

Fonda-Fultonville Joint Wastewater Treatment Facility

Board Oversight

MARCH 2020



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

Contents

- Report Highlights 1**

- Board Oversight 2**
 - How Should the Board Provide Effective Financial Oversight? 2
 - The Board Did Not Act in Accordance with the Intermunicipal Agreement 2
 - Financial Records and Reports Were Inadequate 3
 - The Board Did Not Audit All Claims 4
 - The Board Did Not Approve and Monitor Contracts 5
 - What Do We Recommend? 7

- Appendix A – Response From Board Officials 8**

- Appendix B – Audit Methodology and Standards 19**

- Appendix C – Resources and Services 20**

Report Highlights

Fonda-Fultonville Joint Wastewater Treatment Facility

Audit Objective

Determine whether the Fonda-Fultonville Joint Wastewater Board (Board) provided adequate oversight of joint wastewater operations to ensure financial activity was properly recorded and reported and money was safeguarded.

Key Findings

The Board did not:

- Act in accordance with the inter-municipal agreement.
- Ensure that the former Chairman and former Fiscal Officer maintained adequate accounting records.
- Provide adequate oversight over financial operations.
- Approve and monitor vendor contracts.

Key Recommendations

- Operate in accordance with written agreements.
- Maintain adequate accounting records.
- Provide adequate oversight over financial operations.
- Approve and monitor vendor contracts.

Board officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate corrective action.

Background

In July 1971, the Villages of Fonda and Fultonville entered into an inter-municipal agreement to operate the Fonda-Fultonville Joint Wastewater Facility (Facility), which provides sewage treatment services to residents of both Villages.

The Board operates in accordance with the agreement and is composed of eight members, four members appointed by the governing board of each Village.

The Board Chairman is elected by the members and is assisted by a Board-appointed Fiscal Officer. The Fiscal Officer is responsible for receiving and maintaining custody of funds and accounting for and disbursing those funds upon Board approval.

Quick Facts

2018-19 Appropriations	\$366,500
2018-19 Expenditures	\$338,698

Audit Period

June 1, 2013 – May 31, 2019. We extended our audit period through June 30, 2019 to review vendor contracts.

Board Oversight

The Villages of Fonda and Fultonville entered into an amended intermunicipal agreement on May 1, 1997 to operate the Facility.

How Should the Board Provide Effective Financial Oversight?

It is the responsibility of the Board and the respective Villages' governing boards to gain a full understanding of the agreement and the Board's and Village governing boards' responsibilities. In accordance with the agreement, the Villages are to govern Facility operations and maintenance. The agreement further requires the Board to:

- Elect a Chairman and appoint a Fiscal Officer.
- Direct the Fiscal Officer to deposit all money received and make no payments except upon audit and direction by the Board.
- Maintain all necessary records of receipts and disbursements.
- Approve all contracts necessary for the proper operation of the Facility.
- File a report with each Village of its proceedings for the previous year on or before February 1 of each year.
- Prepare and forward to each Village a tentative budget for the next operating year for approval by the governing board of each Village by March 1 each year.

The governing boards of each Village, in conjunction with the Board should establish procedures for the frequency of periodic Board meetings, the financial records and reports that should be maintained by the Fiscal Officer, the periodic financial reporting to be provided to the Board and Villages, and completion of annual financial reports to be filed with the State Comptroller's Office (OSC).

The Board Did Not Act in Accordance with the Intermunicipal Agreement

Despite each Village appointing Board members, the Board did not hold routine monthly meetings, prepare and submit annual budgets to the Villages, require the Fiscal Officer to prepare periodic financial reports or report the annual proceedings and results of operations to the Villages. Further, the Board did not maintain a complete record of its meeting minutes to document the actions and decisions made during the proceedings and ensure all actions and decisions were documented.

Based on copies of Board minutes obtained from the Villages and discussions with Board members, Board meetings were not held from June 1, 2011 through March 30, 2016. Monthly meetings resumed in April 2016, but were discontinued after May 2017 until resuming again in March 2019. The former Fiscal Officer told

us that meetings were not held due to a lack of a quorum at meetings. However, supporting records were not maintained to document the reasons for canceling meetings.

The former Fiscal Officer, who was responsible for maintaining the Board's accounting records from October 2012 through October 2017, told us that she did not prepare routine financial reports such as budget to actual comparisons or balance sheets for the Board. She also told us that she did not provide copies of bank statements and bank reconciliations for examination by the Board.

