



Town of Hurley

Transfer Station Collections

2024M-132 | April 2025

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Report Highlights

Town of Hurley

Audit Objective

Determine whether transfer station collections were adequately supported, recorded and remitted in a timely manner.

Key Findings

We determined that transfer station collections were remitted in a timely manner. However, they were not adequately supported or recorded. As a result, an increased risk exists for collections not to be properly accounted for and even lost, stolen or misappropriated without detection. For example:

- The amount of municipal waste collected, as recorded by the transfer station, was 238 tons less than the amount transported and invoiced by the hauling company, which equates to the Town of Hurley (Town) collecting approximately \$51,800 less in fees than it should have for the collected waste.
- Over a more than two-year period, the former transfer station Manager's (Manager) remittances to the Town Clerk (Clerk) exceeded the amounts recorded in the transfer station records by \$14,600.

Additionally, the Town Board (Board) and Town officials adopted inadequate policies and developed written transfer station collection procedures that did not address segregation of incompatible duties with respect to safeguarding collections. For example, the Manager was responsible for performing incompatible duties, including collecting, recording and remitting transfer station collections to the Clerk.

Key Recommendations

The audit report includes six recommendations to help the Board, Town officials and the Manager improve their practices for transfer station collections.

Town officials generally agreed with our recommendations and indicated they plan to initiate corrective action.

Audit Period

January 1, 2018 – November 15, 2019. We also extended the audit period forward to April 30, 2020 for municipal waste testing.

Background

The Town is located in Ulster County. The Town is governed by the elected five-member Board composed of four Board members and the Town Supervisor (Supervisor). The Board is responsible for managing operations and finances including overseeing the transfer station's collection activities.

The Town operates a transfer site Tuesday through Saturday which provides recycling and solid waste services to residents, non-residents and local businesses. Collections from the transfer station were remitted to the Clerk.

The Manager oversees the transfer station activities and collections. The individual who was the Manager during our audit period is no longer employed by the Town. As a result, this individual is referenced in this report as the former Manager.

Quick Facts

Transfer Station Revenues January 1, 2018 – April 30, 2020

Transfer Station Records	\$391,564
Town Clerk Records	\$406,163

Transfer Station Collections

How Should Transfer Station Collections Be Accounted For?

The Manager should ensure that all collections at the Town's transfer station are adequately supported, recorded and remitted in a timely manner to the Clerk. Cash, above all other Town assets, has the greatest potential for theft. Therefore, it is particularly important that the duties be segregated for the receipt, recording and reconciling functions of the transfer station collections, as well as remitting this money in a timely manner to the Clerk to reduce the risk of theft or loss.

The Board, together with the Manager, are responsible for adopting written policies and developing adequate procedures for transfer station collections. Specifically, detailed collection records should be maintained and daily cash reconciliation procedures should be performed and documented to verify that all collections are accounted for and remitted to the Clerk. Any overages or shortages should be identified and investigated, as appropriate. It is also important that when monthly reconciliations are prepared, differences between the tonnage collected by the transfer station and the tonnage invoiced to the Town by the hauling company be reviewed. In addition, the Manager is required to provide the Board with monthly municipal solid waste and recycling reports.

When no other satisfactory evidence for the purpose of audit is available, a press-numbered duplicate receipt (duplicate receipt) should be issued for any cash, checks or money orders received. One copy of the duplicate receipt should be provided to the customer and one copy should be retained for audit purposes.

Additional oversight activities can include comparing daily reconciliation forms to supporting documentation and remittances to the Clerk, as well as monitoring employees in the performance of their duties. Furthermore, the Board should be annually auditing (or hiring an independent auditor to perform the audit) the books, records and documents of all Town officers and employees, including the transfer station, responsible for receiving and disbursing money. This periodic audit of the financial details of departmental operations, particularly that of the transfer station, can provide the Board with an understanding of those operations, which is essential to effective oversight.

Transfer Station Collections Were Not Adequately Supported or Recorded

Transfer station employees receive payments in the form of cash,¹ or check for transfer station permits and various items, such as municipal waste, tires and appliances. The Board adopted policies and Town officials developed written procedures over the transfer station collections. However, these policies and procedures were inadequate. For example, the policies did not address segregation of incompatible duties with respect to safeguarding collections and the procedures did not ensure that monthly municipal solid waste and recycling reports required to be provided to the Board were actually prepared and provided to the Board. Specifically, the Manager was responsible for performing incompatible duties, including collecting, recording and remitting transfer station collections to the Clerk. Two Board members stated that the prior administration did not have these policies and procedures in place, so they were not aware that the Town needed them.

