



## 2018 Top Ten Internal Control Deficiencies Cited in the New York State Comptrollers Reports - Local Governments

### **10. Travel Expenditures**

- The Board did not authorize conference and travel expenditures in advance, as required per the District's policy.
- Conference and travel expenditures did not contain proof of attendance.
- Mileage and parking reimbursements were not adequately supported.

### **9. Leave Accruals**

- Compensatory time and vacation leave was not always accrued and paid to Library employees in accordance with the collective bargaining agreement and employee handbook.
- The Village's Board did not grant annual vacation leave in accordance with its policy. This resulted in employee's vacation leave exceeding the maximum amount they were allowed to carryover.
- Leave accrual records for several Library employees were overstated.
- The Village Superintendent's leave accruals were not maintained in accordance with the compensation agreement and employee handbook.

### **8. Information Technology**

- The Board did not adopt an acceptable use policy and provide security awareness training to staff.
- The Board did not establish written policies and procedures regarding breach notifications and disaster recovery plans.
- The Board did not establish written policies and procedures for backing up data and disposing of information technology assets.
- The Board did not provide guidance or security awareness training to safeguard information technology resources.

### **7. Budgeting:**

- The Board routinely adopted budgets that were not reasonably estimated, resulting in operating deficits.
- The Fire District's tentative budget included a tax levy that exceeded the Fire District's tax levy limit.
- The Board adopted unrealistic budgets that contributed to the significant growth of total fund balance over a three-year period.

## **6. Cash Receipts**

- The Board did not establish and implement adequate internal controls for over-the-counter cash receipts and waiving fines.
- The Board did not adopt adequate policies and practices for collecting unpaid parking fines.
- Cash controls over fundraising activities needed to be improved to ensure that amounts collected were properly recorded and deposited.
- Village officials did not maintain supporting documentation for restricted donations.

## **5. Purchasing/Procurement**

- Fire District and Village officials did not seek competitive bids and quotes when selecting professional service providers.
- The Library's Board did not adopt a procurement policy.
- The Village's purchasing policy contains inconsistent requirements for quotes and did not address professional services or quotes above \$10,000, but below competitive bidding thresholds.
- Fire District and Library officials did not obtain quotes for various purchases in accordance with the Fire District and Library procurement policies.

## **4. Treasurer's Function**

- The Treasurer did not maintain accurate financial records and reports.
- The Treasurer's duties were not segregated as they made all deposits, performed all recordkeeping functions, and prepared bank reconciliations without independent oversight.
- The Treasurer did not provide detailed reports of cash receipts and disbursements to the Board during the year and bank reconciliations were not consistently prepared and provided to the Board for review.
- The Treasurer failed to file required annual financial reports.
- The Treasurer failed to provide the Board with accurate budget-to-actual reports each month.

## **3. Claims Auditing/Processing**

- Claims were paid before the Board reviewed or approved them.
- The Board did not ensure that all claims were supported with adequate documentation, for appropriate purposes, and approved prior to payment.
- The Board did not review each claim to determine if the claims were properly itemized and included appropriate supporting documentation.
- The claims audit and approval were not properly documented.

## **2. Financial Operations/Management**

- The Fire District did not properly establish its capital reserve fund and did not obtain voter approval prior to issuing debt.
- The Fire Department had not fulfilled its reporting requirements with oversight agencies such as the Internal Revenue Service (IRS) and Office of the State Comptroller (OSC).

- The Board had not adopted financial policies or written procedures concerning financial recording and reporting and had not adequately monitored the Fire District's financial operations.
- The Fire District's had enough unassigned fund balance to cover over three years worth of expenditures due to unrealistic expenditure estimates.
- Village officials did not develop a comprehensive, written multiyear financial or capital plan.
- The Board had not established any formal reserves or adopted formal financial plans.
- The Fire District and Village had not adopted a fund balance policy.
- The Library's fund balance policy did not address the maintenance of surplus fund balance, how the Board expected to use surplus funds and the timeframe for doing so.

### **1. Board Oversight**

- The Fire District and Village Board did not conduct or contract an annual audit of the Clerk/Treasurer's records and reports as required by law.
- The Fire Company Board did not establish written policies and procedures for cash receipts, cash disbursements or fundraising events or adopt a code of ethics as required by New York State General Municipal Law.
- The Fire Company and Village Board did not provide adequate oversight of financial activity.