

COUNTY OF ULSTER
PO BOX 1800
KINGSTON, NEW YORK 12402

Office of the Comptroller
(845) 340-3529
www.youreyesonulster.com



Elliott Auerbach
Comptroller

Joseph Eriole, Esq.
Deputy Comptroller

Alicia DeMarco, CPA
Director of Internal
Audit and Control

MEMORANDUM

TO: Ulster County Legislature

FROM: Joseph P. Eriole, Esq., Deputy Comptroller

RE: **O'Connor Davies Independent Accountant Report on Applying Agreed Upon Procedures in Comptroller's Office**

DATE: June 5, 2015

INTRODUCTION

We are in receipt of the referenced report (Report),¹ and present this memo in response to your request for comments.

In general, we are pleased that the Report properly notes compliance with agreed upon procedures where those agreed upon procedures can be identified, and makes no findings of material divergence from agreed upon procedures. We welcomed the review, cooperated fully, and trust that the outcome bolsters the Legislature's confidence in our Office's commitment to good government in the discharge of our Charter duties.

¹ We caution that the Report was commissioned by the Legislature but released to many other parties. The document contains references to sensitive employee information. The disclaimer included in the report prohibits the publication of this information, and it clearly states it is only to be used by management; in this case, the Legislature, as client. As a public document, it would be wise to require the reporting entity to use anonymous identifiers to specific employees in the future, so as not to divulge sensitive information (such as, for instance, pregnancies). Now that it has been produced containing such references, discussing this information publicly, reporting it to a newspaper, or sharing it with persons other than the Legislature may have consequences in some instances which should be discussed with counsel.

The mission of the Ulster County Comptroller's Office is to serve as an independent agency of the people, to protect the public interest by monitoring County government and to assess and report on the degree to which its operation is economical, efficient and its financial condition sound.

It is worth noting, however, that the Report contains errors in calculations and data entry by O'Connor Davies of which the Legislature should be aware. The Report also draws conclusions of "irregularities and inconsistencies" without reliance upon any agreed upon procedure from which the suggested "irregularity" can be drawn, a repeated deficiency in the Report which is both misleading and beyond the scope of the engagement commissioned by the Legislature. Such deficiencies are also pointed out below for your consideration.

We note that we provided O'Connor Davies with all the material they requested immediately upon request, and took pains to make ourselves available to answer any questions they might be left with after reviewing that data, both while they were on site and during the period thereafter. All of the errors noted herein could have been avoided by reference to materials in their possession or follow up inquiry or discussion with our office.

Notwithstanding these errors in substance and scope, we do feel that the Report can yield some valuable insight into potential improvements of agreed upon procedures for our Office and the County as a whole.

MATHEMATICAL ERRORS

Time Sheets:

The Report includes a Chart under Section 1(a) (Chart 1(a)) which purportedly "displays the amount of hours worked, sick hours, vacation hours, personal hours, flex hours,² and comp hours earned as well as used within the four month sample." However, there are mathematical errors in the Chart with respect to 6 of 10 employees:

1. [redacted]'s sick hours should be 57 not 47, with a total of 530.00.
2. [redacted]'s personal hours should be 39, not 40, and Comp Used should be 4.
3. [redacted]'s hours worked should be 791.50, not 791.0, with a total of 880.00
4. [redacted]'s hours worked should be 766.50, not 769.5, Personal should be 29.75, not 27.75, Flex time should be 8, not -0-, Comp Earned should be 4, not 3.0, totaling 884.00.
5. [redacted]'s hours worked should be 777.50, not 778.00, Comp Used should be 0.5, not -0-, with a total of 880.00.
6. [redacted]'s hours worked should be 772.75, not 764.75, Personal should be 3.5, not 0.5, with a total of 880.00.

DATA ERRORS

The Travel Expenses Chart in Section 3 indicates that [redacted] attended the ALGA and New World Conferences. He did not.

The Conference Approval Chart in Section 3 indicates that [redacted] attended the March GFOA Conference. He did not.

² O'Connor Davies mistakenly refers to the County's "floating holiday" hours as "flex hours."

ERRORS IN SCOPE

The Report opens with a proper limitation of its purposes to that of an “agreed-upon procedures engagement.” It goes on to say that in such an engagement, “[t]he sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently,” they properly point out, “we make no representation regarding the sufficiency of the procedures...”

Notwithstanding these appropriate limitations, the Report on several occasions cites certain items as notable and even “irregular,” despite there being no standard, rule, or regulation within our Office or in the County in general by which to make that determination. Such findings therefore become mere commentary, and may give the mistaken impression that there has been some divergence from agreed upon procedures which, in fact, does not exist.

