

Town of Geddes

Account Clerk's Salary and Benefits and Cash Disbursements

JANUARY 2020



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

Contents

- Report Highlights 1**

- Account Clerk’s Salary and Benefits 2**
 - How Should the Supervisor Ensure Clerk Salary and Benefits Are Accurately Paid?. 2
 - The Clerk Was Paid Benefits to Which She Was Not Entitled 2
 - The Supervisor Did Not Review the Clerk’s Time and Leave Records 5
 - What Do We Recommend? 6

- Cash Disbursements. 7**
 - How Should the Board Audit and Approve Claims? 7
 - The Entire Board Did Not Audit and Approve Claims 7
 - What Are Effective Controls Over the Payroll Vendor? 8
 - Officials Allowed a Vendor to Directly Access the Bank Account 8
 - What Do We Recommend? 9

- Appendix A – Response From Town Officials 11**

- Appendix B – Audit Methodology and Standards 15**

- Appendix C – Resources and Services. 17**

Report Highlights

Town of Geddes

Audit Objective

Determine whether the salary and benefits paid to the account clerk (clerk) were accurate and authorized.

Determine whether the Board and Supervisor provided adequate oversight over cash disbursements.

Key Findings

- The clerk received \$6,000 in inappropriate health insurance buyout payments for 2017 and 2018 while the Town paid for her health insurance coverage totaling \$30,876 from April 2017 through July 31, 2018.
- The clerk did not withhold the required health insurance premium contributions from her pay, totaling \$2,875 and received an unauthorized retroactive buyout payment of \$2,000 for 2016.

These matters were referred to the Onondaga County District Attorney's Office. In April of 2019, the clerk was arrested for grand larceny in the third degree, falsifying business records in the first degree and official misconduct. The case is currently pending in court.

- The Supervisor did not regularly review and approve the clerk's time records; therefore, she received overtime pay totaling \$13,129 that was not approved in advance.
- The Board did not audit and approve claims.

Key Recommendations

- Continue to work with law enforcement to recover any funds due to the Town.
- Perform a thorough and deliberate audit of claims.

Town officials agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

Background

The Town of Geddes (Town) is located in Onondaga County. The Town is governed by a seven-member Town Board (Board) composed of six Board members and a Supervisor. The Board is the legislative body responsible for general management and control of financial and operational affairs. The Supervisor serves as the chief financial officer and oversees an account clerk (clerk) whose duties included entering payroll information into a payroll system and processing accounts payable.

Town officials put the clerk on administrative leave in early September, 2018 and officially removed her from her work duties in November 2018.

Town officials contract with a vendor who provides payroll processing services.

Quick Facts

2018 Appropriations	\$10 million
Population	16,600
Employees	100

Audit Period

January 1, 2017 – March 31, 2018. We extended our audit period back to May 1, 2016 and forward through July 31, 2018 to review the clerk's salary and benefits.

Account Clerk's Salary and Benefits

The clerk is a full-time employee who reports directly to the Supervisor. The clerk is covered by a collective bargaining agreement (CBA) for office and technical staff.

How Should the Supervisor Ensure Clerk Salary and Benefits Are Accurately Paid?

The Supervisor should implement procedures to ensure that the salary and benefits paid to the clerk are in accordance with the CBA, which contains formal rules for the earning, accruing and using of leave time. Procedures should include approving overtime and compensatory time in advance of being earned, and reviewing and approving time records before payrolls are processed. The Supervisor should routinely review the clerk's payroll payments, withholdings and leave records to ensure they are accurate and supported.

The Town offers health and dental insurance coverage to full-time employees covered by the CBA. Employees who opt for coverage are required to pay 10 percent of the health insurance premium cost. The CBA provides that employees who waive the health insurance benefit are eligible for a health insurance buyout payment of \$3,000 for family coverage or \$1,500 for single coverage. To receive the buyout payment, employees must notify the Town in writing by December 1 each year that they elect not to participate in Town's health insurance plan next year.¹

The Supervisor should establish procedures to ensure that the clerk meets the written eligibility requirements before receiving a health insurance buyout payment and that such a payment is not made when the clerk is covered by the Town's health insurance plan. Proper oversight of a clerk's work is especially important when the clerk has a significant role in processing payrolls, administering health benefits and maintaining leave records.

