



Town of Wawayanda

Financial Management and Information Technology

Report of Examination

Period Covered:

January 1, 2012 — April 30, 2013

2013M-260



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

November 2013

Dear Town 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 Wawayanda, entitled Financial Management and Information Technology. 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 General Municipal Law.

This audit's results and recommendations are resources 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*



State of New York Office of the State Comptroller

EXECUTIVE SUMMARY

The Town of Wawayanda (Town), located in Orange County, has a population of approximately 7,300. The Town is governed by an elected five-member Town Board (Board) which comprises the Town Supervisor (Supervisor) and four Board members. The Town's budgeted expenditures for the 2013 fiscal year are approximately \$4.3 million, of which approximately \$1.9 million is for the general fund.

The Supervisor serves as the Town's chief executive and chief fiscal officer. As chief fiscal officer, the Supervisor is responsible for overseeing all of the Town's financial activities. The Board is the legislative body responsible for overseeing the Town's operations, finances and overall management.

Scope and Objectives

The objectives of our audit were to assess the Town's financial management and controls over information technology (IT) for the period January 1, 2012 to April 30, 2013. We extended our audit period back to 2010 to examine the Town's financial condition and to provide additional information for perspective and background. Our audit addressed the following related questions:

- Does the Board have adequate procedures in place to govern the level of unexpended surplus funds,¹ and is the amount reasonable?
- Has the Town ensured that its computer hardware, software and data are adequately safeguarded?

Audit Results

Over the past three years, Town officials have demonstrated fiscally responsible management and identified various ways to increase revenue and reduce expenditures. As a result, Town taxpayers have benefited from a declining tax levy for the past three years and an anticipated reduction in the 2014 tax levy. However, the Town's unexpended surplus fund balance has become excessive, and its budgets from fiscal years 2010 through 2012 were unrealistic. Revenues were under-estimated and expenditures were over-estimated for all three fiscal years. The unrealistic budgets caused total fund balance to increase significantly from about \$2.3 million in 2010 to almost \$3.3 million at the end of

¹ The Governmental Accounting Standards Board (GASB) issued Statement 54, which replaces the fund balance classifications of reserved and unreserved with new classifications: nonspendable, restricted and unrestricted (comprising committed, assigned and unassigned funds). The requirements of Statement 54 are effective for fiscal years ending June 30, 2011, and beyond. To ease comparability between fiscal years ending before and after the implementation of Statement 54, we will use the term "unexpended surplus funds" to refer to that portion of fund balance that was classified as unreserved, unappropriated (prior to Statement 54), and is now classified as unrestricted, minus appropriated fund balance, amounts reserved for insurance recovery and tax reduction, and encumbrances included in committed and assigned fund balance (post-Statement 54).

2012. Unexpended surplus funds in the general fund at the 2012 fiscal year end equaled 175 percent of the 2013 adopted budget.

The Board has not developed a formal long-term plan addressing the excessive unexpended surplus fund balance. While the Town may have informal plans for the reduction of the unexpended surplus fund balance, no formal, Board-approved plans exist. The Town continues to collect more taxes than are necessary even though it has excessive fund balance. We urge the Board to develop a long-term financial plan that will maintain reasonable amounts of fund balance and not withhold taxpayer moneys from productive use.

The Town's controls over its IT system also need to be improved. The Board has not adopted a breach notification policy, a disaster recovery plan or a policy that addresses the protection of personal, private and sensitive information. In addition, the Board has allowed employees to have more access rights than necessary to perform their job duties. As a result, the Town's IT system and electronic data are at risk of loss or damage, and employees may not be prepared to fulfill their legal obligation to notify affected individuals in the event that private information is compromised.

Comments of Town Officials

The results of our audit and recommendations 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 recommendations and indicated they plan to take corrective action. Appendix B includes our comment on an issue raised in the Town's response letter.