Examples follow:

Time Sheets

First, we point out that the County does not have a standard time sheet for use by all of its Administrative Units, which we have been working with the Department of Finance to remedy since before the O’Connor Davies site visit. In a County-wide survey of timekeeping procedures and forms used by County administrative units not on the automated time and attendance program, we recognized different processes and forms were being used by various units, but also determined that Commissioner Gulnick has developed an excellent form for such purpose, and we intend to recommend its County-wide adoption shortly. In the meantime, the “agreed upon procedures” for the keeping of time is an *ad hoc*, unit-by-unit matter. There is no County policy or SOP with regard to the form of the timesheets. Therefore, our unit’s practice in that regard is the only “agreed upon procedure” by which the Report could properly have measured compliance. Any comment on practices which do not diverge from such agreed upon procedures is therefore gratuitous and beyond the scope of the engagement. Of specific concern should be the following:

1. In Section 1(c), the Report cites that there had been no accrual of vacation, sick and personal time for two employees during their initial pay period, but rather, “until a later time period.” This is, however, in keeping with County accrual practice, which accrues monthly, not during each pay cycle. This is therefore an irrelevant observation.
2. In Section 1(e), which is to be limited to a determination that “required employee certifications and supervisory approval exists for each time sheet,” the Report indicates that one employee did not certify her timesheets while on maternity leave. This is not required

The mission of the Ulster County Comptroller’s Office is to serve as an independent agency of the people, to protect the public interest by monitoring County government and to assess and report on the degree to which its operation is economical, efficient and its financial condition sound.

by our Office, or to our knowledge, by any County policy or procedure. It is therefore irrelevant, mere commentary, and beyond the scope of the engagement.

3. In the same section, the Report points out that one employee submitted two timesheets during various pay periods, with one containing additional information. One of the two sheets shows the hours worked, and it is that one which the employee certifies. Since the Report acknowledges that the employee does certify a time sheet each pay period reflecting her hours worked, this “finding” is irrelevant, mere commentary, and beyond the scope of the engagement.
4. This same immateriality applies to a finding of “irregularity” under Section 1(f), with respect to there being “only a record of hours worked” on another employee’s timesheets. There is no County norm or practice requiring more than that. Since the Report acknowledges that the employee does certify a time sheet each pay period reflecting her hours worked, this “finding” is irrelevant, mere commentary, and beyond the scope of the engagement.
5. In Section 1(f), the Report sets forth as “irregular” the fact that there were handwritten corrections” on several timesheets. Although identified as irregular, there is no policy or procedure which prohibits or provides any direction at all with respect to such handwritten entries – indeed, the timesheets could be entirely entered by “hand” onto a blank form if the employee chose to do so. The materiality of the timesheet is that time and accruals be recorded; that they are recorded in pen, ink, or pencil, is not a material finding or a divergence from “agreed upon procedures.”
6. In the same section, the Report cites several instances where “an hour long lunch was taken one week, and no lunch was taken the other.” As with the previous notation, there is no irregularity in this “finding.” There is no unit or County-wide rule, regulation, or policy which makes this finding noteworthy, and certainly it is not “irregular” by the standard established in the Report’s opening.
7. Also in the same Section, there are several notes that the reason for being out of the office was not set forth on the time sheet. Like the foregoing examples, this is not a finding which is within the scope of the review, nor should it be. There is no unit or County-wide rule, regulation, or policy which makes this finding noteworthy, and certainly it is not “irregular” by the standard established in the Report’s opening.
8. Continuing within this Section, it is noted that on some occasions employees did not enter on their timesheets the “reason” for commencing work later than 9 a.m. on isolated days during the sample period. But, again, there is no standard in place, within the unit or within the County, which would require the employee to indicate these reasons on their timesheet. Indeed, arguably, it would be inappropriate to require such information to be recorded. There is, once again, no “irregularity.”

The mission of the Ulster County Comptroller’s Office is to serve as an independent agency of the people, to protect the public interest by monitoring County government and to assess and report on the degree to which its operation is economical, efficient and its financial condition sound.

9. Section 1(f) also cites two employees as working weekends or other hours when the office is “closed.” This fact cannot be deemed “irregular” where the standard is “agreed upon procedures.” The employees worked the hours indicated; they therefore recorded them on their timesheets.
10. One employee is noted to have indicated the use of benefit time while recording it only in the “benefit accrual” section of the timesheet, but not within the “time worked” section. Since the time sheet contains the required information, it is unclear what the relevance of this finding is in the context of the scope of the Report.
11. Finally, one employee is noted to have used military time to calculate his hours. It strains credulity to imagine how this may be deemed notable.

