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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

November 22, 2024

Hon. Jen Metzger
Ulster County Executive
Office of the Ulster County Executive
6th Floor County Office Building
244 Fair Street
Kingston, NY 12401

Dear County Executive Metzger,

I write to provide the findings of the Office of the State Comptroller's (OSC's) examination and investigation of allegations of fraud by former Ulster County Commissioner of Finance Burton Gulnick. As discussed in detail below, OSC conducted a thorough investigation into each allegation raised and various other allegations which arose during the course of our examination. In sum, OSC found insufficient indicia of fraud by Gulnick or others. However, OSC identified several weaknesses in County processes and procedures which could render the County vulnerable to fraud.

I. Introduction and Background

In February of 2023, it was reported that Burton Gulnick (Gulnick) had been removed from his position as Treasurer of the private, not-for-profit, Hurley Recreational Association (Association),¹ due to financial discrepancies, and that the New York State Police (NYSP) had opened a theft investigation. At the time of these allegations, unrelated to his position at the Association, Gulnick was also employed by Ulster County as the County Commissioner of Finance, a position he had held since 2012 when he was appointed by former County Executive Michael Hein. Upon the County Executive becoming aware of the theft accusations and in lieu of immediately being placed on leave, Gulnick chose to resign from his Commissioner of Finance position with Ulster County. Gulnick was subsequently arrested in June 2023 for theft of over \$100,000 from the Association, as well as theft from former County Executive Hein's campaign. On October 10, 2023, Gulnick pleaded guilty to two counts of grand larceny. He was sentenced on February 16, 2024 to two consecutive one-year jail sentences and ordered to pay restitution

¹ The Association's mission "is to provide fun, safe, family activities that promote community, wellness, sportsmanship, trust, and respect." (<https://visitulstercountyny.com/plan-your-visit/things-to-do/hurley-recreation-association/>)

of \$35,000 to the Association and \$15,000 to the Hein campaign. He also signed a confession of judgment for \$62,000 to the Association.

Given the nature of the allegations against Gulnick and his fiscal role in Ulster County government, in March of 2023, the County Executive requested that OSC commence an examination and investigation into certain allegations that had been raised related to Gulnick's public employment.² During the course of OSC's ensuing investigation, additional concerns arose stemming from Gulnick's role as Commissioner of Finance which OSC also fully examined.

In pursuing its investigation, OSC reviewed and analyzed thousands of records, including an in-depth examination of County financial and bank records, estate files, Surrogate's Court records, payroll records and other pertinent documents. Additionally, Investigators conducted dozens of interviews with relevant County officials and employees.³ During the investigation, OSC was granted unfettered access to County employees, documents, data and systems. OSC also received the full cooperation and assistance of Ulster County, including the Office of the County Executive, County Finance Office and the Office of Ulster County Comptroller March Gallagher. OSC further coordinated with and received assistance from the Ulster County District Attorney's Office and the NYSP.

II. The Investigation

County officials initially raised the following concerns for OSC's review: (a) Payroll: potential time theft by one of Gulnick's employees and concerns regarding a \$120,000 payout from the County to Gulnick for unused accruals upon his separation from employment; (b) Estate administration: potential theft from Estate/Trust accounts administered by the County; (c) Estate vendor selection: potential conflicts related to vendors hired in relation to estates administered by the County; and (d) Cash theft: possible theft of cash collections from departmental revenues, including potential theft associated with real property tax collections.

The objective of the examination and investigation was to determine whether indicia of fraud or criminal conduct existed. OSC also considered whether the County's existing policies and controls, or lack thereof, may have created an environment ripe for Gulnick to perpetrate fraud during his tenure.

As mentioned above, during the examination, OSC regularly interacted with the Ulster County Comptroller and other County officials and as a result, received and reviewed various other areas of potential concern. These allegations were fully

² This examination was conducted by members of Comptroller DiNapoli's Division of Investigations (DOI) and Division of Local Government and School Accountability pursuant to Article V of the New York State Constitution and General Municipal Law § 34.

³ Gulnick, through his attorney, declined to be interviewed by OSC.

investigated, and no evidence was uncovered to support the allegations of fraud or warrant further review by OSC. When appropriate, the allegations were referred to other authorities and agencies, or back to the Ulster County Comptroller's Office for further review.

