

# **FISCAL OVERSIGHT RESPONSIBILITIES GOVERNING BOARDS**

**Local Government Conference**

**April 1, 2025**

**Presented by:**

**Laird Petrie, Municipal Consultant**

**Kristy O'Shaughnessy, Jefferson Co. Budget Analyst**

**Taylor Scheer, Village of Evans Mills Clerk**

# LEARNING OBJECTIVES

- FISCAL RESPONSIBILITIES
  - DEVELOPING POLICIES
  - BUDGETING PRACTICES
  - MONITORING FISCAL OPERATIONS
  - CLAIMS AUDITING
  - ANNUAL AUDIT REQUIREMENTS



# GOVERNING BOARD RESPONSIBILITIES

- Set the tone – “Tone at the Top”
- Develop and review major policies
- Adopt, monitor and amend the budget
- Use monthly reports to monitor fiscal operations
- Ensure the audit of claims •
- Meet annual audit requirement

# DEVELOPING POLICIES

- Develop and formally adopt policies that establish control procedures and other requirements for daily financial and other operations.
  - Must comply with legal mandates
  - Customized to meet municipalities' needs
  - Formerly adopted by town or village board
  - Reviewed periodically
  - Communicated and reinforce



# MANDATED POLICIES

- Code of Ethics – General Municipal Law §806
- Deposits and Investments – General Municipal Law §39
- Procurement – General Municipal Law §104(b)
- Other.....
  - Workplace Violence Prevention – Labor Law, Article 2 §27-b
  - State Emergencies Involving Public Health – Labor Law §27-c
  - Sexual Harassment Prevention – Executive Law, Article 15
  - Breach Notification – State Technology Law §208

# OTHER RECOMMENDED POLICIES

- Fund Balance Policy
- Reserve Fund Policy
- Wire Transfer and Online Banking
- Travel and Conference
- Credit Card
- Computer Use
- Cell Phone Use

# ANNUAL BUDGETS

- Promote transparency throughout the process
  - Budget workshops open to the public
  - Consider forming an advisory committee
  - Adhere to statutory budget calendar deadlines
    - Department Estimates
    - Tentative and/or Preliminary budget adoption
    - Public Hearing
    - Final adopted budget
- Incorporate into long-term plans.

# MONITORING THE BUDGET

- Establish controls to stay within budgetary appropriations
  - A purchase order system
  - A confirmation system;
  - Budget to actual reports.
  - Determine the desired “level of control”



# MODIFYING THE BUDGET

- Governing Board is responsible for making budget modifications
- Must be made by resolution of the Board
  - Transferring between appropriations
  - Appropriating available fund balance
  - Appropriating grants, insurance recoveries & gifts
  - Reduction of appropriations
    - Due to significant revenue shortfalls or unanticipated expenditures

# MONITORING FISCAL OPERATIONS

- Interim (i.e., monthly) reports to the board by key officials:
  - Financial position,
  - Results of operations,
  - Budget status,
  - Policy compliance,
  - Capital project updates,
  - Personnel issues

# FINANCIAL POSITION REPORTS

- The Governing Board should review:
  - A detailed statement of all money received and disbursed;
  - Budget status reports;
  - Cash flow statements;
  - Bank Reconciliations reports

# BUDGET STATUS REPORTS

- Informs and assists the the Board with:
  - Controlling expenditures;
  - Monitoring progress;
  - Identifying variances; and
  - Correcting identified problems
    - Capital project change orders



# BUDGET STATUS REPORTS

- Should be:
  - Completed for all major operating funds;
  - Prepared monthly;
  - Distributed to and reviewed by all department heads.

# CASH FLOW STATEMENTS

- Makes Boards aware of problems created by the timing of revenues/expenditures
- Can assist in avoiding the need to issue short-term borrowing
  - RANs, TANs, Budget Notes, Deficiency Notes
- Identifies opportunities for cash investments
- Allows the Board to monitor compliance with the government's adopted investment policy and applicable laws.

# REVENUE STATUS REPORTS

- Real Property Taxes
- Sales Tax
- Mortgage Taxes
- General Purpose State Aid (AIM),
- CHIPS reimbursements (Highway Aid)
- Other State and Federal Aid programs
- Charges for services and user fees
- Intergovernmental charges

# OTHER REPORTS

- Capital Projects
  - Change orders
  - Retainage issues
- Procurement
  - Competitive bidding issues
- Personnel
  - Hirings and firings
- Receivables
  - Water, sewer, garbage, etc.