When these items are dismissed, there are no findings remaining in Section 1(f) of the Report. Perhaps most disappointing, all of these items could have been resolved by mere inquiry prior to the conclusion of the field work.

Detail of Travel Expenses

Section 3 reports on the review of travel expenses. The Report indicates that certain payment approvals lack a second signature. This is simply not the case. The second signature comes from Finance. Our Office does not have copies where the approval was prior to the County’s new financial software being in place, New World Systems (NWS). But O’Connor Davies could have obtained them through inquiry.

Detail of Conference Expenses

Section 3 also includes a chart related to review of Conference expenses. The Chart appears to indicate that the approval for the NWS conference came in after the event, but that is not true. O’Connor Davies was provided the approval in the materials they requested from our Office.

There are instances where the conference approval was signed after the conference or transaction date. This is not unique to our Office, and is not unusual County-wide. This is typically the result of nothing more than the time it takes for the unit in question, the Executive, and/or the Commissioner of Finance to process the forms under the press of everyday business. Our Office has waited as many as 4 months for a signed approval to be returned from the administration, even where the conference expense is within the Legislature’s approved budget line.

The proper inquiry is whether appropriate “checks” are in place to ensure that the expense incurred is within the parameters established by the Legislature in the adoption of the annual Budget, and that it serves the unit personnel in furtherance of the County’s best interest. The key “checks” in this system, of course, are threefold.

The mission of the Ulster County Comptroller’s Office is to serve as an independent agency of the people, to protect the public interest by monitoring County government and to assess and report on the degree to which its operation is economical, efficient and its financial condition sound.

First, the Legislature exercises control over these expenses by setting each unit's budget for such expenses annually in the adoption of a Budget. Second, the unit head is in a position to determine whether the conference is beneficial to the County for the purposes of his or her unit's duties, and also knows what their budget line item is for that year. Third and last, the Commissioner of Finance confirms that the money is available. So, in point of fact, the "approval" which may be obtained after the event is an administrative one, ensuring that an expense has not been incurred beyond the funds appropriated for that purpose. But, by the time the form has made its way to the Commissioner of Finance, both the Legislature and the administrative unit will have weighed in on the expense.

OPPORTUNITY FOR IMPROVEMENT

The Report did point out that a one-half hour mistake was made in calculating the accrual of Comp Time for . Our office has adopted the use of an improved timesheet modeled on that produced by the Commissioner of Finance to prevent such an error in the future.

CONCLUSION

We thank the Legislature for the opportunity to review and comment on the Report. We welcome the improvement it may yield in our practices and that of the County overall. And we are available to discuss these matters at your convenience.

The mission of the Ulster County Comptroller's Office is to serve as an independent agency of the people, to protect the public interest by monitoring County government and to assess and report on the degree to which its operation is economical, efficient and its financial condition sound.

Independent Accountant's Report
On Applying Agreed-Upon Procedures

Ulster County Legislature
Attention: John R. Parete
Chairman of the Legislature
244 Fair Street
Kingston, NY 12401

AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Ulster County Legislature, solely to determine that the comptroller's office of the County of Ulster is properly recording, incurring and having approved selected expenses and time records for the period January 1, 2014 through December 31, 2014. This agreed-upon procedures engagement was conducted in accordance with attestation standards issued by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purposes for which this report has been requested or any other purpose.

Time Sheets

1. For a sample of 4 months including March, June, September and December, we looked at the time sheets that began or ended in the month selected.
 - a. Identify by reference to certified daily time sheets total time charges per employee.

The following schedule displays the amount of hours worked, sick hours, vacation hours, personal hours, flex hours and compensatory hours earned as well as used within the four month sample:

O'CONNOR DAVIES, LLP

500 Mamaroneck Avenue, Suite 301, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | www.odpkf.com

O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

RECEIVED
JUL 17 2015

ULSTER COUNTY LEGISLATURE

Employee Name	Hours Worked	Sick	Vacation	Personal	Flex Used	Comp. Earned	Comp Used	Total
[redacted]**	664.00	32.00		16.00	8.00			720.00
[redacted]***	75.00							75.00
[redacted]**	390.00	57.00	72.00	11.00				530.00
[redacted]**	229.00	8.00		39.00		13.00	4.00	293.00
[redacted]	791.50	28.50	40.00	20.00				880.00
[redacted]	766.50	35.00	37.00	29.75	8.00	4.00	3.75	884.00
[redacted]***	227.75		40.00	12.00		9.00	0.25	289.00
[redacted]	777.50	8.00	94.00				0.50	880.00
[redacted]* **	133.00							133.00
[redacted]	772.75	39.00	64.00	3.50			0.75	880.00
Total	4,827.00	207.50	347.00	131.25	16.00	26.00	9.25	5,564.00

* Part Time Employee

** Only worked a partial year

*** New Employee

- b. Determine that outside activities, requiring absence from work, are properly recorded in the respective time sheets of each employee.