The CBA provides that when employees work more than thirty-five hours during the normal workweek, they will receive compensatory time or overtime pay at the option of the employee at the rate of one and one-half times the overtime hours worked. Overtime must be approved in advance by the Department Head and employees may accrue a maximum balance of forty (40) hours of compensatory time.

The Clerk Was Paid Benefits to Which She Was Not Entitled

The clerk enters new employees' information, pay rates, and time worked into the payroll system.² The clerk is also responsible for enrolling employees in the health

¹ The Town provides employees with a waiver form they can use to document their election to waive the Town's health insurance coverage.

² The system is maintained by the vendor who Town officials contract with for payroll processing services.

insurance plan, reporting changes to the health insurance company (e.g., adding or deleting dependents) and withholding premium contributions from employees' pay. The Supervisor did not provide sufficient oversight and review of the clerk's payroll and leave records to ensure that she received only those benefits to which she was entitled.

Health Insurance Buyouts – The clerk adds the annual employee health insurance buyout payments to the payroll system in January each year. Although these payments are reflected in the payroll registers, there is no procedure in place for the Supervisor or another Town official to review and approve the proposed buyout payments and verify employees' eligibility for the payments before the clerk enters them into the system.

We found that the clerk received inappropriate health insurance buyout payments totaling \$6,000 for 2017 and 2018. She also received a questionable buyout payment of \$2,000 for 2016 that was not authorized by the Board.

The clerk began employment on May 2, 2016 and did not enroll in the health insurance plan during that year. In March 2017, the clerk included a retroactive buyout payment of \$2,000 in her paycheck for the eight-month period for which she did not elect family coverage during 2016. However, the CBA does not include any provisions allowing employees to receive a buyout payment for a partial year or a retroactive payment for a prior year. The account clerk was not employed by the Town on December 1, 2015 and therefore did not appear to be eligible for the payment.

The clerk told us that she added the March 2017 retroactive payment to the payroll for herself, and two other employees based on a union grievance, which pertained to an employee who received a similar retroactive payment in 2012. One employee, hired in February 2017, waived coverage for 2017 and received a partial year buyout payment of \$2,625. The other employee, hired in November 2016, waived coverage for 2016 and received a partial year buyout payment of \$375.

These proposed payments should have been brought to the Board for consideration and approval. However, the Supervisor told us that the clerk did not inform him that she was making these payments and did not request Board approval.

The clerk also received a \$3,000 buyout payment in January of 2017 for waiving family health insurance coverage for 2017. She subsequently enrolled for family coverage in the Town's health insurance plan beginning April 2017 and received coverage through the remainder of the year.

The account clerk told us that she enrolled in the Town's health insurance plan due to a qualifying condition. Although she received family health coverage for

three quarters of 2017, she did not reimburse the Town for any of the \$3,000 payment she received for waiving coverage that year.

The clerk paid herself another \$3,000 buyout payment on January 19, 2018 for 2018 that she was ineligible to receive because she continued receiving Town health insurance coverage through July 2018, the end of our audit period, absent the knowledge of Town officials. After we inquired about the clerk's eligibility for the buyout, she approached the Supervisor (in July 2018) and made arrangements to pay back the \$3,000 buyout in \$82 installments through payroll deductions.³ Town officials put the clerk on administrative leave in early September, 2018 and officially removed her from her work duties in late November 2018.

Health Insurance Contributions – The clerk received health insurance benefits from the Town from April 1, 2017 through July 31, 2018 totaling \$30,876 for family coverage. Our review of payrolls showed that she did not start withholding the required 10 percent premium contributions from her pay until the July 20, 2018 pay date, after we inquired about her buyout payment.⁴ As a result, the clerk did not pay \$2,875 she owed for her share of the premium costs during our audit period.

