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October 2016

Thomas Wood, Supervisor
Members of the Town Board
Saratoga Youth Recreation
12 Spring Street
Schuylerville, NY 12871

Report Number: 2016M-258

Dear Supervisor Wood and Members of the Town Board:

The Office of the State Comptroller works to identify areas where local government officials can improve their operations and provide guidance and services that will assist them in making those improvements. Our goals are to develop and promote short-term and long-term strategies to enable and encourage local government officials to reduce costs, improve service delivery and account for and protect their entity's assets.

In accordance with these goals, we conducted an audit of Saratoga Youth Recreation (Program) which addressed the following question:

- Are controls adequate to ensure that the Program's financial activity is properly recorded and reported and that Program moneys are safeguarded?

We discussed our findings with Town of Saratoga (Town) officials and considered their comments, which appear in Appendix A, in preparing this report. Town officials concurred with our findings.

Background and Methodology

The Program is a joint activity established between the County of Saratoga (County) and the Town through intermunicipal agreements to operate youth development programs for children residing in the Towns of Saratoga and Northumberland (Towns), the Village of Schuylerville (Village) and the Schuylerville Central School District (District) in Saratoga County. The Program serves approximately 50 children with a swimming lesson program and the Village's Youth Employment Services program. The Program's expenditures in 2015 were approximately \$3,200, funded primarily with contributions from the County, Towns, Village and District. The Program does not charge the residents registration or admission fees. The budgeted appropriations for the 2016 Program are approximately \$6,200.

The agreements establish that the Town Board (Board) is responsible for the overall financial management and safeguarding of Program resources. The Town Supervisor (Supervisor) is authorized to establish, maintain and authorize disbursements from the Program's bank account. The Town bookkeeper (bookkeeper), along with an assistant bookkeeper, is responsible for keeping a complete and accurate record of the Program's financial transactions.

We examined the internal controls over the Program's financial operations for the period January 1, 2014 through May 31, 2016. We interviewed Town officials and reviewed financial records and Board minutes. 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.

Audit Results

The Board should implement adequate internal controls to provide guidance to the Supervisor for collecting, accounting for and depositing revenues in a timely manner and for disbursing Program funds. To safeguard resources, job duties should be segregated so that the same individual does not perform all phases of the cash receipt and disbursement functions. When segregating duties is not feasible, compensating controls, such as additional Board oversight, should be implemented.

The Board implemented adequate internal controls to ensure that financial activity was properly recorded and reported and that Program money was safeguarded. The Town implemented procedures for collecting, recording, depositing and disbursing Program funds that appropriately segregate these duties. The Supervisor is responsible for collecting funds, completing a triplicate receipt (one receipt is maintained with the supporting documentation, the second is maintained with the deposit documents and the third is maintained in the receipt book) and turning the receipts over to the bookkeeper. The bookkeeper prepares and makes the deposit and records the transaction in the accounting records, and the assistant bookkeeper completes monthly bank reconciliations. From the time of collection to deposit, the bookkeeper ensures all funds received are safeguarded by securing them in a locked drawer.

The Town Clerk receives invoices related to the Program and prepares a claims packet which the Board audits. The assistant bookkeeper prepares checks for the Supervisor to sign and records the disbursements in the accounting records. The Supervisor provides the Board with a monthly report that includes the Program's bank reconciliation and the amount of receipts and disbursements for the month.

We reviewed all financial transactions associated with the Program from January 1, 2014 through May 31, 2016 to determine whether the Board implemented effective controls to ensure that financial activity was properly recorded and reported, collections were deposited intact¹ and in a timely manner and disbursements were appropriate. We reviewed the Program's triplicate receipts and bank statements, including duplicate deposit slips and canceled check images, to identify all of the Program's financial transactions. We traced the financial transactions to supporting documentation and to the accounting records to verify the accuracy of the figures recorded and

¹ Intact means the deposit is for the same amount and in the same form (cash and/or check) as the collections.

reported. We determined that the financial transactions were accurate based on supporting documentation and were properly recorded in the accounting records and the annual update document (financial statements) submitted to the Office of the State Comptroller.

The bookkeeper made three transfers from the Town's general fund into the Program account for the Town's portion of funding the programs in the amount of \$2,932 and deposited 10 collections totaling \$6,170 for participating municipalities' portions of Program funding. Except for minor discrepancies, which we discussed with Program officials, we found the collections were deposited intact and in a timely manner and were properly recorded in the accounting records.

The Supervisor prepared nine disbursements totaling \$9,068 during the audit period. The disbursements were authorized, appropriate and adequately supported by a claims packet including itemized invoices, correspondence between the Town and vendors, and the adopted budget, and the Board audited the claims prior to disbursement. The Program's disbursements were properly recorded in the accounting records.

We commend Program officials for establishing appropriate controls over the Program's financial activity and thank the officials of Saratoga Youth Recreation for the courtesies and cooperation extended to our auditors during this audit.

Sincerely,

Gabriel F. Deyo
Deputy Comptroller

APPENDIX A

RESPONSE FROM LOCAL OFFICIALS

The local officials' response to this audit can be found on the following page.



TOWN of SARATOGA
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SCHUYLERVILLE, NY 12871

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Supervisor
Thomas N. Wood, III

Town Councilmen
James Jennings
Michael McLoughlin
Charles Hanahan
Garv Squires

October 12, 2016

[REDACTED]
Office of the State Comptroller
Local Government and School Accountability
Glens Falls Regional Office
One Broad Street Plaza
Glens Falls, NY 12801-4396

Dear [REDACTED]

The Town of Saratoga is in receipt of the Draft Report Number 2016M-258 of the Saratoga Youth Recreation Program for the period January 1, 2014 through May 31, 2016 to determine whether the board implemented effective controls to insure that financial activity was properly recorded and reported, collections were deposited intact and in a timely manner and disbursements were appropriate. We have thoroughly reviewed the report and concur with its findings.

On behalf of the Town of Saratoga we extend our appreciation to the audit team for their professionalism, insight and suggestions provided during the examination process.

Sincerely,

Thomas N. Wood, III
Town of Saratoga Supervisor