When an employee leaves the office, it is not specifically noted as to whether employees are leaving for lunch or other activities; however time spent outside of the office is entered on the time sheets.

- c. Determine that accruals for sick pay, vacation, compensatory time and personal time are properly computed for each employees account.

We noted that accruals were properly computed for all employees except in the following instances:

- [] had earned four hours of compensatory time during the pay period ending March 21, 2014, however four and a half comp hours had been accrued.
- [] began working for the county September 15, 2014, however vacation and personal time was not accrued during that pay period, but was instead accrued at a later pay period.
- [] began working for the county December 15, 2014, personal time was not accrued during that pay period, but was instead accrued at a later pay period.

- d. Determine that the use of compensatory time is properly subtracted from each employees account.

We noted that compensatory time has been properly subtracted from each employees account.

- e. Determine that an employee certification and supervisory approval exists for each time sheet.

We noted that an employee certification and supervisory approval exists for each time sheet except in the following cases:

- For the month of March, [] was out on [] leave and did not certify [] three time sheets.
- In the pay period ending December 13th, 2014 [] did not certify [] time sheet, no reason was given.

- For each pay period, [] submits two time sheets. One of the time sheets [] submits indicates time in/ out, the other time sheet only indicates hours worked. [] only certified the time sheet that shows hours worked in each of the pay periods sampled.

f. Identify any irregularities or inconsistencies noted in the preparation of timesheets.

We noted the following irregularities and inconsistencies in the preparation of employee time sheets. We have identified these exceptions by employee as follows:

[]

- There were two instances of handwritten corrections made to the accrual section of the time sheets. These instances occurred on the following time sheets: March 7, June 27.
- There were seven bi-weekly pay periods in which an hour long lunch was taken one week, and no lunch was taken in the other. These instances occurred on the following time sheets: March 21, June 13, June 27, July 7, September 5, September 19, and October 3.
- There were two occasions where the reason for not being in the office was given. These instances occurred on the following time sheets: March 4, and March 21.
- There was one instance of handwritten corrections made to the time entry portion of the time sheet, on the June 27 time sheet.
- There were two instances in which the employee seemingly accrued for the same flex holiday. By the June 13 time sheet, the employee had accrued two flex holidays, F1 and F2 respectively. By the June 27 time sheet, F1 was used. On the September 5 time sheet, F1 had a balance of eight hours, while F2 had a balance of zero.

[]

- There was one bi-weekly pay period in which an hour long lunch was taken one week, and no lunch was taken in the other. This occurrence was on the December 26 time sheet.

[]

- There were eight bi-weekly pay periods in which no time detail was given with regard to time in/out, only the number of only hours worked were provided. These instances occurred on each time sheet from June through December.
- There were five instances of handwritten corrections made to the accrual section of the time sheets. These instances occurred on the following time sheets: March 7, March 21, June 13, June 27, and December 26.

- There was one month (March) in which the reason for not being in the office was provided on each of the time sheets ([] leave).
- There was one instance of handwritten corrections made to the time entry portion of the time sheet. This instance occurred on December 26.
- There was one pay period in which there was no time entered in the time entry section of the time sheet identifying which type of paid time off was being used. Only the benefit accrual time section of the time sheet had showed that is was vacation time used. This instance occurred on December 13.

[]

- There were two instances of handwritten corrections made to the accrual section of the time sheets. These instances occurred on March 7 and March 21 time sheets.
- There were two occasions in which the employee worked during hours in which the office is closed. Both of these instances occurred on the March 21 time sheet.
- There were two instances of handwritten corrections made to the time entry portion of the time sheet. These instances occurred on the March 21 and April 4 time sheets.

[]

- There were four instances of handwritten corrections made to the accrual section of the time sheets. These instances occurred on the following time sheets: March 7, March 21, December 13, and December 26.
- There were seven bi-weekly pay periods in which an hour long lunch was taken one week, and no lunch was taken in the other. These instances occurred on the following time sheets: March 7, March 21, April 4, June 13, September 19, October 3, and December 13.
- There were two instances of handwritten corrections made to the time entry portion of the time sheet. These instances occurred on March 7 and December 26.