In addition, the clerk falsely reported premium contribution deductions from her pay on a supplemental spreadsheet she prepared and attached to the monthly health insurance claims given to the Supervisor for review. The spreadsheet listed each subscriber receiving benefits, corresponding costs to the Town and the amount of employee deductions (withholdings). Although the clerk showed deductions from her pay on the spreadsheets, she did not actually withhold the premium contributions from her pay until July 2018, after we began reviewing her health insurance coverage.

The Supervisor told us that he reviews the payrolls to identify excessive overtime and recognizes employees who are receiving buyouts, but does not compare the employees receiving buyouts to the health insurance bill claims to ensure they are not listed as subscribers. He also told us that he would not have questioned the clerk's buyout in the payrolls since no premium deductions were withheld.

These matters were referred to the Onondaga County District Attorney's Office. In April of 2019, the clerk was arrested for grand larceny in the third degree, falsifying business records in the first degree and official misconduct. The case is currently pending in court.

³ The first installment was deducted from the clerk's August 3, 2018 paycheck.

The Supervisor Did Not Review the Clerk's Time and Leave Records

The clerk maintains electronic spreadsheets to track employees' leave earned, used and the related leave balances, including her own.

Overtime and Time Records – The clerk was paid for 509 hours of overtime during the audit period, totaling \$13,129 that was not approved by the Supervisor in advance of earning overtime as required by the CBA. In addition, the Supervisor did not review and approve the clerk's time records from the July 21, 2017 payroll through July 31, 2018.

As a result, the Supervisor has little assurance that the overtime paid was justified and whether the regular and overtime hours were properly earned. The Supervisor told us that not preapproving the clerk's overtime or reviewing her time records was an oversight.

In addition, the clerk used a computerized program to record, by use of a hand-scan, her starting work time, ending time and hours worked each day. The clerk provided us with an adjustment report from this program, which shows she routinely makes adjustments to her time records. She told us that she makes necessary adjustments for instances such as clocking in before her starting time, working through lunch, inadvertently forgetting to clock in and when working away from the Town offices.

The Supervisor told us that he was aware the clerk made adjustments to her time records for these reasons, but did not review the adjustment reports to ensure the changes were reasonable and contained adequate explanations.

We reviewed the clerk's regular and overtime pay totaling \$83,187 that was received during the audit period to determine whether the pay rates were authorized, overtime rates and hours were accurately calculated and the amounts paid were supported by records of time worked. Other than minor discrepancies, which we discussed with the Supervisor, we did not find any discrepancies in the amount paid the clerk.

Leave Records – We reviewed the account clerk's leave records for the audit period and found that she was paid for 33 hours of sick leave, valued at \$566, that were not deducted from her leave records. She was also paid for 16 more vacation hours, valued at \$281, than was allowed in the CBA during 2017. In addition, the clerk's record of time worked showed that she earned seven hours of compensatory time that was not added to her accrued leave record.

Compensatory Time – The clerk exceeded the maximum amount of compensatory time allowed to be earned. While the CBA allows a maximum of 40 hours, leave records showed that the clerk's compensatory balances were as high as 97 hours

in 2017 and 78 hours in 2018. The Supervisor told us that it was an oversight on his part in not reviewing her leave records.

Had the Supervisor regularly reviewed the clerk's time or leave records, the errors and irregularities we identified may have been detected and corrected.

What Do We Recommend?

The Board should:

1. Continue to work with law enforcement to recover any funds due to the Town.
2. Consider modifying future CBAs to require health insurance buyout payments to be made at year-end or on a biweekly basis rather than at the beginning of the year to reduce the need to recoup payments if an employee's eligibility changes during the year.

The Supervisor should:

3. Verify the accuracy and eligibility of the clerk's pay.
4. Provide an independent review of buyout payments to verify eligibility before those payments are made.
5. Approve the clerk's compensatory and overtime earnings in advance, as required by the CBA.
6. Review the clerk's time records to ensure overtime pay is justified and that regular and overtime hours are properly earned.
7. Review the clerk's leave records to ensure paid leave is properly deducted from her balances, more leave was not taken than earned and ending balances do not exceed maximums as stipulated in the CBA.

