



2020 Top Ten Internal Control Deficiencies Cited in the New York State Comptrollers Reports – Local Governments

10. Fixed Assets- Inventory Records

- Officials purchased fire equipment which was not listed on the District's inventory list.
- The Fire District's inventory list did not contain identifiable information for each asset including purchase date, purchase price, date placed in service and useful life.
- Fire District officials purchased assets but did not have a comprehensive policy or adequate procedures to safeguard assets.

9. Information Technology

- The Board did not develop adequate Information Technology policies and procedures.
- The Board did not enter into a written agreement with the Information Technology vendor for services provided to the Village.
- The Board did not provide Information Technology security awareness training to employees.

8. Leave Accruals/ Records

- Village officials did not establish adequate time and attendance controls.
- Officials did not accurately maintain leave records.
- Village officials did not ensure that employees' days and hours worked were adequately documented, certified by the employees or verified by a supervisor.

7. Claims Processing

- The Board did not ensure Fire Company claims were audited on a monthly basis as required by its bylaws.
- The Board approved credit card charges without adequate supporting documentation.
- Credit card purchases did not have original receipts attached to the monthly statement.
- Most claims were paid without proper supporting documentation.

6. Procurement

- Officials did not comply with the Fire District's procurement policy when procuring assets.
- The Fire District would have had cost savings had it purchased propane at State contract prices.
- Fire District officials were unable to provide written quotes to demonstrate competitive pricing, in compliance with the procurement policy.
- The procurement policy did not address how officials should handle purchases where it is deemed that alternative proposals or quotations may not be in the best interest of the Fire District.

5. Budgeting

- The Board did not properly plan for the funding of and spending from reserves.

- The Fire District did not publish the required legal notices for expenditures that were subject to permissive referendum.
- The Board adopted budgets with unrealistic estimates, resulting in operating surpluses and unused appropriated fund balances in the general fund, water fund and sewer fund.
- Transfers to reserves and expenditures from reserves were not included in the budgets.
- The Board underestimated revenues and underestimated appropriations over the past five years. As a result, the general fund realized operating deficits in four of the five years and the fund balance in the general fund declined.

4. Revenue Billing and Collection

- Fire Company officials did not ensure collections from fundraising activities were adequately supported.
- The Clerk Treasurer did not accurately prepare customer bills. As a result, the customers were underbilled or overbilled.
- Village officials did not periodically read all customer meters to ensure customers are accurately billed.
- Cash receipts were not adequately documented. Deposits were either supported by only a deposit receipt or had no supporting documentation.
- The Clerk-Treasurer did not always use an accurate methodology for estimating water bills.
- The Treasurer did not properly assess late penalties on unpaid water bills.

3. Treasurer's Operations

- The Treasurer did not file Annual Update Documents, constitutional tax limit forms and adopted budgets in a timely manner.
- The Treasurer generally performed bank reconciliations two to three months after the statement date.
- The Treasurer did not prepare periodic financial reports for the Board of Trustees or department heads.
- The Treasurer did not maintain adequate accounting records and prepare monthly bank reconciliations.

2. Financial Management/ Operations

- The Board did not adequately manage the Village's financial condition. As a result, the Village is fiscally stressed.
- The Board has not adopted a fund balance policy or multiyear financial and capital plans.
- The Board funded reserves more than the amounts included in the annual budget over a five-year period.
- If officials invested available funds in a financial institution with higher available interest rates, interest earnings could have been increased.
- The Board did not adopt a fund balance policy to address the level of fund balance to be maintained in the operating fund.
- The Board maintained unreasonable levels of fund balance in the general fund, water fund and sewer fund.

1. Board Oversight

- The required annual independent audit of the District's financial records was not performed since 2012, and the length of service awards program (LOSAP) that started in 1990 was never audited.

- The Board allowed the Treasurer to perform all key aspects of District financial operations without providing independent oversight.
- The Board did not provide oversight, allowing the Treasurer to make questionable payments to himself and his business and he did not provide sufficient documentation for other questionable disbursements.
- The Board did not receive or review bank statements or canceled check images to help minimize the risk of unauthorized transactions or other errors or irregularities occurring and remained undetected.
- The Fire Company's bylaws were insufficient because they provided limited guidance for the Treasurer or audit committee to oversee financial operations.
- The Fire Company did not have adequate controls in place to ensure that Company funds were safeguarded.