Introduction

Background

The Town of Wawayanda (Town), located in Orange County, has a population of approximately 7,300. The Town Board (Board) consists of the Town Supervisor (Supervisor) and four Board members. The Board is the legislative body responsible for overseeing the Town's operations, finances and overall management. The Board is responsible for the general management and control of the Town's financial affairs, including budget development.

The Supervisor serves as the Town's chief executive and chief fiscal officer and is responsible, along with other administrative staff, for the Town's day-to-day management. The Town provides various services to its residents including street maintenance, water, sewer, parks and recreation and a Justice Court. These services are financed primarily through real property taxes, State aid, Justice Court revenues and user fees. The Town's budgeted appropriations for the 2013 fiscal year are approximately \$4.3 million, of which approximately \$1.9 million is for the general fund.

Objectives

The objectives of our audit were to assess the Town's financial management and controls over information technology (IT). Our audit addressed the following related questions:

- Does the Board have adequate procedures in place to govern the level of unexpended surplus funds,² and is the amount reasonable?
- Has the Town ensured that its computer hardware, software and data are adequately safeguarded?

Scope and Methodology

We assessed the Town's financial management and controls over IT for the period January 1, 2012 to April 30, 2013. We extended our audit period back to 2010 to examine the Town's financial condition and to provide additional information for perspective and background. Our

² The Governmental Accounting Standards Board (GASB) issued Statement 54, which replaces the fund balance classifications of reserved and unreserved with new classifications: nonspendable, restricted and unrestricted (comprising committed, assigned and unassigned funds). The requirements of Statement 54 are effective for fiscal years ending June 30, 2011, and beyond. To ease comparability between fiscal years ending before and after the implementation of Statement 54, we will use the term "unexpended surplus funds" to refer to that portion of fund balance that was classified as unreserved, unappropriated (prior to Statement 54), and is now classified as unrestricted, minus appropriated fund balance, amounts reserved for insurance recovery and tax reduction, and encumbrances included in committed and assigned fund balance (post-Statement 54).

audit disclosed additional areas in need of improvement concerning IT controls. Because of the sensitivity of some of this information, certain vulnerabilities are not discussed in this report but have been communicated confidentially to Town officials in a separate letter so that they could take corrective action.

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 is included in Appendix C of this report.

Comments of Local Officials and Corrective Action

The results of our audit and recommendations 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 recommendations and indicated they plan to take corrective action. Appendix B includes our comment on an issue raised in the Town's response letter.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of the 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 this plan available for public review in the Clerk's office.

Financial Management

The Board should only levy taxes that are necessary to fund Town operations. Therefore, it is important that the Board adopt budgets that include realistic estimates of revenues and expenditures, based on reasonable and accurate assessments of expenditures and the resources used to fund them. In addition, long-term planning can help manage the Town's financial condition by preparing for capital needs and increases in expenditures. Such a plan should include the projection of fund balance needs over the length of the plan.

Over the past three years, Town officials have demonstrated fiscally responsible management and identified various ways to increase revenue and reduce expenditures. As a result, Town taxpayers have benefited from a declining tax levy for the past three years and an anticipated reduction in the 2014 tax levy. However, the Town's unexpended surplus fund balance has become excessive, and its budgets from fiscal years 2010 through 2012 were unrealistic. The Board adopted budgets in which revenues were under-estimated and expenditures over-estimated. In addition, the Board has not developed a formal long-term plan addressing the excessive unexpended surplus fund balance. While the Town may have informal plans for the reduction of the unexpended surplus fund balance, no formal, Board-approved plans exist. The Town continued to collect more taxes than was necessary even though it had excessive fund balance which could have been used to further reduce the total property tax levy for 2013. We urge the Board to develop a long-term financial plan that will maintain reasonable amounts of fund balance and not withhold taxpayer moneys from productive use.

Budgeting and Fund Balance

The Board is responsible for making sound financial decisions that are in the best interest of the Town and its taxpayers. This responsibility requires the Board to balance the level of services desired and expected by Town residents with the ability and willingness of the residents to pay for such services.