Cash Disbursements

How Should the Board Audit and Approve Claims?

With limited exceptions, New York State Town Law (Town Law)⁴ requires the board to audit and approve all claims against the town before payment. For towns that have appointed a town comptroller, the comptroller assumes responsibility for the audit and approval of all claims. When no comptroller has been appointed, Town Law⁵ requires the board to audit all claims against the town and, by resolution, order the supervisor to pay the amounts allowed.

The proper audit of each claim is intended to determine whether the proposed payment is appropriate and complies with town policies. The audit process verifies that the claim is sufficiently itemized to indicate the nature of the purchase, the purchase is for a valid and legal purpose, was properly authorized and approved and the goods or services were received.

Board minutes should reflect the claims that have been audited by the board and specify whether any claims were allowed or disallowed, in whole or in part. The resolution to be adopted by the board should be sufficiently detailed to provide, by fund, the exact claims or sequence of claim numbers audited and approved and the dollar value.

The Entire Board Did Not Audit and Approve Claims

The former Town Comptroller (Comptroller) audited and approved claims up to the time she resigned on February 1, 2017. At that time, the Board did not appoint another Comptroller and became responsible for the audit and approval of claims.

Town officials told us that the entire Board did not audit the claims and approve them for payment. Instead, the Supervisor audited the claims and signed the abstract to document approval of claims for payment. When the entire Board does not audit and approve claims, the Town is missing a required internal control over the disbursement process because there is no independent review and authorization of claims paid by the Supervisor.

We reviewed 152 claims totaling \$528,970 to determine whether claims were audited before payment, supported by adequate documentation, included evidence that the goods or services were received, were for legitimate purposes, mathematically accurate and in accordance with Town policies. While all these claims were for legitimate purposes, our testing disclosed the following:

⁴ The Board may, by resolution, authorize payment in advance of audit for claims for public utility services, postage, freight and express charges. However, the Board must audit any such claims at its next regular meeting (New York State Town Law, Section 118).

⁵ New York State Town Law, Section 119

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- 14 claims totaling \$12,952 contained no evidence that goods or services were actually received. About 50 percent of these claims, or \$6,325 pertained to information technology support services and \$1,577 related to legal fees.
 - Twelve claims totaling \$3,408 did not contain any supporting documentation. However, we were able to obtain supporting documentation for seven claims totaling \$2,816 from department heads.
 - Three claims, totaling \$611, were paid before audit. However, the Supervisor audited these claims more than four months after the claims were paid.

When claims do not include evidence of receiving the goods or services and lack adequate supporting documentation or are audited long after payment is made, there is an increased risk that claims could be paid for goods or services not received, unsupported charges or for charges that are not for valid purposes.

What Are Effective Controls Over the Payroll Vendor?

The Supervisor, as chief fiscal officer, is generally responsible for the disbursement of all money, including making electronic payments and signing checks. Town officials may engage the services of a vendor to perform certain payroll preparation functions but may not delegate the custody of town funds and disbursement duties to that vendor.

Both New York State General Municipal Law, Section 93-d and New York State Banking Law, Section 96-b allow towns to contract with banks to deposit payroll money and subsequently disburse such funds. However, there is no similar authority for allowing towns to enter contracts with other private firms for depositing and disbursing payroll funds, accessing town bank accounts and transferring funds to the firm's own account for payroll. In addition, an electronic signature should be used only by the individual whose name it reflects or under that person's direct supervision.

As a good business practice, an individual independent of the payroll process should review (certify) payroll disbursements reports after the processing is complete and before the payments are disbursed. The Board should also require all vendors to submit detailed invoices in a timely manner that show fees charged for services provided.

Officials Allowed a Vendor to Directly Access the Bank Account

The Town contracts with a third-party vendor (vendor) for payroll services. This vendor has access to the Town's main (operating) bank account. After the clerk processes the payroll, the vendor directly withdraws the funds from the Town's bank account for direct deposit disbursements to employees, respective taxing

authorities and its own fees. The Supervisor told us that, because the vendor's contracts were initiated by the former Supervisor, he was unaware of the agreed-upon contract terms.

