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December 21, 2012

Mr. Don Barber, Supervisor
Members of the Board of Trustees
Town of Caroline
2668 Slaterville Road
Slaterville Springs, NY 14881

Report Number: P4-12-32

Dear Supervisor Barber and Members of the Board of Trustees:

A top priority of the Office of the State Comptroller is to help local government officials manage resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Board of Trustees governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

In accordance with these goals, we conducted an audit of three counties and seven local governments within these counties. The objective of our audit was to determine whether local governments can reduce information technology (IT) costs and/or enhance their efficiency through cooperative services. We included the Town of Caroline (Town) in this audit. Within the scope of this audit, we examined the IT operations of Tompkins County, in which the Town is located, and determined whether there was any IT cooperation between Tompkins County and the Town for the period January 1, 2010, to August 8, 2011. In addition, we reviewed IT costs incurred by the Town during the same period.

This report of examination letter contains our findings and recommendations specific to the Town. We discussed the findings and recommendations with Town officials and considered their comments, which appear in Appendix A, in preparing this report. Town officials generally agreed with our findings and recommendations and indicated they plan to initiate corrective action. At the completion of our audit of the three counties and seven local governments within them, we prepared a global report that summarizes the significant issues we identified at all of the units audited.

Background and Methodology

The Town is located in Tompkins County (County). Its budgeted operating expenditures totaled \$1.9 million in 2011, which were funded primarily through real property taxes and State and Federal aid. The Town is governed by a five-member Board of Trustees (Board). The Board's primary function is to provide general oversight of Town operations to ensure that necessary services are provided to Town residents.

The County IT Department (Department) has 10 employees and had a budget of approximately \$1.1 million in 2012. The Department provides IT support to law enforcement and software programs to five other local governments in the County and provides central dispatching software and support to all police agencies in the County. The Department also shares geographic information system (GIS) software with the City of Ithaca and will soon allow other local governments to access its document indexing software. The Town does not currently have a need for any of the services listed previously. However, the Town could benefit from IT cooperation with the County for other IT services, such as general IT support and anti-virus licenses, which the Department does not currently provide to its local governments.

We reviewed IT costs incurred by the Town for the period January 1, 2010, to August 8, 2011. In addition, we examined the IT operations of the County and determined whether there was any IT cooperation between the Town and County during the same period.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit is included in Appendix B of this report.

Audit Results

It is essential for local governments to provide necessary services in a cost-effective manner by actively seeking opportunities to cut costs, which includes the pursuit of intermunicipal cooperation. Centralized IT resources provide security for and easier access to relevant information, so that local government operations can be more effective and efficient. Intermunicipal cooperation can also leverage the advantages of shared IT services and help lower costs in the related areas of support services and software purchasing. Local governments within the County often use the same types of software; these similar business functions lend themselves to centralization. With one processing point housing the data and providing the software, the local governments benefit from economies of scale by sharing costs of equipment and services. For example, one county in our review (Schoharie County) provides 10 applications to 33 local governments and affiliates, and IT support to all towns and villages within its borders, at no cost.¹

The Town paid various vendors approximately \$17,600 in IT-related costs during our audit period, which included IT support, software and computer equipment purchases, annual

¹ The applications include county clerk software, document indexing, dog licensing, governmental contacts, municipal backup, public announcements, tax collection software, web-based utility billing software, stand-alone utility billing software, and web hosting.

maintenance fees, web hosting, and anti-virus licenses. Approximately \$7,800 of these costs were non-recurring costs related to financial software purchases, and the remaining \$9,800 reflected IT costs associated with the two fiscal years covered during our audit period. We determined there would be nominal savings at this time for the Town if the County offered IT support and anti-virus licenses; however, these savings represented 49 percent of the Town's IT support costs and 54 percent of the Town's anti-virus license costs. Nonetheless, the possible aggregate savings could be greater with the potential expansion of intermunicipal cooperation between the County and its local governments. (Due to the vastly different needs of each local government and the complexities of different applications, a specific dollar savings could not be calculated for other types of applications and services.)

Town officials were not aware of any intermunicipal IT services available at the County. According to the County's IT Director, the Department would need additional staffing resources to provide IT support and applications to more local governments in the County. (Our review did not include a determination of whether additional staff and associated costs would be necessary.) Nonetheless, the potential opportunities that exist for intermunicipal cooperation for IT services between the County and the Town can increase efficiency and enable greater public awareness and ease of access to government information. By sharing the costs of equipment and services, local governments can provide improved functionality and dissemination of information to their taxpayers and other parties.

Recommendation

1. The Town should engage in discussions with the County to determine if the County could provide certain IT services, such as:
 - County-provided IT support
 - County-provided anti-virus licenses.

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 forwarded to our office within 90 days, pursuant to Section 35 of the General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make this plan available for public review in the Town Clerk's office.

Sincerely,

Steven J. Hancox
Deputy Comptroller
Office of the State Comptroller
Division of Local Government
and School Accountability

APPENDIX A

RESPONSE FROM TOWN OFFICIALS

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



TOWN OF CAROLINE
P O Box 136
Slaterville Springs, NY 14881

Don Barber, Supervisor
(607) 539-3395

June 26, 2012

Mr. H. Todd Eames
Chief Examiner
Binghamton Regional Office
State Office Building Room 1702
44 Hawley Street
Binghamton, New York 13901-4417

RE: Report Number: P4-12-32 Technology Audit

Dear Mr. Eames:

This letter represents our preliminary response to the draft audit P4-12-32 and exit interview conducted on June 6. A corrective action plan will follow after Board approval.

We find the audit to be accurate and we are in agreement with the recommendation that the town explore opportunities for inter-municipal collaborations which may result in cost savings. Our corrective action plan will detail our plans for exploring such opportunities.

Thank you for your efforts to ensure that local governments are operating efficiently and that taxpayer dollars are being spent wisely.

Sincerely,

Don Barber
Supervisor, Town of Caroline.

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to evaluate whether intermunicipal cooperation for IT services between the County and the Town would result in cost savings. 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.

- We interviewed Town officials to gain an understanding of the type of IT services received from the County and obtain background information on the Town's IT operations.
- We reviewed the Town's 2011 adopted budget to document the Town's total budgeted expenditures and reviewed expenditure reports and invoices for the period January 1, 2010, to August 8, 2011, to determine the total amount the Town spent during our audit period for IT-related costs.
- We reviewed 2010 and 2011 salary data to determine the cost-per-hour of the County IT position that would provide support, if offered by the County, by taking annual salaries and dividing by 26 pay periods and 80 hours per pay period.
- We calculated the support savings that the Town could realize by taking the hourly cost for the County to provide support and multiplying by the total number of hours of IT support that the Town received from vendors during the audit period. We then subtracted this number by the total amount spent by the Town for IT support during the audit period.
- We reviewed invoices and vendor history reports to determine the cost-per-anti-virus license for the County. We then subtracted the cost-per-anti-virus license of the County from the cost-per-license incurred by the Town and multiplied this number by the total number of anti-virus licenses used by the Town to determine the amount of anti-virus license savings that the Town would realize.