[]

- In each pay period in each month sampled, the employee was the only employee to enter time using military time.
- There were five instances of handwritten corrections made to the accrual section of the time sheets. These instances occurred on the following time sheets: March 7, March 21, April 4, July 11 and September 5.
- There were seven instances within the time periods in which the employee worked weekends. These instances occurred twice on the March 7 time sheet, once on the March 21 time sheet, once on the April 4 time sheet, twice on the June 13 time sheet as well as once on the October 3 time sheet.

- There was one instance of handwritten corrections made to the time entry portion of the time sheet. This instance occurred on the December 26 time sheet.
- There were thirteen instances in which the employee came in later than 9 o'clock without the reason being noted on the time sheet. This occurred twice on the March 7 time sheet, three times on the March 21 time sheet, once on the April 4 time sheet, once on the June 13 time sheet, once on the June 27 time sheet, once on the July 11 time sheet, once on the October 3 time sheet, once on the December 13 time sheet as well as twice on the December 26 time sheet.
- There were two instances in which the time entry section indicated that the same amount of sick time used as the accrual section, but the beginning and ending accruals were off due to rounding. During the pay period for the September 20 time sheet 5.75 sick hours had been used in the time entry section of the time sheet as well as the accrual section, while a full six hours had been removed from the balance in the accrual section of the time sheet. During the pay period for the October 4 time sheet 15.25 sick hours had been used in the time entry section of the time sheet as well as the accrual section, while only 15 hours had been removed in the accrual section of the time sheet.
- There was one instance in which compensatory time had been shown as earned in the accrual section of the March 8 time sheet although hours worked were only the required amount, there was no show of compensatory time earned in the time entry section of the time sheet.

[REDACTED]

- There were three instances of handwritten corrections made to the accrual section of the time sheets. These instances occurred on the following time sheets: October 3, December 13 and December 26.
- There was one instance of handwritten corrections made to the time entry portion of the time sheet. This occurred on the December 26 time sheet.

[REDACTED]

- There was one instance of handwritten corrections made to the accrual section of the time sheets. This instance occurred on the June 13 time sheet.
- There was one instance of handwritten corrections made to the time entry portion of the time sheet. This instance occurred on the December 26 time sheet.

[REDACTED]

- There were three instances of handwritten corrections made to the accrual section of the time sheets. These instances occurred on the following time sheets: March 7, July 11, as well as September 19.
- There were two bi-weekly pay periods in which an hour long lunch was taken one week, and no lunch was taken in the other. One instance occurred on the March 21 time sheet, the other occurred on the April 4 time sheet.
- There was one instance of handwritten corrections made to the time entry portion of the time sheet. This instance occurred on March 7.

- There are two anniversary dates shown on employee time sheets through the year. March and June time sheets say that the employee anniversary date is 4/15/2011. The weeks ending September 6 and September 20 have both 4/15/2011 and 7/28/2009 listed as anniversary dates on both sheets. The weeks ended October 4, December 13 and December 27 have an anniversary date of 7/28/2009.
 - There were two instances in which vacation time had increased. The first was between March and June pay periods, the second was between September and December pay periods.
2. Inspect petty cash documentation for the period January 1, 2014 through December 31, 2014 and identify items that are not consistent with county guidelines.

There was no use of petty cash for the period January 1, 2014 through December 31, 2014.

3. Determine that travel and conference expenses incurred by the office of the comptroller for the period January 1, 2014 through December 31, 2014 are supported by appropriate approvals.

The following schedule details the expenses recorded for travel:

Detail of Travel Expenses

Transaction Date	Travel	For	Attendees	Charged To	Account	
2/3/2014	\$ 26.21	NYSBA 2014 Annual Conference		Travel	4590	✓ X *
4/10/2014	75.71	GFOA		Travel	4590	✓ X
4/24/2014	10.08	Mileage for public auction		Travel	4590	X *
5/8-6/30/14	89.36	RVBA Breakfast		Travel	4590	✓ X *
5/15/2014	81.96	ALGA 2014 Annual Conference		Travel	4590	✓ X
5/23/2014	226.90	ALGA Conference		Travel	4590	✓ X
6/2/2014	151.20	Annual GFOA National Conference		Travel	4590	✓ X *
6/6/2014	10.28	Thruway tolls		Travel	4590	✓ X
9/25/2014	364.00	NYSAC 2014 Fall Semester		Travel	4590	✓ X *
10/10/2014	(181.86)	New World User Conference		Travel	4590	✓ X *
10/10/2014	246.21	New World User Conference		Travel	4590	✓ X
10/15/2014	376.32	NYSAC		Travel	4590	X *
12/5/2014	22.40	Audit Reporting Conference		Travel	4590	✓ X *
	<u>\$ 1,498.77</u>	Ties to GL				