A. Payroll

1. Alleged Time Theft

OSC received allegations that one of Gulnick's employees, a Financial Analyst, had been paid for hours not worked and that Gulnick had manually entered time into the County payroll system to benefit the Financial Analyst. Based upon this allegation, OSC performed a forensic analysis of Ulster County's time keeping and payroll system. The analysis not only covered the Financial Analyst's time records but was expanded to include Gulnick's Confidential Secretary for whom he had also manually entered time.

At all times relevant to this examination, Ulster County used the software application TimeForce to track employee time and attendance. TimeForce allowed employees to record their time biometrically (by using their fingerprint on a terminal upon arrival and departure from the County building) or from a mobile application, if permission had been granted to the employee by the County. Starting in June 2020, in response to the pandemic, use of the TimeForce application was expanded to allow employees to login from their work computer upon starting and ending their workday. In the case of a system error (i.e., an employee forgot to sign in; the sign-in attempt was not accepted by the system), manual time entries could be made to an employee's time record by the Commissioner of Finance (Gulnick at the relevant time), payroll clerks and supervisors, at the request of the employee or their supervisor. When making a manual entry, the Commissioner or supervisor was able to include the reason for the manual entry in the system, but no justification was required to be entered for the system to accept the manual entry.

To evaluate the time abuse allegations and Gulnick's role in manually entering time, OSC analyzed information from the TimeForce software application, so-called "punch in and out"⁴ data, manual time entries and associated audit trail logs. Audit trail logs tracked and detailed automatic logins, recorded any changes or manual adjustments made to the system and identified the user who made the entry or change. The logs were filtered and reviewed for instances where Gulnick manually adjusted the timecard of the Financial Analyst or other employees in his department. OSC also completed a forensic analysis of communications contained on various electronic devices and conducted interviews with County officials and employees.

a. The Financial Analyst

⁴ County Officials use the terms "punch in" or "punch out" to refer to time entries whether biometric, or via the TimeForce application.

OSC's forensic analysis of the audit trail logs found that between 2019 and 2022, Gulnick made 180 manual adjustments to the Financial Analyst's timecards pertaining to 138 workdays. There were approximately 1,002 total workdays over those calendar years, therefore, manual entries were made related to approximately 13.8% of workdays within that period. Moreover, as the 180 entries relate to 138 days, there was at least one valid punch in/out for the majority of workdays for which there was a manual entry (76.7 %).

After identifying the 180 manual entries made by Gulnick related to the Financial Analyst, OSC then reviewed evidence to determine whether the entries were fraudulent. Parsing the data, in 2019, there were seven manual entries, all of which were within normal work hours and did not result in additional pay for the Financial Analyst. Based upon the justification provided in the system, in six of the seven instances, the manual adjustments were made because the punch was not accepted. The remaining one instance was due to offsite work. In 2020, there were 55 manual adjustments. In four of the 55 instances, the punch was not accepted and therefore had to be entered manually. The remaining 51 instances were identified in the County records as "manual punch" or no justification was recorded. In 2021, there were 69 manual adjustments of which 47 were identified as "punch not accepted," "missed punch," or the user was "out of office." The remaining 22 instances in 2021 contained no note or justification. In 2022, there were 49 manual adjustments of which 48 were identified as "missed punch" or "punch not accepted," and one contained no note or justification.

As listed above, for the 180 entries, all but seven occurred between 2020-2022, in the midst of the pandemic. The investigation revealed that at the onset of the pandemic in March 2020 to address employee discomfort in utilizing the biometric scanner, the County issued a directive permitting County employees to instead notify their supervisors of their time and attendance. Gulnick forwarded the email to his staff advising them to either use the system or physically sign in upon entry. Shortly thereafter, in compliance with Governor Cuomo's Executive Order (No. 202.4) requiring local governments to limit on-site staffing to 50%, as of the week starting March 17, 2020, through May 29, 2020, the then-Deputy Commissioner of Finance began sending bi-weekly in-person 50% work schedules. Those not listed to be in office were required to be "on the clock and available to report to work." In response, Gulnick informed his staff that they should send emails reporting their time. This informal process continued through at least June 2020 when a TimeForce application became available on employee's work stations.