Our review of the minutes for Board meetings held during our audit period showed that budget to actual reports were provided to the Board for only October 2016, February 2017 and March 2017. Further, the former Fiscal Officer did not file an annual financial report with OSC for the following years: 2013-14, 2014-15 and 2016-17 through 2018-19. The most recent report filed was for 2015-16.

We found that, except for the 2017-18 annual budget, no annual budgets were adopted by the Board during our audit period. While the 2017-18 budget was remitted to the Villages for approval, only the Village of Fultonville's governing board approved the budget. The Mayor of the Village of Fonda asked for additional clarification about the budgeted expenditures from the former Chairman but did not receive a reply. As a result, the Village of Fonda did not approve the 2017-18 budget. Because the Board did not hold routine meetings and require periodic or annual financial reporting, the Board was unable to provide adequate oversight over Facility financial operations.

Financial Records and Reports Were Inadequate

The former Board Chairman and former Fiscal Officer resigned on November 6, 2017. The former Fiscal Officer did not provide any accounting records to the Board or the Villages to account for money collected and disbursed during our audit period. After the former Chairman resigned, the Village of Fultonville officials took over custody of and subsequently closed the Board's five bank accounts. The Village of Fultonville officials then accounted for and paid the Board's bills for Facility operations from November 6, 2017 through September 30, 2018.

On October 1, 2018, the Village of Fonda took over the accounting records and payment of Facility bills with the exception of payroll and debt payments on a BAN, which continued to be paid by the Village of Fultonville. Officials for each Village accounted for Facility expenditures paid in their respective sewer funds. However, officials for the Villages did not prepare periodic interim reports specific to Facility financial operations.

The former Fiscal Officer did not maintain adequate records for all money received and disbursed. The former Fiscal officer told us that she maintained

an electronic record of cash receipts and disbursements and prepared bank reconciliations that were retained in a binder and that the electronic records were lost when her computer needed repair in August 2017, and a back-up was not maintained.

Additionally, Facility staff were unable to locate the binder of bank statements and bank reconciliations and no accounting records were available for our review. The only available documents were claim vouchers and invoices. As a result, we requested copies of bank statements, cancelled check images and deposit details directly from the bank to determine the amounts collected and disbursed.

From the banking records obtained, and the claim vouchers and invoices, we prepared a schedule of cash receipts and disbursements from June 1, 2013 through November 6, 2017. We found that 82 collections totaling more than \$2.1 million were deposited and 519 claims totaling more than \$2 million were disbursed during this period that were unaccounted for. An additional 106 claims were paid by the Villages on behalf of the Board totaling \$346,080 which were accounted for as expenditures by the Villages in their records.

Due to the inadequacy of the records, the former Fiscal Officer was unable to provide the Board with any financial reports or accounting of money collected and disbursed during our audit period. As a result, the Board was unable to monitor Facility financial activity and make sound financial decisions on Facility financial operations. Further, because the former Fiscal Officer did not maintain adequate records or prepare periodic and annual reports for the Board, officials had no assurance that all collections were deposited and disbursements were for appropriate purposes. Further, the Board failed to fulfill its fundamental responsibility for overseeing Facility financial operations.

The Board Did Not Audit All Claims

As custodian of the Board's bank accounts, the former Fiscal Officer was responsible for preparing checks (signed by the former Chairman and the former Fiscal Officer) and paying claims from the Board's two checking accounts. However, while the former Fiscal Officer was responsible for preparing claims for Board audit, the Board did not routinely meet to audit and approve claims for payment as required by the agreement.

After the former Chairman resigned, Facility claims were prepared by the Village of Fultonville Clerk from November 7, 2017 through September 30, 2018 and the Village of Fonda Clerk beginning October 1, 2018, and subsequently audited by their respective governing boards.

We examined all 625 claims paid during our audit period totaling approximately \$2.4 million to determine whether they were audited, approved, adequately

supported and for appropriate purposes. Of these claims, 519 claims totaling about \$2 million were prepared and paid by the former Fiscal Officer, and 106 claims totaling \$346,080 were prepared and paid by the Villages.

