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December 21, 2012

Ms. Rose Sotak, Deputy Supervisor  
Members of the Board of Trustees  
Town of Union  
3111 East Main Street  
Endwell, NY 13760

Report Number: P4-12-34

Dear Deputy Supervisor Sotak 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 Union (Town) in this audit. Within the scope of this audit, we examined the IT operations of Broome County, in which the Town is located, and determined whether there was any IT cooperation between Broome 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 Broome County (County). Its budgeted operating expenditures totaled \$17.8 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 32 employees and had a budget of \$5.2 million in 2012. The Department provides central dispatching software and support to all police agencies in the County and houses and supports the centralized fingerprinting database for more than 70 agencies in Broome and surrounding counties. The Town does not currently have a need for any of the services listed above. However, the Town could benefit from IT cooperation with the County for other IT services, such as general IT support, anti-virus licenses and web hosting services, 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.<sup>1</sup>

The Town paid various vendors approximately \$135,000 for IT-related costs during our audit period, which included IT support, software and computer equipment purchases, annual maintenance fees, data backups, web hosting, and anti-virus licenses. The Town could have

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<sup>1</sup> 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.

saved approximately \$14,300, or 66 percent<sup>2</sup> of the Town's associated costs, on IT support,<sup>3</sup> anti-virus licenses,<sup>4</sup> and web hosting services<sup>5</sup> if it had used the County for these services. 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
  - County-provided web hosting.

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.

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<sup>2</sup> The Town paid \$21,534 during our audit period for IT support, anti-virus licenses, and web hosting services (\$14,300 divided by \$21,534).

<sup>3</sup> We multiplied the actual hours of IT support used by the Town during the audit period by the average hourly wage for the County employee that would provide IT support services. We then subtracted this number from the total cost paid by the Town for IT support during the audit period.

<sup>4</sup> We compared the actual cost-per-anti-virus license paid by the County to the actual anti-virus license cost paid by the Town in 2010.

<sup>5</sup> We subtracted the actual fee charged by the County to provide another local unit with web hosting services from the actual costs paid by the Town for web hosting services.

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 union

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Rose A. Sotak  
Deputy Supervisor

July 5, 2012

Office of the State Comptroller  
Division of Local Government and School Accountability  
Binghamton Regional Office  
H. Todd Eames, Chief Examiner  
State Office Building, Room 1702  
44 Hawley Street  
Binghamton, NY 13901-4417

Re: Town of Union  
Information Technology Services  
Report Number: P4-12-34

Mr. Eames,

Please consider this correspondence a combined response and corrective action plan to the information technology (IT) services audit of the Town of Union. The Town of Union greatly appreciates the time and effort of the Comptroller's office and employees in reviewing the IT services and making recommendations to reduce costs and/or enhance its efficiencies through cooperative services with Broome County.

The report raises awareness on behalf of the Town Board with respect to the advantages of shared IT services, potential cost reductions in the related areas of support services, and software purchasing through inter-municipal cooperation. The report acknowledges that Broome County's IT Department does not currently provide IT services that would benefit the Town, such as general IT support, anti-virus protection and web-hosting services. The Town of Union has an excellent relationship with Broome County Administration and will engage in discussions with the County to determine if sharing such services can improve functionality and provide cost savings to the taxpayers.

This response and corrective action plan will be approved by the Town of Union Board on July 18, 2012. Again, thank you for your courtesy and advice with respect to the Town's IT services. The Town of Union will continue to investigate its operations in order to assure the highest level of service to its community.

Respectfully Submitted,

Rose A. Sotak  
Deputy Supervisor

## **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.
- We reviewed an intermunicipal agreement between the County and the City of Binghamton to determine the amount the County would charge for providing web hosting services. We then subtracted this number from the amount paid by the Town to determine cost savings.