Specific to the Financial Analyst, on March 19, 2020, Gulnick, via a staff-wide email, requested that staff consider working at the Department of Health's Call Center on their office days as well as their non-office days. The Financial Analyst subsequently was assigned to the Ulster County Department of Health's "Call Center and Recovery Service Center (RSC) Data Team." The RSC position involved assisting with the collection, reporting and recording of COVID-related data. OSC's investigation determined that the Financial Analyst worked as part of the RSC Team from March 16, 2020, until April 10, 2021. OSC corroborated, through a review of relevant documentation, interviews and

forensic analysis of communications, that the Financial Analyst worked designated hours and completed assigned tasks.⁵

OSC's examination of the Financial Analyst's TimeForce records found that, consistent with directives to all staff, there were no entries for her from April 2, 2020 to June 1, 2020. On June 2, 2020, when the implementation of logging in from an employee's own computer began, the majority of the Financial Analyst's entries were completed using TimeForce on her workstation. OSC further confirmed that although the TimeForce mobile application was available to some employees at that time, the Financial Analyst did not have access to this option during the relevant time period.

In 2021 and 2022, due to developing COVID pandemic-related needs, the Financial Analyst's role expanded. The Financial Analyst was approved by the County to work additional hours through an Alternative Work Schedule (AWS).⁶ The AWS authorized extra hours and pay to the Financial Analyst to complete COVID-related operations, including compiling reports required to be produced by the County. Interviews with the Deputy County Executive confirmed that the COVID reporting was required to be completed by 9:00 AM each day, and that the Financial Analyst did, in fact, complete these reports. According to the Financial Analyst, after being approved for AWS, she occasionally found it necessary to contact Gulnick or other County Officials to inform them that a manual entry was required to record her time. While the Financial Analyst did not recall the exact reason behind each request for a manual entry, she generally sought manual entries when she forgot to record time or the system failed to accept the entry. OSC's investigation and forensic analysis of records and communications confirmed that the Financial Analyst was assigned and completed assigned tasks and, in fact, often worked weekends or hours not included in the TimeForce entries and, accordingly, for which the Financial Analyst received no remuneration. OSC's review further corroborated the justifications entered into TimeForce, as communications examined by Investigators between the Financial Analyst and Gulnick as well as others, reflected that the Financial Analyst made timely requests for manual entries for various reasons. Some of the justifications entered into TimeForce for the Financial Analyst included the punch not being "taken," computer issues, accidentally punching twice, and forgetting to punch out then not being able to punch back in the next day. Moreover, communications between Gulnick, other supervisors in the Finance Department and County staff, reveal that other employees also occasionally encountered difficulties with the punch in/out system and made similar requests to Gulnick and other supervisors for manual entries.

⁵ The then-Deputy Commissioner's April 13, 2020, email reflects the Financial Analyst's assignment to the RSC. Moreover, "force account labor summaries" submitted by the County to FEMA for the period of March 20, 2020, to April 10, 2021, included the Financial Analyst.

⁶ Per the Alternative Work Schedule documentation for 2021, the "alternative work schedule is requested for the Financial Analyst whose additional work hours will be needed to work on budget related activities for the 2021 budget as well as continued assistance with data reporting for the COVID dashboard."

In sum, OSC found that Gulnick's manual adjustments for the Financial Analyst were consistent with hours approved and worked. OSC was not provided with and found no evidence that the Financial Analyst failed to perform assigned duties. To the contrary, officials confirmed that the Financial Analyst completed the duties required for COVID reporting and all other assigned tasks. OSC further verified that the cost of the additional hours for the Financial Analyst's work during the pandemic was included and approved in the County's budget in 2022 and that she was paid at the appropriate pay rate.

b. Confidential Secretary

While no specific allegations were made regarding the Confidential Secretary, as noted above, OSC expanded its review to include other staff Gulnick supervised. This expanded investigation revealed that Gulnick made 20 manual entries related to the Confidential Secretary from 2019 through 2023: three in 2019, one in 2020, five in 2021, eight in 2022 and three in 2023. While no justification was provided for the Confidential Secretary's manual entries in the TimeForce system, OSC found no evidence that the Confidential Secretary failed to work the hours listed on her time records. OSC reviewed the Confidential Secretary's hours and found them to be reasonable and within the budget and approved pay.