- 440 claims totaling approximately \$1.7 million paid by the former Fiscal Officer were not audited or approved by the Board.
- 248 claims totaling approximately \$1.2 million paid by the former Fiscal Officer lacked adequate supporting documentation (i.e. vendor invoice, receipt or other supporting documentation).
- 40 claims totaling nearly \$187,700 paid by the Villages were not audited or approved by their respective governing boards.
- Three claims totaling \$23,098 paid by the Villages lacked adequate supporting documentation.

We determined that the 251 claims that lacked supporting documentation were generally paid to vendors who the Board routinely conducted business with and were for legitimate purposes. For example, we identified payments to the former plant operator, the engineering firm used for design and project monitoring and for chemicals and other supplies. However, without supporting invoices and a Board audit, it is impossible for the Board to determine the appropriateness of these disbursements.

The Board Did Not Approve and Monitor Contracts

The intermunicipal agreement granted the Board the authority to approve all Facility contracts necessary for the proper operation. We examined the services provided by two vendors for engineering and waste hauling services to determine whether the Board approved the related contracts and corresponding change orders, payments were made in accordance with those contracts and whether the Board monitored the payments made under these contracts.¹

We found that the Board did not require the former Chairman to submit three contracts for engineering services totaling \$230,100 to the Board for approval before signing the contracts. Further, because the Board did not hold regular monthly meetings and the accounting records were inadequate to allow tracking payments made to vendors, the Board provided no oversight over these contracts to ensure payments made were within the agreed amounts. As a result, payments made for one engineering contract totaled \$122,173, exceeding the contract amount of \$84,700 by \$37,473. As of May 31, 2019, payments made on the remaining two contracts had not exceeded the contract amounts.

¹ Refer to Appendix B for information on our sampling methodology.

Waste Hauling Services – The former Chairman paid a vendor to haul sludge from the Facility to another facility for further processing. In addition, the former Chairman allowed this vendor to dispose of septic waste collected from properties located outside the Villages’ boundaries at the Facility for a fee. However, the Board did not require the former Chairman to submit contracts for sludge transportation and the acceptance of septic waste for its approval.

Further, the Board did not require the former Chairman to account for payments made and received from this vendor and report this information to ensure payments were made in a timely manner in accordance with agreed upon fees. Because no payment records were maintained, we reviewed copies of all bank statements, check images and deposit details obtained directly from the bank to determine the amount paid to and received from the vendor. In addition, we examined records from the Facility on the amount of septic waste the vendor hauled to the Facility and how much sludge the vendor transported from the Facility.²

We found that the Board had no process in place to bill and track fees collected from the vendor for dumping septic waste collected outside the Villages’ boundaries to the Facility. As a result, dumping fees were not collected in a timely manner or at the rate approved by the Board. In addition, the Board had no process in place to track the number of loads of sludge hauled from the Facility to another facility for further processing and ensure that the amounts billed by the vendor were accurate and made in a timely manner.

Specifically, officials provided us with no evidence for the receipt and deposit of fees for 95 loads of septic waste totaling \$19,451 received at the Facility from November 1, 2017 through June 30 2019 (the last month during our audit period the Facility accepted septic waste collected from properties located outside the Villages).³ We also found no evidence that the vendor was paid \$17,936 for 277 loads of sludge transported from the Facility to another facility for further processing from October 1, 2017 through June 30, 2019.

The Village Mayors told us that they thought there may have been a verbal agreement between the former Chairman and the hauler to net these charges rather than pay him for hauling and bill him for dumping. However, they did not know the details of this possible agreement. When netting the values of the transport services provided by the vendor to the fees due from the vendor, we calculated a balance due to the Board from the vendor of \$1,515 as of June 30, 2019.

² Obtained from the facility that accepted sludge from the joint waste-water facility.

³ Based on examination of the deposit detail and check images provided by the Board’s bank, the vendor paid a rate of \$204.75 per load of septic waste dumped at the Facility.

The Village of Fultonville Mayor told us that she was unaware of the arrangement between the vendor and the former Chairman or that they should have been collecting fees for dumping septic waste, and tracking the loads of sludge transported from the Facility. She also told us that she was unaware that a record was maintained at the Facility of the number of loads of septic dumped. As a result, the Board and Village officials had no assurance that the vendor paid for all outside septic waste dumped at the Facility and continued to provide no oversight over current contracts.

What Do We Recommend?