The vendor also had full control of the Supervisor's electronic signature and affixed it to paper payroll checks that were not directly deposited into employees' bank accounts. As a result, the vendor had access to significant funds in the Town's main operating bank account because the Town's primary revenues are deposited in this account during the year and the account balance reached nearly \$9.3 million during our audit period.

During our audit period, the vendor initiated electronic withdrawals totaling \$3.3 million from the Town's bank accounts for employee direct deposits and payroll withholdings and \$16,627 in vendor fees. The vendor also affixed the Supervisor's signature to 1,404 payroll and associated withholding checks totaling \$1.2 million.

We reviewed all payroll-related electronic withdrawals and check disbursements totaling \$682,049 for two months during our audit period to determine whether the amounts withdrawn and issued by the vendor agreed to certified payrolls and fees indicated in the vendor's contract. We also reviewed payroll-related disbursements for eight employees and the Supervisor totaling \$14,486 made during one pay period to determine whether the amounts withdrawn from the bank account by the vendor agreed with Board approved pay rates for employees and hours worked as documented in time records and found no discrepancies.

Even though all the payroll disbursements made by the vendor agreed to payrolls certified by the Supervisor, the Supervisor typically reviewed the payrolls after funds were already disbursed. Therefore, this review would not detect any unauthorized or inaccurate payments before they are made.

In addition, the Supervisor did not review the vendor's invoices for the services as part of the claims audit process and he was not familiar with the contract terms. As a result, Town officials have no assurance that the fee amounts paid were correct and for the agreed-upon services.

Further, allowing the vendor direct access to the Town's operating account and the ability to affix the Supervisors' signature to checks creates additional risk for inappropriate transactions to occur.

What Do We Recommend?

The Board should:

8. Perform a thorough and deliberate audit of claims.
9. Ensure that claims contain sufficient supporting documentation before approving them for payment.

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10. Pass resolutions that specify the claims approved and ensure all such resolutions are specific enough to identify the claims approved for payment by fund, the exact claims or sequence of claim numbers audited and approved and the dollar value.
 11. Discontinue allowing third-party vendors access to Town bank accounts.
 12. Ensure payrolls are reviewed (certified) before payment.

The Supervisor should:

13. Control his signature when it is applied to Town checks.
14. Ensure invoices provided by the payroll vendor agree with the contract fee schedule and present them to the Board for audit and approval.

Appendix A: Response From Town Officials



Town of Geddes

1000 Woods Road
Syracuse, NY 13209
Phone: (315) 468-3600

Office of the New York State Comptroller
Division of Local Government & School Accountability
PSU- CAP Submission
110 State Street, 12th Floor
Albany, NY 12236

Town of Geddes
Account Clerk's Salary and Benefits and Cash Disbursements
2019M-56

We, the Town Council of the Town of Geddes agree with the findings conducted by the NYS Comptroller's Office. The audit period that was covered in the report is for January 1, 2017 through March 31, 2018. The audit period was then extended May 1, 2016 and forward through July 31, 2018 to review the clerk's salary and benefits.

For each recommendation included in the audit report, the following is our corrective actions taken or proposed. For recommendations where corrective action has not been taken or proposed, we have included the following explanations. This audit response also serves as the Town of Geddes corrective action plan (CAP).

Audit Recommendation:

1. Continue to work with law enforcement to recover any funds due to the Town.

Implementation Plan of Action(s):

The Town Board agrees with this finding.

Over the course of the 6 to 8 months, the Supervisor has frequently contacted the Onondaga District Attorney's office for an update on the accounting clerk case, in effort to determine if funds due to the Town will be recovered, and to inform Civil Service of a position opening.

Audit Recommendation:

2. Consider modifying future CBAs to require health insurance buyout payments to be made at year-end or on a biweekly basis rather than at the beginning of the year to reduce the need to recoup payments if an employee's eligibility changes during the year.

Implementation Plan of Action(s):

The Town Board agrees with this finding.

