



2023 Top Ten Internal Control Deficiencies Cited in the New York State Comptrollers Reports – Local Governments

10. Fundraising Activities

- The Fire Department hosted tournaments and fundraising events throughout the year. However, funds collected were not deposited for several of the tournaments and fundraising events.
- Officials did not maintain adequate supporting documentation for cash receipts, and fundraising cash receipts were not reported to the Board, as required per Board policy.

9. Procurement

- The Board did not procure a pumper truck in accordance with New York State General Municipal Law §103 and good business practices. As a result, officials have less assurance that the purchase was made in the most prudent and economical manner.
- The local government did not competitively procure contracts and expenditures in accordance with New York State General Municipal Law §103.

8. Credit Card Purchases

- Credit card transactions did not comply with Village policy, including the omission of itemized receipts within claims packets submitted to the Board for review.
- Credit card purchases were not made by authorized users.
- The Board did not ensure that Village employees appropriately used Village credit cards, which led to questionable purchases being made utilizing the Village's credit cards.

7. Capital Assets

- Officials did not properly record and account for all capital assets.
- The Board did not adopt a written capital asset policy or conduct periodic inventories of capital assets.
- Officials did not maintain a complete and current capital asset listing.

6. Capital Projects

- The Board did not transparently plan or sufficiently monitor capital projects.
- The Board did not develop a multiyear plan that included budgeting for the use of capital reserve funds and the funding goals for each project.
- The Board did not prepare a project budget or ensure that a separate capital projects fund was set up to record project revenues and expenditures.
- The Board did not ensure the capital projects were monitored and change orders were reviewed and approved.

5. Investment Management

- Village officials developed a comprehensive investment program, but did not effectively manage the program.
- Fire District officials did not develop, adopt, and/or manage a comprehensive written investment policy as required by New York State General Municipal Law § 39.
- The Board did not consider legally permissible investment options, which resulted in lost earnings opportunities.

4. Treasurer's Duties

- The Treasurer did not perform the necessary duties in accordance with statutes. Instead, the Village Clerk performed many of the Treasurer's duties, creating a lack of segregation of duties. Neither the Board, nor the Treasurer, provided oversight to compensate for these incompatible duties.
- Bank reconciliations were not prepared monthly by the Treasurer.
- The Fire Company's cash receipts and disbursements were not always supported, approved or recorded.
- Fire Company officials did not provide the Treasurer with sufficient information to record financial transactions.
- The Treasurer was not trained or made aware of financial reporting duties and requirements.
- The Treasurer did not properly record all financial transactions in the accounting records or prepare required annual reports.
- The Treasurer did not provide the Board with monthly budget status reports.
- The Treasurer paid credit card bills late, resulting in late fees and interest charges.
- The Board did not establish adequate controls over the work of the Treasurer, which include receiving and disbursing cash, signing Fire District checks, and maintaining the accounting records.
- While the Treasurer is required to sign all checks, the Treasurer only signed a small percentage of checks issued by the Fire District during the audit period, and the remaining checks were signed by the Chairman of the Board and/or a Commissioner.
- Collection, receipting and recordkeeping procedures were inadequate related to cash receipts.

3. Claims Auditing

- Claims were not adequately supported or properly audited and approved before payment, including claims approved without a quorum of the Board, not supported, not audited, or claims that resulted in overpayments.
- Claims did not have support that the purchases complied with competitive bidding requirements or the Village's procurement policy.
- Approved claims included food and alcohol purchases.
- Credit card claims were improperly paid before Board audit and approval.
- The Board did not ensure that all cash disbursements were for appropriate Fire Company purposes or supported.

2. Financial Management and Budgeting

- The Board and Village officials did not develop a budget and adequately manage its financial condition.
- Village officials did not establish adequate controls over the Department's financial activities, resulting in a substantial amount in unaccounted for collections.
- The former Director inappropriately used Village bank accounts for non-Village activities.
- The Board did not conduct required public hearings on the proposed budgets or formally adopt the budgets, as required by New York State Town Law § 181.
- The Board did not approve realistic budgets and thus, appropriations were overestimated in consecutive years.
- The Board and officials did not effectively manage fund balance, leading to a fund balance decline in consecutive years.
- The budget that was developed and approved omitted certain expenditure estimates.
- Appropriated reserve balances per the approved budget were not utilized.

1. Board Oversight

- Sexual harassment prevention training was not provided to all employees.
- The Board did not adequately monitor cash receipts and disbursements.
- The Board did not review, or designate an employee to review, bank statements and canceled check images, bank reconciliations and bank transfers, or compare receipts with deposits to help ensure cash was accounted for and records were accurate.
- The Board of Fire Commissioners did not ensure basic accounting records were maintained, receipt of written financial reports to manage operations, or that the Fire District's required Annual Financial Reports were filed.
- The Board did not audit the Treasurer's records for completeness and accuracy.
- The Board did not review bills (claims) paid by the former Treasurer, receive written financial reports or review bank and investment statements and canceled check images.
- The Board did not obtain an annual independent audit of Fire Company records, as required.
- The Board did not complete mandatory fiscal oversight training.
- The Board did not ensure that Village officials reviewed and certified all payroll payments to provide assurance that employees received accurate pay.