Although OSC found insufficient indicia of potential fraud, the manual entry procedure and lack of required documentation could allow an avenue for fraud or hamper supervision and accountability. The County Comptroller has also recognized vulnerabilities in the time keeping system, and in the Summer of 2023 issued a memorandum to staff containing directives to tighten controls and enhance oversight of the timekeeping system.

2. Accruals

OSC also received allegations that the Financial Analyst and the Confidential Secretary accrued and used improper accruals outside of contractual parameters. OSC reviewed and analyzed the accruals of the Financial Analyst and the Confidential Secretary in the 2022 payroll year to determine whether the employees' compensation was in accordance with applicable contractual or collective bargaining agreements. OSC focused on the calendar year 2022 for both the Financial Analyst and Confidential Secretary because that was the only full fiscal year in which both employees reported directly to Gulnick during the period of OSC's analysis.

OSC established the hours worked in 2022 using reports generated from TimeForce, then calculated employee pay based on the approved pay rates. OSC determined the hourly rate for each pay period and documented whether it was consistent with the contract. OSC then compared the paycheck details and the TimeForce records. OSC's review found no indicia of fraud and determined that the accruals used by the Financial Analyst and Confidential Secretary were within appropriate parameters.

OSC further found that employees were generally confused about the County's accrual and time and attendance policies. Interviews of County employees and officials and examination of relevant documentation revealed a lack of clarity and inconsistencies in interpretation between the County Comptroller's Office and the County Finance Office, resulting in differences in application and discrepancies between the two offices. For example, the County Finance Office had a more liberal interpretation of the cap on vacation days than the County Comptroller's Office. The County Comptroller attempted to address this issue in July of 2023 and urged that the Legislature and Executive work together to revise the personnel policy manual to provide more clarity on the accrual of time by management.

OSC also received a related complaint questioning the calculation of Gulnick's \$120,000 separation payment from the County upon his departure. OSC found that Gulnick played no role in calculating his own separation payment. Rather, this payment was calculated by the Payroll Manager. Subsequently, based upon the County Comptroller's examination of payouts and the inconsistent application of County policy between departments, the County Comptroller acceded to the lawfulness of the payment to Gulnick. Consistent with the County Comptroller's recommendation, OSC found inconsistencies in application between departments but no basis for any finding of fraud related to accruals.

B. Estate Administration

1. Estate Files and Commissions

OSC received allegations that Gulnick potentially mishandled estates to his benefit. As Finance Commissioner, Gulnick also served as the Administrator of Estates for Ulster County. Under the New York State Surrogates Court Procedure Act (SCPA), the chief fiscal officer of certain counties in New York, including Ulster, is also appointed as the Administrator of Estates for that county.⁷ As Administrator of Estates, Gulnick was responsible for managing the estates of individuals who passed away without a will and have no other heir eligible or willing to serve as a private fiduciary of the estate. Administrators are responsible for collecting, securing, and liquidating each assumed estate's assets in order to pay valid claims against that estate. After all reasonable expenses have been paid, the Administrator is responsible for distributing any residual value to estate beneficiaries. The SCPA also sets forth guidelines which outline the responsibilities of Appointed Administrators of Estates.⁸ Under these guidelines, the Chief Fiscal Officers (CFO) appointed to administer the estate should avoid taking any action that may give rise to "a conflict of interest or the appearance of impropriety."

⁷ In Ulster County, the County Commissioner of Finance serves as the Chief Fiscal Officer.

⁸ See, Sections 1128 and 1219 of the Surrogate's Court Procedure Act, the Administrative Board for the Offices of the Public Administrators, "Guidelines for the Operations of the Chief Fiscal Officers of New York State Appointed Administrators of Estates," available at <https://www.nycourts.gov/ip/pa/pdf/CFO-Guidelines2012.pdf> (Last accessed Sept. 13, 2024).

From January 1, 2018 to his resignation, Gulnick completed the administration and closed 77 estates. OSC examined these estates and determined that only 32 had associated bank accounts. OSC then performed a comprehensive forensic analysis of each of the 32 estates for any indica of fraud or embezzlement of funds. OSC analyzed each estate file, relevant court records and bank records. OSC also conducted interviews with relevant officials and estate beneficiaries and concluded that the allegations of potential theft were unfounded.