A basic component of local government budgeting is the prudent use of fund balance, which is the difference between revenues and expenditures accumulated over time. The Town can legally set aside, or reserve, portions of fund balance for specified purposes or can designate the unexpended surplus portion of fund balance to either help finance the next year's budget or retain a reasonable portion of fund balance to use as a financial cushion in the event of unforeseen financial circumstances. The Board is responsible for developing policies and procedures to govern and monitor the level of fund

balance to be maintained. Therefore, it is important that long-term plans are in place to help ensure that moneys accumulated in operating funds are used for appropriate and authorized purposes. The Board should maintain only a reasonable amount of fund balance and adopt realistic budgets that include surplus fund balance to be used as a funding source when appropriate. By following these practices, the Board can ensure that the amount of real property taxes to be raised is no greater than necessary.

The Board had not developed accurate budget estimates or policies and procedures to govern the level of fund balance maintained. As a result, excessive amounts of unexpended surplus funds have accumulated in the general fund. Table 1 illustrates the surplus fund balance trend over a three-year period.

Table 1: General Fund Unexpended Surplus Fund Balance at Year-End as a Percentage of the Ensuing Year's Budget		
Fiscal Year End	Fund Balance	Percentage of Next Year's Budget
2010	\$2,267,207	106%
2011	\$2,782,667	137%
2012	\$3,299,337	175%

The Town accumulated unexpended surplus funds in the general fund that exceeded annual budgeted expenditures because the Board adopted budgets in 2010, 2011 and 2012 that were overly conservative. In 2010, actual revenues were \$1,980,564, which was 16 percent more than the budgeted estimates, and actual expenditures were \$1,785,931, or 7 percent less than the amount budgeted. This occurred again in 2011, with actual revenues totaling 29 percent more than the budget estimate, while expenditures were 8 percent less than the amounts budgeted. In 2012, actual revenues were \$2,021,449, which was 9 percent more than the amount budgeted, and actual expenditures were \$1,672,560, or 12 percent less than budgeted.

The Town appropriated surplus fund balance in 2010, 2011 and 2012, as shown in Table 2. According to the Supervisor, these fund balance appropriations were adopted in an attempt to keep real property taxes stable, or decreasing, rather than to address the excessive amount of unexpended surplus funds.

Table 2: Appropriated Fund Balance and Operating Results

	2010	2011	2012
Appropriated Fund Balance	\$216,000	\$87,000	\$56,000
Actual Operating Results	\$194,634	\$534,460	\$585,670
Year End Unexpended Surplus Funds	\$2,267,207	\$2,782,667	\$3,296,337

The adoption of budgets that were based on overly conservative estimates has resulted in the accumulation of excessive unexpended surplus funds and the levy of more real property taxes than were necessary to fund the Town's operations.

Long-Term Planning

An important Board oversight responsibility is to plan for the future by setting adequate long-term priorities and goals. To address this responsibility, it is important to develop a comprehensive, multiyear financial and capital plan to estimate the future costs of ongoing services and future capital needs. An effective multiyear plan projects operating and capital needs and financing sources over a three- to five-year period. Planning on a multiyear basis allows Town officials to identify developing revenue and expenditure trends and set long-term priorities and goals. It also allows them to assess the impact and merits of alternative approaches to financial issues.

The Board has not formally developed or adopted a comprehensive, multiyear financial and capital plan. A long-term plan could help the Board address the large unexpended surplus fund balances caused by large operating surpluses. Such uses could include establishing authorized reserves, financing one-time expenses and reducing property taxes. These uses would ensure that the excessive surpluses are used to benefit the taxpayers. We urge the Board to develop a long-term financial plan that will maintain reasonable amounts of fund balance and not withhold taxpayer moneys from productive use.

The Supervisor told us that the Board discussed uses for the unexpended surplus funds. At the time of our audit fieldwork, approximately \$200,000 was expended for an addition to the Town Hall. Town officials are presently seeking to purchase land for a park on the Town's east side, and the Town plans to expand and upgrade the existing park on the Town's west side. The Supervisor also told us that the Town was beginning to research and consider the establishment of a reserve fund to restrict the use of some surplus funds to retiree health insurance benefits.