✓ - Conference approval

X - Payment approval for conference related out of pocket expenses

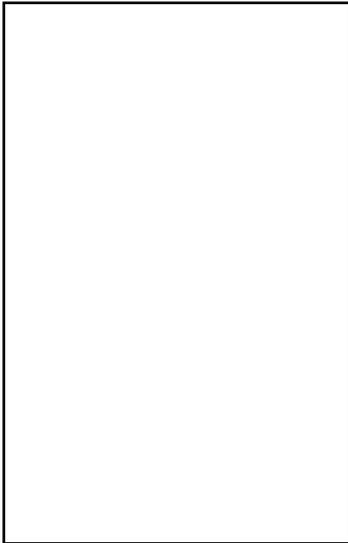
* Approval is after transaction date or no date is given on approval

The following schedule details the expenses recorded for conferences:

Transaction Date	Hotel	Transportation & Meals	Amount	Airfare	Registration	Total	For	Attendees	Account
1/2-2/4/14	\$ 479.00	\$ -	\$ -	\$ -	\$ -	\$ 479.00	NYSAC Legislative Conference		4580 ● ✕
1/21-2/4/14		187.00			433.00	620.00	Registration NYS Bar Conference		4580 ● ● ✕
1/27/2014				894.00		894.00	Airfare - Tampa ALGA conference		4850 ● ● ✕
1/29/2014		36.00				36.00	Chamber Breakfast		4850 ■ ✕
1/31/2014		69.75				69.75	NYSBA Conference		4580 ● ✕ ✕
2/3-2/5					190.00	190.00	Registration -NYSAC Conference		4850 ■
2/19/2014		54.00				54.00	Chambers Breakfast - LW-RC-EA		4580 ● ● ✕
3/5-3/6/2014				802.00	741.49	1,543.49	GFOA Conference & Airfare		4580 ● ● ✕
3/10/2014	54.00					54.00	Registration UC Chamber of Commerce		4580 ✕ ✕
3/18-3/21/14	146.88	240.00				386.88	GFOA Conference		4580 ● ✕ ✕
4/14/2014		18.00				18.00	Chamber Breakfast		4580 ■
4/24/2014	(57.42)			1,001.42	3,790.00	4,734.00	New World Systems Customer Conference		4580 ✓
5/7/2014					205.00	205.00	NYS GFOA Registration		4580 ✓ ✕
5/8 & 5/15/14	1,066.57					1,066.57	ALGA 2014 Annual Conference		4580 ✓ ✕
5/16-5/21/14	372.27					372.27	GFOA National Conference		4580 ✕ ✕
5/17-5/20/14		75.00				75.00	Dinner and lunch- GFOA Conference		4580 ✓ ✕
6/2/2014		392.59				392.59	Annual GFOA National Conference		4580 ✓ ✕ ✕
6/26/2014		190.00		387.00		577.00	Glen Shepard Seminar & NYSCA		4580 ✕ ✕
7/21/2014					170.00	170.00	NYSAC 2014 Fall Seminar		4580 ■
8/25/2014					640.00	640.00	Audit Reporting Seminar		4580 ✕ ✕
8/25-9/24/14	656.35	103.98		729.40		1,489.73	Audit reporting Conference		4580 ✕ ✕
9/25/2014	667.00					667.00	NYSAC 2014 Fall Semester		4580 ✓ ✕ ✕
10/17/2014		100.00				100.00	Business Recognition Awards Dinner		4580 ✕ ✕
10/22/2014	526.70					526.70	Audit reporting Conference		4580 ✕ ✕
10/24/2014		181.86				181.86	New World User Conference		4580 ✓ ✕
10/29/2014				1,044.40		1,044.40	Conference in Austin		4580 ✕
12/3/2014				(907.40)		(907.40)	CREDITS For Conference in Austin		4580 ✕
12/5/2014	296.70	232.64				529.34	Audit Reporting Conference		4580 ✓ ✕
	<u>\$4,208.05</u>	<u>\$ 1,880.82</u>	<u>\$ 3,950.82</u>	<u>\$ 6,169.49</u>	<u>\$ 16,209.18</u>				

- ✓ Conference approval
- ✕ Conference approval lacks one signature
- ✕ Payment approval for conference related out-of-pocket expenses
- Payment approval for conference related out-of-pocket expenses lacks one signature
- No approval
- ✕ Approval is after transaction date

Conference attendees initials represent the following employees:



4. Prepare a schedule of publications purchased for the period January 1, 2014 through December 31, 2014 by the office of the comptroller indicating cost and name of publication.