As part of the estate review, OSC obtained the bank records for all 32 estates and forensically analyzed the transactional details for each account, completing an analysis which was subsequently compared to the estate files reported on New York State Surrogate's Court NYSBA SC Form JA-8.⁹ OSC also reviewed any commissions paid to the County from an estate, tracing the payments to both the County's General Ledger and the County's bank account.¹⁰ OSC verified that all commissions and payments were posted to the General Ledger Accounts Use of Money & Property Commissions (AA.1310.1076-3240.2450), Miscellaneous Local Sources Refund of Prior Years Expenses (AA.1310.1076-3280.2701), and Professional Services (AA.1310.1076-4300.4430) and that all commissions and payments were deposited appropriately.

In reviewing and validating the payments across multiple sources, OSC identified only two estate sales which had a variance between the estate's bank account, the general ledger, and Form JA-8, resulting in a total variance of \$2.31. OSC found no evidence to support an allegation of fraud. OSC also did not identify any other errors during Gulnick's tenure with respect to the remaining 30 estates reviewed. In this period, there were 18 estates administered that resulted in commissions, which, as noted above, were properly and accurately reported through the County, the estate's bank account, and Form JA-8. For each of these estates where the small size resulted in no commission, OSC worked with the County Surrogate's Court, who provided "Report & Account in Settlement" forms which were used to validate all records within the bank account transactions and to complete OSC's analysis of the estates.

Gulnick was also required, pursuant to the SCPA Guidelines, to provide written approval and support for any funds disbursed on behalf of an estate, which reflect the nature of the disbursement, date, amount, and the estate against which the disbursement was charged. OSC identified a limited number of transactions that required further documentation to assess their validity. Upon review of the estate files and accounts, selected court records and information provided by estate attorneys, OSC found all transactions were properly supported and no indicia of fraud.

⁹ The NYSBA SC Form JA-8 is a form for the Court titled Non-Trust Decree of Judicial Settlement that reports the accounting of each estate's transactions.

¹⁰ The County provided OSC laptops with read-only access to their New World general ledger system.

As an additional precautionary measure, OSC also confirmed the accuracy of the various estates' records maintained by the County. OSC examined files currently held by the County, as well as archived files; analyzed real estate documents, receipts and records from multiple agencies and the County Surrogate's Court; and interviewed relevant employees of the County concerning all of the estates reportedly closed from 2018 through 2022 and found no concerns.

2. Findings Regarding Upfront Estate Expenses

While not indicative of fraud, during the course of the examination, OSC found that the County paid certain costs related to an estate upfront, such as appraisals and legal services. Although County policy does not expressly authorize this practice and the SCPA Guidelines are silent on the matter, a local government's advancement of funds is not a best practice. Paying estate costs upfront, rather than distributing funds at the end of an estate's administration, requires the County to advance money it likely did not budget for and places the County at risk of not being reimbursed, therefore creating an unnecessary liability to the County.

C. Estate Vendor Selection

Some of the estates administered necessitated the County to hire vendors to perform services on behalf of the estate. For example, if a house for an estate needed to be painted, the administrator could hire a painter and pay that painter from the estate account. OSC received allegations that Gulnick selected and personally benefitted from the vendors hired by estates administered by the County. Interviews of County officials and employees along with OSC's review determined that there was no formal County policy for procuring vendors for estates, and there was no one clear process on how vendors were selected. The Director of Budget acknowledged SCPA Guidelines for appointed administrators of estates and specifically its conflict provision which admonishes that administrators must "avoid taking any action that may give rise to a conflict of interest or the appearance of impropriety." The Director of Budget also informed OSC that the County was in the process of working with the current Commissioner of Finance to create a policy regarding hiring vendors for estate purposes.