Recommendations

1. The Board should adopt budgets with realistic estimates of anticipated revenues, expenditures and fund balance available for appropriation.
2. The Board should adopt a fund balance policy governing the level of unexpended surplus funds to be maintained in the Town's operating funds.
3. The Board should develop and adopt a comprehensive, multiyear financial and capital plan to establish the goals and objectives for funding long-term operating and capital needs. The plan should be monitored and updated on an ongoing basis.

Information Technology

Computer systems and electronic data are a valuable resource that Town officials rely on for making financial decisions, processing transactions, keeping records and reporting to State and Federal agencies. Therefore, it is essential that the Board and Town officials establish policies and procedures to safeguard the Town's computer hardware, software and data, including policies and procedures that protect IT equipment, software and data from loss due to error, malicious intent or accidents (disasters). It is important that the Board and Town officials regularly review the policies and procedures and update them to reflect changes in the technology environment.

Town officials also have the responsibility of ensuring that the IT system and information it holds are protected from unauthorized access. This includes managing the user accounts of the Town employees who use the Town's IT system to perform their job duties as well as establishing policies regarding user accounts.

The Board has not adopted a breach notification policy, a disaster recovery plan or a policy that addresses the protection of personal, private and sensitive information. In addition, the Board has allowed employees to have more access rights than necessary to perform their job duties. As a result, the Town's IT system and electronic data are at risk of loss or damage, and employees may not fulfill their legal obligation to notify affected individuals in the event that personal, private and sensitive information is compromised.

Breach Notification Policy

An individual's personal, private and sensitive and/or financial information and confidential business information could be severely impacted if the IT security system is breached or data is improperly disclosed. New York State Technology Law requires cities, counties, towns, villages and other local agencies to establish an information breach notification policy. The policy should detail how the Town would notify individuals whose private information was, or is reasonably believed to have been, acquired by a person without a valid authorization. The disclosure should be made in the most expedient time possible and without unreasonable delay, consistent with the legitimate needs of law enforcement or any measures necessary to determine the scope of the breach and restore system integrity.

The Board has not adopted a breach notification policy. According to the Town Clerk, the Board has been made aware of the lack of this policy but has taken no action. By failing to adopt this policy, Town officials and employees may not understand or be prepared to fulfill

their legal obligation to notify affected individuals in the event that their private information is compromised.

Disaster Recovery Plan

A disaster recovery plan is intended to identify and describe how Town officials plan to deal with potential disasters that compromise the availability or integrity of the IT system and data. Such disasters may include any sudden catastrophic event such as a fire, computer virus or deliberate or inadvertent employee action. Contingency planning to prevent the loss of computer equipment and data and the procedures for recovery in the event of an actual loss are crucial to an organization. The plan needs to address the roles of key individuals and include the precautions to be taken to minimize the effects of a disaster so officials and responsible staff will be able to maintain or quickly resume day-to-day operations. Disaster recovery planning also involves an analysis of continuity needs and threats to business processes and may include significant focus on disaster prevention.

The Board has not adopted a disaster recovery plan. According to the Town Clerk, the Board has been made aware of the lack of this policy but has taken no action. In the event of a disaster, Town personnel have no guidelines or plan to help minimize or prevent the loss of equipment and data and/or implement data recovery procedures. As a result, the Town's IT assets are at an increased risk of loss or damage, and there could be disruptions to its critical operations.

User Account Controls

Good IT controls require written procedures for granting, changing and terminating user access rights to the network as well as specific software applications. The Town lacks policies and procedures for removing employees who no longer require access to the network. When creating user accounts on individual computers, Town officials should limit access to only those functions necessary to accomplish assigned tasks. If a user is placed in the administrators' group on his/her individual computer, that user has administrative rights that allow full access to install programs, download or destroy data and change log files (automated trails of user activity). Unauthorized users could, therefore, perform inappropriate transactions and potentially cover their tracks with access to administrative rights.