The Town Supervisor has requested that the collective bargaining agreements will be revised with recapture provisions, and depending on the employment start, the buyout payments would be pro-

rated. There would also be a statement of repayment of buyout that would be taken out of final paycheck if there is a change in employment status and/or coverage. In review of the 2019 fiscal year has been conducted by Finance Committee, comprised of the Town Supervisor and a Town Council members and there was no discrepancies with any other employee's health insurance buyout payments or deductions. The audit for the upcoming 2020 fiscal year will be conducted with the Town Manager and Finance Committee.

Audit Recommendation:

3. Town Supervisor should verify the accuracy and eligibility of the clerk's pay.

Implementation Plan of Action(s):

The Town Board agrees with this finding.

The verification of timesheets has started in 2018 upon appointment of the Town Supervisor and has occurred to date since this specific issue has surfaced. The Town Council approved the hire of a Town Manager in 2019, whom additionally reviews the payroll and the account clerk's payroll entries.

Audit Recommendation:

4. Provide an independent review of buyout payments to verify eligibility before those payments are made.

Implementation Plan of Action(s):

The Town Board agrees with this finding.

The Finance Committee was established in 2018, comprised of the Town Supervisor, Town Board members, contracted accounting firm and Town Manager who are responsible for conducting audits of buyouts of employees. This audit will be conducted annually before the payouts for the upcoming year. Based upon review, the committee will recommend the final payouts to be approved by the Supervisor.

Audit Recommendation:

5. Approve the clerk's compensatory and overtime earnings in advance, as required by the CBA.

Implementation Plan of Action(s):

The Town Board agrees with this finding.

Currently, all Department Heads are to approve scheduling of leave, comp time earned and/or overtime. The Town Manager also verifies the accrual of time earned and used with employees and their supervisors as required by the CBA. A new payroll system that will report "real time" balances of benefit time on pay stubs will take effect the first pay period of January of 2020.

Audit Recommendation:

6. Review the clerk's time records to ensure overtime pay is justified and that regular and overtime hours are properly earned.
7. Review the clerk's leave records to ensure paid leave is properly deducted from her balances, more leave was not taken than earned and ending balances do not exceed maximums as stipulated in the CBA.

Implementation Plan of Action(s):

The Town Board agrees with this finding.

The Town Manager verifies the accrual of time earned and used with employees and their supervisors as required by the CBA. Detailed payroll reports are also reviewed for inaccuracies. The new payroll system that will be implemented in 2020 will report “real time” balances of benefits for employees to view.

Audit Recommendation:

8. Perform a thorough and deliberate audit of claims.

Implementation Plan of Action(s):

The Town Board agrees with this finding.

The Town of Geddes has contracted with an accounting firm who performs monthly bank reconciliations; Post necessary adjustments to the general ledger based upon the bank reconciliations; Preparation and assistance with yearly budgeting and budget modifications; Review and adjustment of other general ledger accounts on a quarterly basis; Preparation of monthly financial statements from general ledger software; Preparation and assistance with external financial statement audit; Preparation of yearly AUD; and preparation of yearly Tax Cap Calculation. The Finance committee has monthly auditing meetings to oversee the expenses and revenues made by each department.

Audit Recommendation:

9. Ensure that claims contain sufficient supporting documentation before approving them for payment.

Implementation Plan of Action(s):

The Town Board agrees with this finding.

Changes were made in 2018 upon the findings to the Towns payables procedure with the backup documentation of all invoices, statements, vouchers and check are together for the Supervisor and Deputy Supervisor to verify and sign off. The Department Heads also have to verify that all information is correct before the voucher and/or purchase order is submitted for payment. Claims are also audited by the Finance Committee.

Audit Recommendation:

10. Pass resolutions that specify the claims approved and ensure all such resolutions are specific enough to identify the claims approved for payment by fund, the exact claims or sequence of claim numbers audited and approved and the dollar value.

Implementation Plan of Action(s):

The Town Board agrees with this finding.

Once the claims are reviewed by the Finance Committee they will be submitted for approval, and reported in the minutes at the monthly board meetings. Check numbers will be listed along with the total amount being paid out for the month will be presented for approval by the board at the Town Board meeting.