# CLAIMS AUDITING

- Legal requirements
  - Town Law Sections 119, 176(4-a)
  - Village Law Section 5-524
- To ensure that:
  - For valid and legal purposes;
  - Are incurred by authorized officials;
  - Goods are received/services are rendered;
  - Appropriations are available; and
  - Proper documentation exists

# TOWN ANNUAL AUDIT REQUIREMENTS

## Town Law Section 123

On or before the twentieth day of January, each town officer and employee who received or disbursed any moneys in the previous fiscal year shall account with the town board for such moneys and shall produce all supporting books, records, receipts, warrants, vouchers, and cancelled checks or check images as authorized by General Municipal Law Section 99-b.

- No member of the town board is allowed to participate in the audit of their own records (i.e., town supervisor)



# TOWN ANNUAL AUDIT REQUIREMENTS

- The provisions of Town Law §123 do not apply to towns in the following situations:
  - Towns that have a town comptroller
    - It is the comptroller's responsibility to examine the accounts of town officers and employees in accordance with this section (see Town Law Section 34[1]).
  - Towns which, prior to January 20, have engaged the services of a CPA or public accountant (PA) to make an annual audit to be completed within sixty days after the close of the town's fiscal year.

# VILLAGE ANNUAL AUDIT REQUIREMENT

## Village Law Sections 4-408(e)

The board of trustees must audit, or cause to be audited by an officer or employee of the village or by a certified public accountant or a public accountant engaged for that purpose, the treasurer's annual financial report and supporting records.





# TOWN AND VILLAGE JUSTICE AUDIT REQUIREMENT

Uniform Justice Court Act Section 2019-a,  
it is the duty of every town and village justice, at least once a year and “upon the last audit day of such ... town or village,” to present his or her records and docket to the auditing board of the governing board (see also Town Law Section 123). The board must examine the records and docket, or cause them to be examined and a report thereon submitted to the board by a CPA or a PA. After the examination, or the receipt of the CPA/PA report, the board must enter into its minutes that the records and dockets have been examined, and that the fines collected have been turned over to the proper town officials as required by law.

# PURPOSE OF THE ANNUAL AUDIT

- Provides oversight and ensures proper handling of public money
- Identifies improvement opportunities
- Provides an understanding of government operations
- Provides forum to express concerns
- 



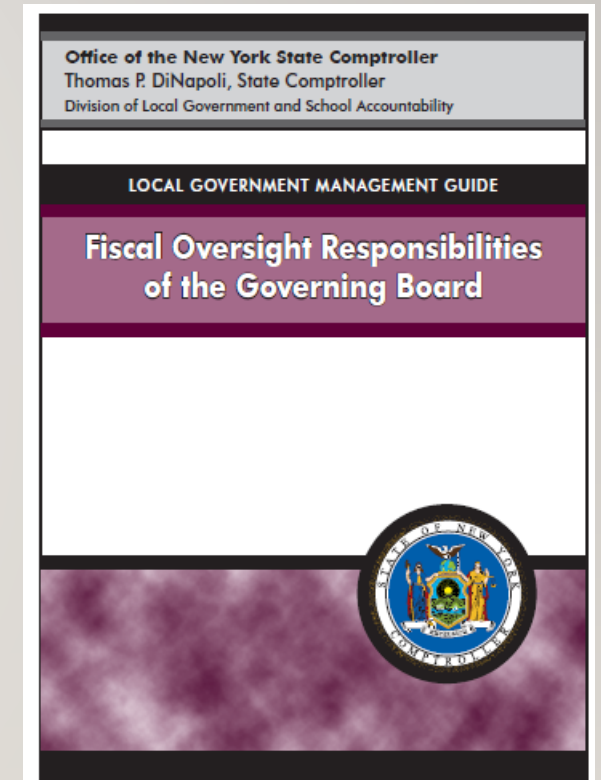
# ANNUAL AUDIT OBJECTIVES

- Audit Objectives
  - Assets are safeguarded
  - Records are complete and up-to-date
  - Transactions are properly recorded
  - Accountability is computed monthly
  - Required reports are timely and accurate



# ANNUAL AUDIT PROCEDURES

- How to Begin?
  - Determine if entire Board will perform the audit
  - Consider the need for a consultant to assist
  - Learn what records are maintained and what reports are produced
  - Visit cash collection locations and observe access to computer workstations
  - Use the OSC checklists in the publication “Fiscal Oversight of Governing Boards