User Access – We reviewed the network and found that 10 of the 41 user accounts on the network are inactive,³ with last logon dates as far back as seven years. This is due to the Town's lack of policy regarding user access. Having inactive user accounts unnecessarily increases the chance that the system will be compromised. Furthermore, inactive user accounts are not being monitored, making it unlikely that Town officials would realize that accounts have been compromised.

³ An inactive user account is an account that has not logged onto a computer in at least six months.

Failure to promptly remove the access rights of inactive employees increases the risk that unauthorized users could inappropriately gain access to the system and change, destroy or manipulate confidential and/or critical data.

Administrative Rights – We examined the Town’s network using an audit software application. All of the users had local administrator rights on their computers. Therefore, each user could install unauthorized software or alter the computer configuration, increasing the risk that Town assets and data may be lost or compromised. Additionally, unauthorized users often use a legitimate user’s account to gain access to a system and manipulate the user’s account with their administrative rights.

Recommendations

4. The Board should adopt a breach notification policy.
5. The Board should adopt a comprehensive disaster recovery plan that details specific guidelines for the protection of private and essential data against damage, loss or destruction and the recovery of Town systems and data in the event of loss.
6. The Town should disable and/or delete the inactive user accounts in a timely manner.
7. The Town should exercise the practice of least privilege and only grant local administrator rights to users who absolutely need them to perform their job duties.

APPENDIX A

RESPONSE FROM TOWN OFFICIALS

The Town officials' response to this audit can be found on the following pages.

TOWN OF WAWAYANDA
SLATE HILL, NEW YORK 10973

John R. Razzano
SUPERVISOR

80 RIDGEBURY HILL ROAD
SLATE HILL, NY 10973



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November 13, 2013

Tenneh Blamah, Chief Examiner
Office of the State Comptroller
Newburgh Regional Office
33 Airport Center Drive, Suite 103
New Windsor, NY 12553

Dear Ms. Blamah:

On behalf of the Town of Wawayanda, please accept our appreciation for the professional manner and courteous demeanor exhibited by your employees who conducted this audit. We found them all to be very knowledgeable, professional and helpful.

We are pleased to learn that the accounting records were found to be accurate and complete and there were no issues of concern with town officials or employees.

This is our response to the draft findings of the NYS office of the State Comptroller's Report 2013M-260 of Examination of the Town of Wawayanda for the period of January 1, 2010 to April 30, 2013. We view this audit to be a helpful tool to improve our operations. Furthermore it serves to assure the public that the records are accurate and that no fraud has occurred. It also serves to help identify areas of risk to which the town may be exposed.

Financial Management

While we do not disagree with the findings, we wholeheartedly disagree with your comments that revenues were underestimated and expenditures over-estimated for the fiscal years 2010 – 2012 and the budgets were unrealistic.

Many additional items need to be taken into consideration to fully understand what developed in fiscal years 2010-2012.

First, the recession hit in 2008-2009. We had revenue shortfalls and instituted mid-year budget cuts to stay within our budget. Not knowing how long the recession would last, we were conservative in our revenue estimates going forward. We also made further changes to reduce spending in this uncertain time. Furthermore, as you are well aware, budgets are completed in November and we do not know the outcome of the year's revenues and expenses until months later.

See
Note 1
Page 18

Below are lists of items or changes we made mid-year which ultimately resulted in significant revenue increases and/or decreased expenditures.

- We hired a traffic ticket prosecutor which increased court revenues.
- We made mid-year Health Insurance Policy changes along with a buyout program which saved us a considerable amount of money.
- We consistently negotiated lower prices for many items, goods and services.
- We did not spend our budgeted contingency funds which were ultimately added to surplus.
- We sold a considerable amount of surplus equipment which was additional unexpected income.

In hindsight, we now see that the economy was growing and our revenues had begun to increase during this time.

Furthermore, we have reduced the Town and Highway tax levy 7 years in a row and since adopted a 2014 budget with a 10% tax levy reduction.

