

Village of New Hempstead

Clerk-Treasurer's Duties

JANUARY 2019



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Village of New Hempstead

Audit Objective

Determine whether the Village Clerk-Treasurer (Clerk-Treasurer) properly managed cash receipts and disbursements and performed her duties in accordance with statutes.

Key Finding

- The Board engaged the services of a Certified Public Accountant (CPA) to perform duties that the Clerk-Treasurer was required to perform by New York State Village Law (Village Law) and General Municipal Law (GML).

Key Recommendation

- The Board should ensure that the Clerk-Treasurer performs duties such as maintaining general ledger cash accounts as required.

Village officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

Background

The Village of New Hempstead (Village) is located in the Town of Ramapo in Rockland County. The Village is governed by a Board of Trustees (Board) composed of a mayor and four trustees. The Board is the legislative body responsible for the general management and control of financial affairs.

The Clerk-Treasurer is the chief fiscal officer and is responsible for preparing and maintaining the accounting records and reports.

Quick Facts

Village Area	2.8 square miles
Full-Time Employees	2
2018 Village Budget	\$1.2 million
Total Fiscal Year 2017 Disbursements	\$1.5 million

Audit Period

January 1, 2017 – March 6, 2018

Clerk-Treasurer's Duties

What Are the Clerk-Treasurer's Duties?

Village Law and GML require a treasurer (or a clerk-treasurer) to keep a complete and accurate account of the receipts and disbursements of all funds.¹ For example, all general ledgers, cash receipts and disbursements journals and subsidiary revenue and appropriation ledgers must be maintained in a complete, accurate and timely manner. A clerk-treasurer should perform monthly reconciliations of control accounts to subsidiary records and cash to adjusted bank balances and ensure that inter-fund advances are in balance to identify and resolve any discrepancies in a timely manner. A village may engage a consultant to advise and assist a clerk-treasurer in her duties including keeping accounts of all receipts and expenditures in conformance with a uniform system of accounts formulated and prescribed by the State Comptroller. However, these services should be advisory in nature.

The Clerk-Treasurer Did Not Perform Her Duties in Accordance with Village Law and General Municipal Law

The Board engaged the services of a CPA to provide the following financial advisory services related to the processing and recording of cash for the Village:

- Maintain the general ledger.
- Prepare monthly bank reconciliations.
- Prepare monthly financial statements designed to meet the needs of the Village Board.

Our review of Village financial records indicated that the above services, such as maintaining the general ledger cash accounts, were not advisory but that the CPA actually performed these activities with little or no oversight from the Clerk-Treasurer. While it is acceptable for the Clerk-Treasurer to obtain advice when performing her duties as the Village's chief fiscal officer, she is responsible for the Village's financial operation and should have a complete understanding and approval of the Village's financial records and reports.

We tested the processing and recording of the following for 2017:

- All 1,380 tax payments totaling \$378,977.
- All 224 miscellaneous cash receipts totaling \$218,448.
- All 504 general fund checks totaling \$1,529,164.

¹ Village Law, Section 4-408 and GML, Section 36

We identified immaterial inconsistencies in the processing and recording of receipts and disbursements which were discussed with Village officials.

The Clerk-Treasurer told us the Board obtained the services of the CPA because of her limited financial background. She also told us that she has not attended the accounting training offered by the State Comptroller's office or participated in other training that would have enabled her to maintain the books and records. Additionally, because the CPA firm is keeping the Village records instead of advising the Clerk-Treasurer how to record transactions, she has not learned to keep the financial records of the Village. By having the CPA perform Village accounting functions with little or no oversight, the Clerk-Treasurer, as chief fiscal officer, is not complying with Village Law and GML requirements for her to keep accounts of all receipts and expenditures.

What Do We Recommend?

1. The Board should require the Clerk-Treasurer to attend appropriate training to learn how to maintain the Village's financial records.
2. The Board should ensure that the Clerk-Treasurer performs her financial duties such as maintaining general ledger cash accounts as required by Village Law and GML.

Appendix A: Response From Village Officials



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Village of New Hempstead

Office of the State Comptroller
Local Govt & School Account

Mayor

Abe Sicker

December 12, 2018

Deputy Mayor

Shalom Mintz

Tenneh Blamah

Chief Examiner of Local Government & School Accountability

Office of the State Comptroller

110 State Street

Albany, New York 12236

Trustees

Adam Reich

Moshe Schulgasser

Jennifer Eisenstein

Village Clerk-Treasurer

Carole Vazquez

Re: Exit Report Meeting

Deputy Village Clerk- Treas.

Allison Weinraub

Dear Ms. Blamah:

I would like to thank [REDACTED] for coming in and meeting with myself and my Clerk to go over our exit report. I agree with the recommendations made and will promptly take corrective action.

[REDACTED] made our audit a pleasant experience eliminating the stress that usually comes with an audit.

Village Attorney

Bruce Minsky

Sincerely,

Building Inspector

Ian Smith

Code Enforcement Officer

Stephen Janis

Avrohom Sicker

Mayor

Fire Inspector

Town of Ramapo

Village Planner

John Lange

Village Engineer

Glenn McCreedy

Special Engineer

Andrew Fetherston

108 Old Schoolhouse Road New City, New York 10956 PH. 845-354-8100 FAX. 845-354-7121

Appendix B: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed Village officials to gain an understanding of the Village's cash policies and procedures.
- We reviewed Village Law and GML to identify the Clerk-Treasurer's responsibilities as Treasurer.
- We interviewed the CPA providing financial advisory services to the Village and reviewed accounting records and reports prepared by the CPA to gain an understanding of the services provided.
- We reviewed the Board resolution approving the financial advisory services of the CPA and the contract stipulating the services to be provided.
- We selected all 1,380 tax payments totaling \$378,977 received in 2017 and traced amounts to cash receipts journal, deposit slips, bank statements and bank reconciliations to determine whether they were properly accounted for.
- We selected all 224 miscellaneous cash receipts totaling \$218,448 in 2017 and traced amounts to cash receipts journal, deposit slips, bank statements and bank reconciliations to determine whether they were properly accounted for.
- We selected all 504 general fund checks totaling \$1,529,164 issued in 2017 and traced amounts to approved abstracts, cash disbursement journal, bank statements and bank reconciliations to determine whether they were properly accounted for.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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.

A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and provided to our office within 90 days, pursuant to Section 35 of 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 the CAP available for public review in the Clerk-Treasurer's office.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/localgov/costsavings/index.htm

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/localgov/planbudget/index.htm

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/localgov/finreporting/index.htm

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/localgov/researchpubs/index.htm

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/localgov/academy/index.htm

Contact

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