OSC forensically analyzed vendor payments for all of the estates reportedly closed from 2018 through 2022. There was no evidence of the selection of improper vendors or that payments from the estates were used to pay expenses that would personally benefit Gulnick. During the course of its examination, OSC found one set of vendor payments related to landscaping services provided to estates by a landscaping company owned by the spouse of Gulnick's Confidential Secretary. Through interviews and document review, OSC determined that the landscaping company had been providing lawn care services for estates managed by the County since at least 2009 – at least three years prior to Gulnick becoming Commissioner of Finance in 2012, and 12 years prior to the Confidential Secretary becoming involved with processing estates managed by the County. While there was no written disclosure of the Confidential Secretary's relationship, several County

employees were aware of her husband's business with the County. OSC also found no indication that Gulnick received any financial benefit from the contracts with the landscaping company. Based on the above, although this relationship should have been formally disclosed, at a minimum, OSC determined there was insufficient evidence to support an allegation of fraud.

1. Other Allegations Related to Estates

During the course of the investigation, additional complaints were lodged with the Ulster County Comptroller's Office by beneficiaries of open or closed estates handled by Gulnick. Each of the complainants was contacted and their concerns were fully investigated. To date, OSC has not found any fraud or misappropriation by Gulnick, or otherwise, in regard to estates. For example, one complaint alleged that \$100,000 was missing from an estate account. OSC Forensic Auditors and Investigators analyzed relevant bank and investment accounts, spoke with bank representatives and traced the purportedly missing \$100,000 to confirm that no money was improperly dispensed. Another allegation claimed that Gulnick was driving a Nissan Sentra that was an asset of an estate for which he was acting as the appointed administrator. OSC found that Gulnick had a Nissan Versa registered in his name prior to handling the estate. Although both Nissan models are somewhat similar in appearance, there was no evidence to support Gulnick's improper use of an estate asset.

D. Cash Theft

OSC received allegations regarding the potential theft of cash collections from departmental revenues, including theft from real property tax collections. While Gulnick, as Commissioner of Finance, was responsible for all cash collections for the County, OSC's investigation focused on two high risk areas that involved Gulnick's direct participation and access to cash: (1) parking lot fees for County offices and (2) real property tax installment collections.

1. County Parking Lot Fees

During the relevant time period, the County Building public parking lot was open Monday through Friday from 7:00 AM to 6:00 PM and staffed with employees split between two shifts: 7:00 AM to 12:30 PM and 12:30 PM to 6:00 PM. Both shifts utilized the same cash drawer. A cash fee for parking was charged based on the amount of time spent in the lot. Upon entry, time-stamped tickets were issued via an automated gate. Upon exit, tickets were handed to the attendant on duty. If there was no attendant on duty at the time of exit, the ticket was not collected and no money paid. Incremental fees were charged based on the entry time stamp and the time of exit. Although the official fee structure was clear, it was not universally applied. First, if a driver parked their vehicle and stayed until after the last shift had ended at 6:00 PM, that driver was able to exit without paying a parking fee or returning their ticket. Accordingly, the County did not collect parking fees for all tickets issued. Second, OSC further found that even during a shift, if a driver did

not have sufficient cash to pay the appropriate amount, the attendant had the ability to waive the full fee and accept partial payment. One of the parking attendants projected the potential loss in parking fees to the County as approximately 25%.

At the conclusion of the final shift, the parking attendant on duty counted the cash collected during both shifts and recorded the amount on a deposit slip. The cash was then placed in a cash box which was hand-delivered, along with the deposit slip, to either the Commissioner of Finance or the Deputy Commissioner of Finance. The Commissioner, or Deputy Commissioner, then transported the cash box to the Accountant in the Finance Office. OSC found that before the cash box reached the Finance Office, the counting, recording and handing off of the cash box was done on an honor system with no third-party review or oversight. The process also enabled multiple County employees to handle the cash before it was deposited.

Once the Accountant received the cash, he counted and compared it with the deposit slip prepared by the parking attendant. The cash was deposited into the bank and the deposit receipt was returned to an Assistant Accountant in the Finance Office, who created a journal entry. The Accountant validated this entry to ensure the amount deposited into the bank reconciled with the amount that was counted and recorded on the deposit slip from the parking attendant.

OSC's investigation further revealed that tickets collected during the two shifts were stored in garbage bags in the basement of the County offices. There was no reconciliation of the tickets collected and the cash submitted to the County prior to placing the tickets in the bags. Moreover, OSC was informed that multiple County employees had access to the area in which the garbage bags were stored. Given the lack of reliable and verifiable records, the attendant's ability to waive fees, and the inability to pinpoint who physically handled the cash collected, OSC was unable to confirm the number of parking tickets issued or the amount of money that should have been collected.