We also disagree with your claim of excessive fund balance. Due to lack of guidance from the state and language which states it is up to local discretion, we determine our fund balance to be appropriate.

See
Note 1
Page 18

With over 70 miles of road and significant infrastructure, a million dollars could be spent rather quickly if the need arises.

The Town Board has been working on developing and adopting a comprehensive financial and capital plan to establish the goals and objectives for short and long-term operating capital needs.

Additionally, the Town is in the process of adopting a capital reserve fund for current and future retiree's health insurance costs and development of a new Town Park.

In summary, we are proud of our accomplishments and the fact that we were able to reduce Town and Highway taxes 8 years in a row, with additional cuts forthcoming, and still add to our Town's fund balance. Wawayanda also has one of the lowest effective tax rates in the county and no debt. We only wish our state and federal government could achieve this goal.

Information Technologies

Due to the fact there were no issues of concern with our accounting records; the focus of your audit was risk assessment. Your assessment determined that the area most at risk is internal controls over information technology (IT). The areas that need to be addressed are stated to be as follows:

1. User Account Controls
2. Breach Notification Policy
3. Disaster Recovery Plan
4. Password Policy

Upon review of the draft audit report, we are in agreement with the IT findings. The Town has already begun addressing the concerns that were brought to our attention during the audit. Research to find examples of acceptable policies and plans to address the areas listed in the report has started. We will use these examples to develop and adopt policies and plans that are appropriate to our needs and address the areas noted in the draft report.

Upon completion of this process a Corrective Action Plan will be submitted to your office explaining how the plans and policies will address the areas of concern.

We would like to thank the Comptroller's Office for their advice and recommendations on ways to improve our policies and procedures.

Sincerely,

John Razzano
Town Supervisor

APPENDIX B

OSC COMMENT ON THE TOWN'S RESPONSE

Note 1

As long as budget deficits or surpluses are minor or intermittent, they do not constitute a material problem for a local government and should not be cause for concern. It is when there is a persistent pattern of larger surpluses or deficits that there should be concern about the budgeting practices of the government. Despite Town officials' intent to budget conservatively and for planned operating deficits, the general fund balance continued to increase in fiscal years 2010 through 2012. The unexpended surplus funds at the end of fiscal year 2012 could have funded the 2013 budget in its entirety with an excessive amount of unexpended surplus funds still remaining in the general fund balance. This is an indication of unrealistic budgeting.

APPENDIX C

AUDIT METHODOLOGY AND STANDARDS

The objectives of our audit were to assess the Town's financial management practices and examine the internal controls over IT for the period of January 1, 2012 to April 30, 2013. We extended our audit period back to 2010 to examine the Town's financial condition and to provide additional information for perspective and background. To achieve our audit objectives and obtain valid audit evidence, we performed the following audit procedures:

- We interviewed Town officials to gain an understanding of the Town's financial management policies and procedures. This included inquiries about the Town's budgeting practices and long-term financial plans.
- We reviewed the Board minutes to obtain an understanding of the Town's policies and procedures.
- We reviewed the Town's financial records and reports, including budgets and annual financial reports, and completed an analysis of fund balance.
- We compared the unexpended surplus fund balance at fiscal year-end December 31, 2010, December 31, 2011 and December 31, 2012, with the 2011, 2012 and 2013 fiscal years' budgeted appropriations, respectively, to determine whether the level of fund balances were reasonable as a percentage of the ensuing years' budgets.
- We compared the 2010, 2011 and 2012 fiscal year budgets for the general fund with the actual results of operations to determine if budgets were realistic.
- We analyzed and summarized historical revenue and expenditure trends in the general fund for the 2010 through 2012 fiscal years.
- We interviewed Town officials and the IT vendor to gain an understanding of the IT environment and internal controls in place.
- We obtained, reviewed and evaluated IT policies from Town Code.
- We used audit software to analyze information on the Town's servers.

We conducted this performance audit in accordance with generally accepted government auditing standards (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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX D

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