Transaction Date	Amounts			Total	For	Account Charged to
	News- papers	GAAP Update	Books			
1/21/2014	\$ 36.00	\$ -	\$ -	\$ 36.00	Blue Stone Press	Periodicals 4635
1/19/2014	135.00			135.00	Ulster Publishing -Times	Periodicals 4635
2/24/2014	276.40			276.40	Times Herald Record	Periodicals 4635
3/7/2014	40.00			40.00	Southern Ulster times	Periodicals 4635
4/11/2014	215.79			215.79	Daily Freeman	Periodicals 4635
6/30/2014			279.92	279.92	12 Never Eat Alone - Books	Periodicals 4635
7/22/2014	(157.20)			(157.20)	NY Times	Periodicals 4635
12/2/2014	374.40			374.40	NY Times	Periodicals 4635
12/31/2014		39.95		39.95	GFOA - GAAP Update	Periodicals 4635
	<u>\$ 920.39</u>	<u>\$ 39.95</u>	<u>\$ 279.92</u>	<u>\$ 1,240.26</u>		

The above schedule identifies the publications purchased by the office of the comptroller for the period January 1, 2014 through December 31, 2014.

5. Prepare a schedule of professional services/contractual expenses for the period January 1, 2014 through December 31, 2014 and identify any services that overlap duties in the charter.

Transaction Date	Intern	Legal	Accounting	Miscellaneous	Total	For	Account
6/18/2014	\$ 500.00	\$ -	\$ -	\$ -	\$ 500.00	Richard Guido	4660 *
8/6/2014	500.00				500.00	Richard Van Cleve	4660 ✓
8/6/2014	500.00				500.00	Todd Geerstenhaber	4660 ✓
8/8/2014		200.00			200.00	Thomas Drohan	4660 *
9/25/2014				500.00	500.00	Web Site - Warranty	4660 *
9/30/2014			1,202.50		1,202.50	Bonadio & Co.	4660 ✓ X
10/3/2014				200.00	200.00	Institute of Internal Auditors	4660 *
10/7/2014		1,640.00			1,640.00	Thomas Drohan - Guardianship Accounts - Audit	4660 ✓ X
10/14/2014				57.93	57.93	Fed Ex Charge	4660 *
10/22/2014		75.00			75.00	Executive Process Service	4660 *
10/31/2014			1,665.00		1,665.00	Bonadio & Co.	4660 ✓ X
11/13/2014		4,870.00			4,870.00	Thomas Drohan - Guardianship Accounts - Audit	4660 ✓ X
11/30/2014			3,011.25		3,011.25	Bonadio & Co.	4660 ✓ X
12/10/2014		2,080.00			2,080.00	Thomas Drohan - Guardianship Accounts - Audit	4660 ✓ X
12/10/2014				1,105.00	1,105.00	Website Changes	4660 *
12/11/2014	500.00				500.00	Jeffry Cummins	4660 *
12/24/2014	500.00				500.00	Zachary Petit	4660 *
12/30/2014		930.00			930.00	Thomas Drohan	4660 ✓ X
12/31/2014			3,342.50		3,342.50	Bonadio & Co.	4660 ✓ X
	\$ 2,500.00	\$ 9,795.00	\$ 9,221.25	\$ 1,862.93	23,379.18		
	Budget adjustment				(2,690.00)		
					\$ 20,689.18		

✓ - Approval
 * - Approval came after transaction date or there was no date with approval
 X - Retainer agreement

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the office of the comptroller of the County of Ulster for the period January 1, 2014 to December 31, 2014. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the Ulster County Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
May 21, 2015

July 28, 2015

Ulster County Legislature
Attention: John R. Parete
Chairman of the Legislature
244 Fair Street
Kingston, NY 12401

Dear John R. Parete:

Attached please find our special consulting report regarding the operations of the Ulster County Comptroller's Office.

We would be happy to discuss this report with you, at your earliest convenience.

Very truly yours,

O'Connor Davies, LLP



Bruce W. Parker

Ulster County Comptroller's Office

We recently performed an agreed upon procedures engagement and issued our report thereon dated May 21, 2015. Due to the limitations imposed by the format of an agreed upon procedures engagement certain questions that legislator Gerentine had wished answered were not specifically addressed in that report. We are responding to those concerns in this writing which will address those remaining issues raised by legislator Gerentine which are as follows:

- Are the procedures followed by the comptroller's office in compliance with County wide standards for the purpose of time sheet reporting by employees.

