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Robert LaColla, Town Supervisor
Members of the Town Board
Town of Fishkill
807 Route 52
Fishkill, NY 12524

Report Number: 2013M-246-F

Dear Mr. LaColla and Members of the Town Board:

One of the Office of the State Comptroller's primary objectives is to identify areas where local government officials can improve their operations and provide guidance and services that will assist them in making those improvements. The Office also works to develop and promote short-term and long-term strategies to enable and encourage town officials to reduce costs, improve service delivery and account for and protect their town's assets. In accordance with these objectives, we conducted an audit of the Town of Fishkill (Town) to assess oversight of the Town's Senior Center funds. As a result of our audit, we issued a report in February 2014 identifying certain conditions and opportunities for Town management's review and consideration.

To further our policy of providing assistance to local governments, we revisited the Town on March 25, 2015 to review progress in implementing our recommendations. Our follow-up review was limited to interviews with Town personnel and inspection of certain documents related to the issues identified in our report. Based on our limited procedures, it appears that the Town has made progress implementing corrective action. Of the six audit recommendations, two recommendations were fully implemented and four recommendations were partially implemented.

Recommendation 1 – Reimbursements to Former Recreation Director and Her Husband

The Board and Town officials should review all reimbursements made to the former Director and her husband and take steps to recover any overpayment of funds.

Status of Corrective Action: Fully Implemented

Observations/Findings: Town officials contacted the Dutchess County District Attorney's office about the misappropriation of funds and attempted to recover payment from the former Recreation Director. Town officials were not successful in recovering the funds and, therefore, filed a claim on April 15, 2015 with the Town's liability insurance company.

Recommendation 2 – Prior Checks Made Payable to Cash

The Board should review all checks that were made payable to cash and take steps to recover any funds not used for legitimate Center purposes.

Status of Corrective Action: Fully Implemented (see Recommendation 1)

Recommendation 3 – Records of Receipts and Disbursements

The Board should require that the Department maintain sufficient records of all receipts and disbursements and all Department financial transactions be conducted through the Town Comptroller.

Status of Corrective Action: Partially Implemented

Observations/Findings: The Town has an informal process whereby Recreation Department staff collect money and record receipts in a duplicate or triplicate cash receipt book. Each day the staff members submit a copy of the receipts and the money to the Recreation Assistant Director. The Recreation Assistant Director summarizes all funds received by the staff and submits receipts, along with the account summary, on a daily basis to the Town Clerk's (Clerk) office,¹ which enters the receipt information into the Town's accounting software and prepares the deposit. A member of the Clerk's staff takes the deposit to the bank and deposits it in the Town's general fund account.

We reviewed all 91 collections that occurred over 13 days (January 21 through February 3, 2015) totaling \$6,599 and traced each transaction to the cash receipt book. Forty-four transactions were not recorded in the cash receipt book and had no handwritten receipts, 10 of which totaling \$186 had been received in cash, according to deposit records (see Recommendation 4). Although these 44 transactions were properly submitted to the Clerk's office, if the Recreation Department does not ensure that all transactions are recorded in the cash receipt book, Town officials have no way to determine whether all receipts are properly recorded and deposited into the Town's bank account.

Additionally, we found no record that three receipts recorded in the Recreation Department's cash receipt book, totaling \$50, were submitted to the Clerk.

For cash disbursements, the Recreation Department submits claims vouchers to the Town Comptroller. The Town Comptroller and Supervisor review and approve the vouchers. We reviewed five disbursements and found that all had been properly submitted on a claims voucher to the Town Comptroller and were approved prior to payment.

Recommendation 4 – Money Collection

Town officials should ensure that all money collected is properly receipted and remitted to the Town Comptroller in a timely manner.

¹ The Board has assigned the responsibility of receipt collections to the Clerk's office.

Status of Corrective Action Plan: Partially Implemented

Observations/Findings:

Although the Board had assigned the responsibility of receipt collections to the Clerk's office, it did not establish written procedures to ensure that all money collected is properly receipted and remitted to the Clerk's office in a timely manner. We reviewed the deposit dated February 4, 2015 which included 87 of the 91 receipts² in our previous test sample. Because 44 of these collections did not have written receipts, we were unable to identify the dates they were received or verify that the 10 cash transactions actually totaled \$186. Further, it took up to 12 days after receipt for moneys to be sent to the Clerk's office.

We also reviewed 10 randomly selected transactions in the Recreation Department receipt book for June 1 through August 22, 2014 and traced them from the Clerk's office through the Town Comptroller's bank deposit records. We were unable to trace one transaction because the generic description on the receipt did not contain sufficient detail to identify the related account summary or deposit. The remaining nine transactions were properly receipted and remitted to the Clerk's office; however, we found instances where it took up to five days for the Recreation Department to submit the moneys collected to the Clerk's office.

Recommendation 5 – Cash Receipt Report to Supervisor

The Supervisor should ensure that the Director submits monthly statements of moneys received by the fifteenth of each month following receipt of the money. If the Director does not provide the statements, the Supervisor should take appropriate action to ensure compliance.

Status of Corrective Action Plan: Partially Implemented

Observations/Findings: Town officials have not established written procedures but have an informal process. According to Town officials, the unwritten procedure is that the Recreation Assistant Director summarizes all funds received by the staff and submits this account summary with all receipts daily to the Clerk's office. The Clerk's office then enters the receipt information into the Town's accounting software and prepares the deposit. A member of the Clerk's staff deposits the funds at the bank. The Town Comptroller posts a monthly, year-to-date, budget-to-actual report (including revenues) on the Town's website, available for Town officials and taxpayers to review.

Recommendation 6 – Financial Results and Status Reports

The Board should ensure that the Director communicates the financial results and status of all programs to the Board through written reports.

Status of Corrective Action Plan: Partially Implemented

² Three transactions could not be traced to a deposit and one transaction was deposited the next day.

Observations/Findings: Although the Town's corrective action plan states that Town officials were in the process of establishing a policy for the new Director to report the financial results and status of seasonal programs on a quarterly basis, they have not developed this policy.

The Recreation Director said he does not submit written reports outlining the financial results and program status to the Board but verbally reports to the Board a couple of times per year. However, since the Recreation Department's receipts and disbursements are processed by the Clerk and Town Comptroller, the accounting system is kept up to date. Therefore, when the Town Comptroller generates the monthly, year-to-date, budget-to-actual report and posts it to the Town website, it is available for the Board's review.

During our review, we discussed the basis for our recommendations and the operational considerations relating to these issues. We encourage Town officials to continue their efforts to fully implement our recommended improvements.

Thank you for the courtesies and cooperation extended to our auditors during this review. If you have any further questions, please contact Tenneh Blamah, Chief Examiner of the Newburgh Regional Office, at (845) 567-0858.

Sincerely,

Gabriel F. Deyo
Deputy Comptroller