## Appendix D – General Recordkeeping Requirements for Town Clerks continued

### Checklist for Review of Town Clerk's Records

<u>Cash Receipts</u>	<u>YES</u>	<u>NO</u>
Is the cash receipts journal up-to-date?	<input type="checkbox"/>	<input type="checkbox"/>
Is the cash receipts journal maintained in a manner that identifies the date received, payer, purpose, and the amount either individually or totals referenced to subsidiary receipt records (e.g., water rents receipts register)?	<input type="checkbox"/>	<input type="checkbox"/>
Are un-deposited cash receipts safeguarded?	<input type="checkbox"/>	<input type="checkbox"/>
Are duplicate deposit slips kept?	<input type="checkbox"/>	<input type="checkbox"/>
Do deposit amounts agree with cash receipt amounts?	<input type="checkbox"/>	<input type="checkbox"/>
Are deposits made timely (no later than the third business day after \$250 has been collected) and recorded up-to-date?  <i>Last Recorded Deposit: Date _____ Amount _____</i>	<input type="checkbox"/>	<input type="checkbox"/>
Is the cash receipts journal totaled and summarized monthly?	<input type="checkbox"/>	<input type="checkbox"/>

<u>Cash Disbursements</u>	<u>YES</u>	<u>NO</u>
Is the cash disbursements journal up-to-date?	<input type="checkbox"/>	<input type="checkbox"/>
Is the cash disbursements journal maintained in a manner to identify amounts disbursed either individually or totals referenced to abstracts or payrolls?	<input type="checkbox"/>	<input type="checkbox"/>
Are pre-numbered checks used for all disbursements made by check?	<input type="checkbox"/>	<input type="checkbox"/>
Are all checks signed by the town clerk?	<input type="checkbox"/>	<input type="checkbox"/>
Are canceled checks or check images returned with bank statements and maintained on file?	<input type="checkbox"/>	<input type="checkbox"/>
Are all unused checks properly controlled (blank check stock)?	<input type="checkbox"/>	<input type="checkbox"/>
Are checks recorded up-to-date?  <i>Last Recorded Check: # _____ Date _____ Amount _____</i>	<input type="checkbox"/>	<input type="checkbox"/>

# ANNUAL AUDIT POCEDURES

- What Will You Need?
- Bank statements and reconciliations
  - Request all copies of canceled checks (front & back)
- Cash receipts and supporting records
- Cash disbursements and supporting records
- Annual and interim financial reports
- Investment records
- Payrolls and supporting records
- Other pertinent financial information

# ANNUAL AUDIT POCEDURES

- What Will You Need?
- Bank statements and reconciliations
  - Request all copies of canceled checks (front & back)
- Cash receipts and supporting records
- Cash disbursements and supporting records
- Annual and interim financial reports
- Investment records
- Payrolls and supporting records
- Other pertinent financial information

# ANNUAL AUDIT PROCEDURES

- Steps to Take?
  - Interview official being audited (auditee)
  - Gather all records
  - Select a sample period to audit
  - Discuss questions and findings with auditee
  - Report findings to the governing board
  - Governing board must accept the findings



# EXTERNAL AUDIT REQUIREMENTS

- Length of Service Award Programs (LOSAPs)
  - General Municipal Law Section 219-a requires the sponsor or designated program administrator of a LOSAP to obtain an annual audit of its records by an independent CPA or an independent PA.
- Single Audit Requirements
  - A town or village that expends \$750,000 or more in federally awarded funds in its fiscal year is required to have an audit, conducted by an external auditor, in accordance with the provisions of the federal Single Audit Act and the reporting and filing requirements of the federal Office of Management and Budget Circular A 133

# EXTERNAL AUDIT REQUIREMENTS

- For all towns and villages that have received an audit report from OSC or an independent public accountant:
  - Within 10 days after the filing of an audit report with the clerk, public notice must be given by the clerk that an audit was undertaken and that a written response may be prepared by the town or village board (General Municipal Law§ 35(2)(a)).

# CORRECTIVE ACTION PLANS (CAPS)

Towns and Villages that have been audited by our OSC or by an independent public accountant and have received an audit report or management letter with recommendations should prepare a written corrective action plan (CAP).

- CAPs provide an opportunity for the Governing Board to communicate how audit findings and recommendations will be used positively to improve operations and internal controls.
- Sends a positive message to the public and to employees about the “tone at the top” regarding the Board’s commitment to safeguarding assets and making government operations more effective.