On Thursday June 18th, 2015 we met with representatives of Ulster County including Robert Sudlow - Deputy County Executive, C.J. Rioux - Deputy Commissioner of Finance and Sheree Cross - Personnel Director. In addition Donald Quesnell Ulster County Legislative Fiscal Analyst was in attendance. We pointed out to them our findings in connection with our agreed upon procedures engagement and that there was no mechanism in place within the comptroller's office to account for absences from work other than to indicate the hours away from the office. The comptroller's office does not require that employees disclose their whereabouts when they are away from the office. As a result, if an employee is at a doctor's appointment or out for lunch or meeting with an attorney on a personal matter, the time sheets will not disclose that information. Only the hours away from the office are required to be reported. The representatives from the County indicated that there was nothing wrong with the time reporting used by the office and observed that there are many different operating units within the County each with their own special needs for keeping track of employee time.

The representatives did point out however that the comptroller's office should be at the forefront in terms of "best practices" observed when it comes to any sort of recordkeeping including timesheets. As such it was surprising to them that the whereabouts of employees when away from the office were not required to be documented in the time sheet recording process. The representatives would have expected such information to be a requirement of the time sheet reporting within the comptroller's office but emphasized that the controller's office did nothing wrong and were within County guidelines for such reporting.

- Why is the comptroller's office engaging outside consultants for services that should be performed by the comptroller's office.

Bonadio & Co.

In connection with the use of consultants including outside legal counsel and outside accountants it was learned in speaking with Deputy Comptroller Joseph P. Eriole that the comptroller's office had used the accounting firm of Bonadio & Co. as a sounding board for new issues arising and for new ideas regarding risk assessment and internal audit. In turn questionnaires were circulated to County employees to elicit information on high risk areas worthy of further investigation within the County. Deputy Comptroller Eriole also discussed the need to develop "best practices" and possible improved processes with Bonadio & Co. specifically with regard to claims audits done by the controller's office. Among the reasons for the hiring of Bonadio & Co. was the loss of Ronald Crum, the lone CPA at the time. In the opinion of Deputy Comptroller Eriole with Mr. Crum's departure the comptroller's office was left without the level of professional talent and oversight necessary to pursue the aforementioned initiatives and other tasks in a manner necessary to ensure meaningful and accurate results for the County.

Accordingly Deputy Comptroller Eriole thought that it was important to have a "CPA" on board to assist the controller's office. Mr. Eriole pointed out that the comptroller's office was within their rights as regards Chapter A of the Administrative Code of Ulster County which specifically states in § A9-2 item H:

"To conduct studies and investigations in furtherance of his or her functions and, in connection therewith, to obtain and employ professional and technical advice, appoint citizen's committees, commissions and boards, subpoena witnesses, administer oaths and require the production of books, papers and other evidence deemed necessary or material to such studies or investigations".

Deputy Comptroller Eriole had also contended that the comptroller's office had been impacted by recent budget cuts but that the recent hiring of Alicia Demarco, a CPA, as the County Internal Auditor was a welcome addition and that the necessity of outside accountants was less likely going forward, although he would not rule out the need to engage them in the future if necessary. The Contract with Bonadio and Co. was for 2 years expiring on August 14th of 2015 and \$9,221 of costs were incurred in 2014. Thus far in 2015 only \$808 has been incurred. The contract with Bonadio & Co. has a cap of not to exceed \$36,000 without the prior written consent of the Executive or Purchasing Director.

Thomas, Drohan, Waxman, Petigrow & Mayle, LLP

Based on the original charter of the County the comptroller's office, who was considered to be the Chief Accountant and Auditor, was charged with the responsibility of reconciling all county bank accounts. Ultimately these functions were separated and the comptroller's office was left performing the reconciliation function. As such certain guardianship accounts, overseen by the department of social services ("DSS"), were the responsibility of the comptroller's office to reconcile. When there were discrepancies found in a particular account more information was needed from DSS to resolve them. DSS however would not turn over information to the Comptroller's office citing confidentiality issues. Ultimately DSS sued the comptroller's office. In the meantime the county attorney had recused herself in this matter and the comptroller's office was forced to engage Thomas, Drohan, Waxman, Petigrow & Mayle, LLP as outside counsel to handle the law suit. They were paid \$9,795 in 2014 and no further amounts in 2015. The end result of the lawsuit was that the comptroller's office was relieved of its obligation to perform bank reconciliations for DSS. This event it is of a non-recurring nature and was not handled internally because of the conflicts created by an intra-county lawsuit.

Should you have any questions regarding this report, please do not hesitate to contact Bruce Parker at 914-421-5650.

Very truly yours,

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

July 28, 2015