Overall, OSC found that although there were controls in place once the cash box reached Gulnick and the Finance Office, there was an utter lack of any internal controls or safeguards surrounding the collection of the cash and recording of fees charged and collected. Although OSC found no proof of fraud, the dearth of controls, compounded by the varying rates charged, poor securing of records and failure to separate duties in the collection process, prevented any meaningful review of these cash transactions and rendered it impossible to audit and definitively eliminate any possibility of fraud.

2. Real Property Tax Installment Collections

OSC examined Gulnick's role in connection with real property tax installment payments, which are agreed upon periodic partial payments between the County and the taxpayer. As part of the examination, OSC interviewed employees in the Finance Office, examined relevant records, and reviewed applicable policies and procedures. OSC found that while Gulnick was responsible for collecting real property tax payments, other County

tax employees ensured that the correct amount was collected and recorded in a digital filing system. OSC further found that during Gulnick's oversight of the collection of monies for real property tax installment plans, most payments were made by check, which diminished opportunities for fraud. After the payments were recorded, the payments were routed to the Accountant for additional counting before being placed in a safe. Once in the safe, the above-described procedure would be followed. The Accountant only recalled one error occurring, noting that \$380 was originally misplaced but that it was later discovered to have been mislaid in a drawer. The error was stated to have been immediately corrected and resulted in minor changes to internal controls to prevent the mistake from occurring again.

The County Comptroller's Office conducted its own review of tax receipt installments and found no evidence to support allegations that Gulnick misappropriated real property tax payments. The County Comptroller found, however, that Gulnick oversaw his brother's real property tax installment payment plan. As this transaction required more scrutiny, OSC performed a full review of those transactions. OSC similarly found no evidence of fraud regarding the installment plan.

3. Other Issues Reviewed

During the examination, OSC regularly interacted with the Ulster County Comptroller's Office, and as a result, reviewed many other areas of potential concern. These allegations were fully investigated, and no evidence was uncovered to support the allegations of fraud or warrant further review by OSC. When appropriate, the allegations were referred to outside entities, or back to the Ulster County Comptroller's Office for further review.

III. Recommendations

Recommendation 1:

All supervisory adjustments or entries to employee timesheets and/or hours worked should be adequately supported with appropriate documentation indicating the reason for the adjustment, entry or modification.

Recommendation 2:

Review and revise the Personnel Policy Manual section related to management accruals and payout calculations to ensure equal application of the policy throughout the County.

Recommendation 3:

Develop policies and procedures over the administration of estates. This should include recordkeeping and reporting requirements, disclosure of conflicts, and vendor procurement for the estates.

Recommendation 4:

Ensure that an estate file with sufficient supporting documentation is maintained for each estate administered by the County and disbursements from each estate, as well as commission revenues, if applicable, are properly reflected in the County's financial accounting system.

Recommendation 5:

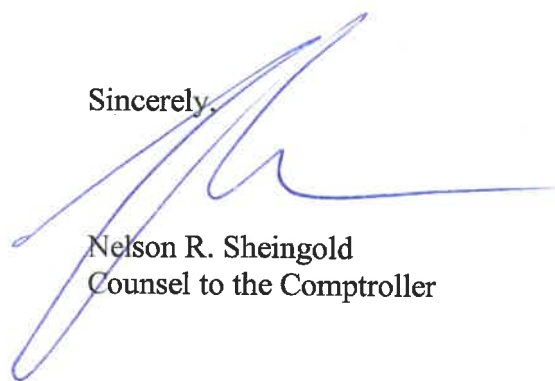
Review the policies and procedures for the collection of parking fees at the County parking lot to maximize revenue and safeguard cash.

Recommendation 6:

Ensure segregation of duties for all points of cash collection and reporting, including parking lot and real property installment payments.

Please provide a response to OSC's Recommendations no later than 30 days from December 5, 2024.

Sincerely,



Nelson R. Sheingold
Counsel to the Comptroller

Cc: Comptroller March Gallagher
District Attorney Emmanuel C. Nneji

