



Town of Waterford

Claims Auditing

Report of Examination

Period Covered:

January 1, 2015 – January 31, 2016

2016M-154



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

June 2016

Dear Local Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Town Board governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of the Town of Waterford, entitled Claims Auditing. This audit was conducted 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.

This audit's results are a resource for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Town of Waterford (Town) is located in Saratoga County and has a population of approximately 8,400 residents. The Town provides various services to its residents, including road maintenance, snow removal, police and sewer. The Town's budgeted appropriations for 2016 are approximately \$8.1 million, funded primarily by real property taxes and sales tax.

The Town is governed by an elected five-member Town Board (Board), which is composed of the Town Supervisor (Supervisor) and four Board members. The Supervisor serves as chief executive officer and chief fiscal officer. The Board is responsible for overseeing Town operations and finances and the general management and oversight of the Town's fiscal matters, including auditing claims.

Objective

The objective of our audit was to review the claims audit process. Our audit addressed the following related question:

- Did the Board ensure that claims were properly audited, adequately supported and for a legitimate Town purpose?

Scope and Methodology

We examined the Town's claim audit process for the period January 1, 2015 through January 31, 2016.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report. 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 size of the relevant population and the sample selected for examination.

Comments of Local Officials

The results of our audit have been discussed with Town officials, and their comments, which appear in Appendix A, have been considered in preparing this report. Town officials generally agreed with our report.

Claims Auditing

New York State Town Law requires the Board to audit and approve all claims before the Supervisor can disburse payments. An effective claims audit should be deliberate and thorough, ensure that each claim contains sufficient supporting documentation and ensure the amounts claimed represent proper Town expenditures.

The Board adequately audits claims prior to payment and ensures the claims are supported by adequate documentation and are for legitimate Town purposes. Prior to the Board meetings, the junior accountant prepares claims using supporting documentation provided by the vendors, which includes voucher forms, invoices and shipping documentation. She also assigns claim numbers, prepares the abstract of claims¹ and submits all claims to the Board for its review. The Board audits and signs each individual claim indicating approval of for payment. After the Board approves the claims, the Town Clerk certifies the abstract of claims and submits it to the Supervisor for payment.

We judgmentally selected 64 claims totaling \$349,939² for testing. We found that the claims were properly audited, placed on certified abstracts, adequately supported and for legitimate Town purposes.

We commend Town officials for establishing and implementing adequate procedures for auditing claims.

¹ An abstract is a list of claims presented for audit by the Board. It contains information, such as the vendor name, amount claimed, claim number and the expenditure account code to be charged.

² See Appendix B for additional information on the selection process.

APPENDIX A
RESPONSE FROM LOCAL OFFICIALS

The local officials' response to this audit can be found on the following page.

*SUPERVISOR
JOHN E. LAWLER*

*TOWN CLERK
DARLENE A. DZIARCAK*



*TOWN BOARD
DAVID F. BALL
LAURIE A. MARBLE
JAMES E. BOUDREAU
FRANK S. McCLEMENT*

TOWN OF WATERFORD
TOWN HALL
65 Broad Street • Waterford, NY 12188

June 9, 2016

Jeffrey P. Leonard
Chief Examiner
NYS Office of the State Comptroller
Division of Local Government and School Accountability
One Broad Street Plaza
Glens Falls, NY 12801
VIA email

Dear Mr. Leonard:

I am writing in response to the preliminary draft report entitled "Town of Waterford - Claims Auditing – Report of Examination – Period Covered: January 1, 2015 – January 31, 2016, issued by the Office of the State Comptroller Division of Local Government and School Accountability.

We are very pleased with the results of this audit and I would like to thank the staff of the Office of the State Comptroller who were professional and cordial throughout the audit process. I would also like to thank your staff for providing input to aid us in improving the overall financial operation of the Town.

Please feel free to contact me or Town Budget Officer William Coutu should you have any questions or desire any additional information regarding this response.

Sincerely yours,

~~John E. Lawler~~
Town Supervisor
Town of Waterford

Phone (518) 235-8184 • Fax (518) 235-1547

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed Town officials and employees and reviewed Town policies and Board minutes to obtain an understanding of the Town's claim audit process.
- From the claims associated with canceled checks, we selected 40 claims based on select attributes such as dollar amount, vendor name and frequency of payment. We tested each claim to determine if it was properly audited, placed on a certified abstract, adequately supported and for a legitimate Town purpose.
- From the check lists of claims paid prior to audit, we selected 24 claims based on select attributes such as dollar amount, vendor name and frequency of payment. We tested each claim to determine if it was properly audited, placed on a certified abstract, adequately supported and for a legitimate Town purpose.

We conducted this performance audit in accordance with GAGAS. 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.

APPENDIX C

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