of Village vehicles or personnel to perform the work, or for any payments made to the contracted engineer for this project. Further, the Village Clerk was unable to provide us with the engineer's contract.

Additionally, we could not reconcile the provided material invoices to the reimbursement submitted because the invoices were for multiple projects and did not clearly identify what material was for which project. Therefore, we could not determine whether Village officials sought and received reimbursement for the full amount the Village was entitled to.

Due to the lack of capital project records, Village officials did not know the financial status of each project, or whether they received the maximum State reimbursement the Village could receive.

Debt and Legal Compliance

- Ensure bond and BAN proceeds are used only for their intended purposes and consult counsel as needed – **Not Implemented.**

The Board did not ensure that the bond proceeds for the Village dam were used for their intended purposes or return the funds to the capital project account. Further, the Board did not consult with counsel, such as for the return of the funds.

Bond Proceeds – Although the Board did not issue debt between March 2024 and October 2025, the Board did not direct the Treasurer to repay the capital account for the Bond Anticipation Notes (BAN) proceeds totaling \$350,000 originally intended for dam repairs. The Mayor told us the Village did not start the dam repairs, so the funds were not returned to the capital account. Instead, these funds were used, in part, to make two payments to the New York State and Local Retirement System, rather than as intended.

Although the Mayor acknowledged that the Treasurer should have returned the funds during our previous audit, we released our audit report more than two years ago, and the funds remain unpaid. Additionally, the original BAN for the dam repairs was received in December 2019 and Village officials have yet to start the work. When BAN proceeds are not used for their intended purpose and then not returned, it could damage the Village's reputation with investors and impact its ability to finance future projects.

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