Audit Recommendation:

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11. Discontinue allowing third-party vendors access to Town bank accounts.

Implementation Plan of Action(s):

The Town Board agrees with this finding.

The Town will have a separate bank account for payroll purposes to debit funds for payroll and this will separate a vendor from deductions from our general operating account (general fund).

Audit Recommendation:

12. Ensure payrolls are reviewed (certified) before payment.

Implementation Plan of Action(s):

The Town Board agrees with this finding.

Upon the findings the payroll is now entered by the account clerk, then submitted for review and approval by the Town Manager, the Town Manager then submits to the Town Supervisor for final approval and certification. The Town Board will have a resolution at their monthly board meetings to approve the two payroll periods for the month of along with total of amount that was paid out.

Audit Recommendation:

13. Control Town Supervisor's signature when it is applied to Town checks.

Implementation Plan of Action(s):

At this time Town Board respectfully disagree with this finding, as the exposure of the signature is limited to up to 18 checks per payroll period with an estimate of \$21,600. The Town is actively encouraging direct deposit for those not currently on our direct deposit plan.

Audit Recommendation:

14. Ensure invoices provided by the payroll vendor agree with the contract fee schedule and present them to the Board for audit and approval.

Implementation Plan of Action(s):

The Town Board agrees with this finding.

The Supervisor has requested a schedule of fees for special reporting. With the Town's new payroll and time tracking application been presented to the board by the Finance Committee for approval. The Town Manager and Supervisor will ensure the fee schedule is accurately followed.

Respectfully Submitted by,

Gerald Albrigo
Town Supervisor

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 Town officials and employees, reviewed CBAs and the Town handbook to obtain an understanding of employees' eligibility related to health insurance, buyout payments, and leave benefits.
- We reviewed the health insurance buyout payments received by the clerk during the audit period to determine whether the employee was eligible to receive the buyout pursuant to CBAs, the Town's handbook and health insurance claims.
- We reviewed the clerk's regular and overtime pay during the audit period to determine whether the pay rates were authorized, overtime rates and hours were accurately calculated, and amounts paid were supported by records of time worked.
- We interviewed the Supervisor to determine whether he approved the clerk's time records and her overtime work in advance. We also examined the clerk's time records for the audit period to determine whether there was evidence of approval.
- We reviewed the CBA and the clerk's leave records for the audit period to determine whether earned and paid leave was properly added or deducted from the leave records, and maximum amounts of leave time allowed to be earned or paid were exceeded.
- We interviewed Town officials to gain an understanding related to the audit and approval of claims and disbursements performed by the payroll vendor.
- We reviewed a random sample of 94 claims, which we selected using a computerized spreadsheet function, to determine whether these claims were audited before payment, supported by adequate invoices and documentation, included evidence that the goods or services were received, and were for legitimate purposes, mathematically accurate and in accordance with policies.
- Using our professional judgment, we selected an additional sample of 58 claims paid during the audit period. We reviewed these claims for the same attributes as our random sample of claims. We selected these claims because they posed a higher risk for inappropriate expenditures. These claims included payments to Board members or other officials, large dollar purchases, unrecognized vendors, credit card payments, purchases from vendors that appeared unrelated to Town operations and all payments to the clerk made during the audit period totaling \$1,182.

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- We selected a random test sample of two monthly bank statements and traced all payroll-related electronic withdrawals and check disbursements withdrawn and issued by the vendor to certified payrolls and to fees indicated in the vendor's contract to determine whether the amounts withdrawn were for legitimate purposes, mathematically accurate and in accordance with the contract.
 - We reviewed the payroll-related disbursements from one pay period during our audit period for eight randomly selected employees and the Supervisor to determine whether the amounts withdrawn from the bank account by the vendor agreed with Board-approved pay rates for employees and hours worked as documented in time records. We selected the Supervisor because he is signatory on checks. Of the other eight employees, four were salaried and received Board-approved salaries totaling \$177,572 during 2017.

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.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or relevant population size and the sample selected for examination.

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 Town Clerk'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#lgmg

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/pubs/cyber-security-guide.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

Office of the New York State Comptroller
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