¹ Per the Town's updated transfer station brochure dated July 2023, cash is no longer accepted as a form of payment.

In addition, transfer station records were not accurate. Specifically, we determined that the amount of municipal waste collected, as reported by the transfer station, varied from the amount invoiced by the hauling company² and the collections submitted to the Clerk by the former Manager exceeded the amount of collections recorded in the transfer station's records.

- We compared the tonnage of municipal waste received by the transfer station to the tonnage of municipal waste removed by the hauling company. The amount of tonnage invoiced to the Town by the hauling company was 1,720 tons. However, the amount of tonnage recorded as received by the transfer station was 1,482 tons, resulting in a difference of 238 more tons being invoiced by the hauling company than recorded by the transfer station. This difference resulted in the Town collecting approximately \$51,800 less for municipal waste than it should have based on the amount of municipal waste transported by the hauling company.
- Transfer station employees did not issue press-numbered duplicate receipts for collections. We determined that although collections were recorded in the transfer station's records and generally were remitted in a timely manner by the former transfer station Manager to the Clerk, there were discrepancies between the total amount of collections recorded in the transfer station's records compared to the total amount of collections remitted by the Manager to the Clerk. Specifically, the former Manager remitted the following additional amounts, totaling \$14,600, to the Clerk than what was recorded in the transfer station's records:
 - For 2018, \$5,660,
 - For 2019, \$7,162, and
 - For January 2020 through April 2020, \$1,778.

The former transfer station Manager left Town employment before we could inquire about these discrepancies. Two Board members informed us that the Board was unaware of these inaccuracies and discrepancies in the transfer station records. In addition, they did not know that press-numbered duplicate receipts should be issued for collections.

Further, the Board did not perform an annual audit of the books, records and documents of the transfer station. A Board member stated that a Certified Public Accountant (CPA) performs an audit of the Clerk but she has never seen an audit of the transfer station. Two Board members informed us that it was the Board's understanding that the CPA was performing an audit of the Town as part of their engaged services. However, we reviewed the CPA's responsibilities, and they do not perform audit services. The CPA's responsibilities included payroll processing, retirement reporting, check writing, reconciling bank accounts, bookkeeping and financial reporting.

As a result of these weaknesses, an increased risk existed for collections not to be properly accounted for and even lost, stolen or misappropriated without detection.

² The hauling company is responsible for collecting and transporting various types of waste from the transfer station to a disposal facility.

What Do We Recommend?

The Board and Manager should:

1. Adopt adequate policies and procedures for the transfer station collection operations that include segregating the receipting, recording and reconciling functions, if practical.

The Manager should:

2. Review and reconcile the tonnage collected by the transfer station to the amount of tonnage invoiced to the Town by the hauling company and examine any differences.
3. Ensure transfer station employees issue press-numbered duplicate receipts.
4. Ensure collections received at the transfer station are accurately recorded in the transfer station's records.
5. Provide the Board with monthly reports detailing the transfer station's activity for municipal waste and recycling operations.

The Board should:

6. Annually audit the books, records and documents of the transfer station.

Appendix A: Response From Town Officials

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April 7, 2025
Newburgh Regional Office
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Revised response to Office of State Comptroller's Draft Audit Report

Dear Mr. James L. Latainer:

In response to the OSC's Draft Audit Report, the Town of Hurley is in agreement with the findings in the OSC's Draft Audit Report.

We agree with the auditors' comments, and the actions listed below will be or have already been implemented. We are working on documenting the Town's updated policies and procedures, and will then consolidate them in a user manual for all staff, in particular to be used by the Transfer Station and Town Clerk's office. We expect to have this completed by the end of Q2.

1. Adopt adequate policies and procedures for the transfer station collection operations that include segregating the receipting, recording and reconciling functions, if practical.

The Town has adopted a cashless policy for the Transfer Station. Checks, credit cards and money orders are the only payment methods accepted.

The Manager should:

2. Review and reconcile the tonnage collected by the transfer station to the amount of tonnage invoice to the Town by the hauling company and examine any differences.

The Transfer Station Supervisor submits the tonnage to the Town, and this is reconciled against the invoices from UCRRA.

3. Ensure transfer station employees issue press-numbered duplicate receipts.

The Transfer station has two new cash registers: one is for the redemption of prepaid coupons and the other is used to record any other types of sales. Every transaction is recorded by type of payment (Transfer Station coupon, check or credit card). Both registers issue a duplicate receipt for customers for each transaction, as well as records for internal tracking purposes.

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4. Ensure collections received at the transfer station are accurately recorded in the transfer station's records.

The information from the cash registers are transferred to a spreadsheet that tracks both coupon redemption by category and other sales by category (see attached sample). The clerk's office has shared access to these spreadsheets. A Transfer Station employee brings the collected checks to the clerk's office twice a week: Tuesday, which covers transactions from Friday-Saturday and Friday, which covers transactions from Tuesday-Thursday.

The clerk reconciles the money received with the monies on the Daily Tally spreadsheet. These daily transactions are then included onto the Annual Tally spreadsheet (see attached). All of these spreadsheets are included along with copies of the receipts from the cash register into binders that are available in the clerk's office.

5. Provide the Board with monthly reports detailing the transfer station's activity for municipal waste and recycling operations.

The Supervisor, who is a member of the board, reviews monthly reports. These reports, in addition to the binders with all transactions and reconciliations are available to the board at any time.

The Board should:

6. Annually audit the books, records and documents of the transfer station.

The Town will comply with this request and will begin to have the Town Board perform an annual audit.

Sincerely,

Mike Boms
Supervisor, Town of Hurley

Appendix B: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We reviewed Town policies and procedures to identify any policies or procedures related to collections at the transfer station and the Clerk's office.
- We interviewed Town officials and employees to gain an understanding of the processes and procedures in place for collecting, securing, recording and accounting for cash collected and receipted at the transfer station and remitted to the Clerk's office. These discussions allowed us to understand the transfer station's internal control system and assess whether the established controls were sufficient to protect resources from possible loss or improper use and minimize the risk of errors and irregularities.
- We interviewed the Clerk and Town officials to gain an understanding of internal controls over collecting, securing, recording, depositing, remitting and reconciling money collected by the Clerk, and to determine whether policies and procedures were in place for Clerk operations. We obtained an understanding of the Clerk's internal control system and assessed whether the established controls were sufficient to protect collections from possible loss or improper use and minimize the risk of errors and irregularities.
- We interviewed the Supervisor, Clerk and a Board member about conducting annual audits and we reviewed all of the Board meeting minutes during our audit period to see whether any annual audits by the Board were documented.
- We randomly selected one month and judgmentally selected the two months preceding that month. We reviewed the collection records for the transfer station and the Clerk for the selected three months to determine whether:
 - Receipts were issued for all collections by tracing from the cash receipts journal to the duplicate receipts for completeness.
 - Receipts were press-numbered and issued in sequence by examining receipts for press-numbers and tracing duplicate receipts to the cash receipt journal for integrity of sequence.
 - Cash receipts matched bank deposits by tracing recorded receipts to bank statements for timely and intact deposits. We investigated any differences.
 - Deposit slips were detailed by tracing receipts to deposit slips. We also verified that deposits were made intact and that deposit slips contained sufficient detail, such as an individual entry for each check deposited.
 - Cash receipts were remitted to the Supervisor and other agencies by the 15th day of the following month.
 - Cash receipts records were posted in a timely manner by tracing receipts from detail supporting records to cash journals for accuracy and timeliness of entries.

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- Cash records agreed with bank records by comparing cash journal balances to bank balances. We then reconciled any timing differences.
 - Cash receipts journals agreed with detailed records by comparing cash receipts journal balances to supporting detail records.
 - Cash receipts journal adjustments were supported by scanning cash receipts journal for any adjustments. We also examined supporting evidence to verify adjustment explanations and approvals. Furthermore, we determined whether these adjustments were made in a timely manner.
 - Cash entries were reasonable by scanning cash journals and cash receipts for any unusual entries, patterns and amounts.
 - Cash activities were reasonable by scanning bank statements for any unusual entries, patterns and amounts.
 - For the transfer station, we determined whether the recorded revenues appeared reasonable.
 - We accomplished this by comparing the tonnage revenue to the tonnage of hauling expenditures (invoices).
 - We also selected and reviewed a judgmental sample of three months of cash receipts records for the transfer station. As a result of this testing, we extended our audit period forward to April 30, 2020 to conduct additional testing. We obtained, documented, and reviewed the transfer station's revenue for all of 2018 and 2019 and January 2020 through April 2020.
 - In addition, we compared fees assessed by the hauling company for removal of refuse and recalculated transfer station fees based on tonnage hauled to the disposal facility to determine whether fees were properly assessed by the transfer station.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

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 provided to our office within 90 days, pursuant to Section 35 of 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 the CAP available for public review in the Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.ny.gov/local-government/publications

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.ny.gov/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.ny.gov/local-government/publications

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.ny.gov/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.ny.gov/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.ny.gov/local-government/publications

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.ny.gov/local-government/academy

Contact

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<https://www.osc.ny.gov/local-government>

Local Government and School Accountability Help Line: (866) 321-8503

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