The Fiscal Officer should:

1. Maintain complete and accurate records.
2. Periodically prepare and provide financial reports including budget to actual comparisons, balance sheets, income statements, bank statements and bank reconciliations to the Board.
3. Annually file the annual financial reports with OSC.
4. Ensure claims are adequately supported and submit them to the Board for audit and approval before payment.
5. Submit contracts to the Board for review and approval.

The Board should:

6. Operate in accordance with written agreements.
7. Provide oversight of the duties performed by the Fiscal Officer, such as requiring written monthly financial reports, and reviewing bank statements, bank reconciliations and cancelled checks.
8. Periodically request and examine the financial records maintained by the Fiscal Officer.
9. Audit and approve all disbursements before payments are made.
10. Review and approve all contracts.
11. Monitor contracts to ensure related disbursements and collections are consistent with the contract terms.

Appendix A: Response From Board Officials

MARCH 12, 2020



FISCAL ACTION PLAN

RESPONSE TO AUDIT REPORT 2019M-252

PRESENTED BY: WILLIAM F. PEELER, CO-CHAIR ON BEHALF OF THE
FONDA-FULTONVILLE JOINT WASTEWATER TREATMENT FACILITY

FISCAL ACTION PLAN

We are providing the action plan in response to the New York State Comptroller Audit Report.

PLAN OVERVIEW

Objective	Action or Practice	Tasked Name	Start	Anticipated Completion	Actual Completion
1	Complete New Inter Municipal Agreement	Joint Board	April 2016	April 2020	Ongoing
2	Complete New Sludge Contract & Management	Joint Board (Assigned Bill P.)	August 2019	September 2019	March 2019
3	Grant Monitoring & Completion	Joint Board (Assigned Linda P.L.)	April 2018 Carryover Grants	July 2021	Ongoing
4	Create Annual Waste treatment Budget	Joint Board (Assigned Barney W. and Kim F.)	December 2019	March 2020	Ongoing
5	Maintain Accounting Records	Christine Kearns (to be placed with new Fiscal Officer)	October 2018	April 1, 2020	Ongoing
6	Fiscal Monitoring	Joint Board (Assigned to Christine Kearns)	October 2019	April 1, 2020	Ongoing

OBJECTIVE 1

- Come to a substantive agreement between the two villages that allows for cooperation and guideline of responsibilities for each partner.
- Separate the Joint Board from the current elected officials and previously appointed individuals with ties to either village.
- Conduct regular reviews of agreement for required updates that match current conditions. Force the agreement to periodic review by shortening the length of the agreement to two-year renewals to all for required amendments and additions. This will allow the substance of the agreement to maintain a contemporary understanding.

CALL TO ACTION

How we will achieve the objectives outlined in the audit and previously recognized by the village boards.

WRITTEN COOPERATIVE AGREEMENT

Begin a fresh start with the understanding between the two villages.

CREATE A SEPARATE JOINT BOARD

Make the Joint Board independent of the two villages while maintaining oversight by the two village.

CREATE A FLEXIBLE WORKING DOCUMENT

The agreement shall be looked upon as a working document that may be adjusted to meet the fiscal and operational needs of the waste treatment facility.

PROCESS**CREATE VIEWPOINT FOR AGREEMENT (COMPLETED DECEMBER 2019)**

The individual village boards will create needs based from each entity's viewpoint.

CREATE AN UNDERSTANDING OF THE AGREEMENT (COMPLETED DECEMBER 2019)

The two board will meet collectively as the joint board for the waste treatment plant and discuss the components of the agreement.

VILLAGES INDEPENDENTLY APPROVE DRAFT AGREEMENT (COMPLETED DECEMBER 2019)

Based on negotiations between the two boards each board will bring the final drafted agreement to their individual Village Board of Trustees for approval.

FINALIZE AGREEMENT (COMPLETED DECEMBER 2019)

The Mayors sign the agreement and present the agreement to the Joint Board as the renewed understanding.

MAINTAIN RESPONSIBILITIES WITHIN THE AGREEMENT ON GOING

Each village will appoint two members to the joint board and a chairperson jointly.

ANNOUNCEMENT OF APPOINTMENTS

The villages will announce their individual appointments at the joint waste treatment meeting. The Joint Board will discuss applicants for the chairperson and make appointment of the selected person.

BEGIN MEETINGS OF INSTALLED BOARD

Establish a meeting with the current joint board and the newly appointed board for transitioning management to the new board.

TRANSITION OF RESPONSIBILITY

Create and understanding with the new board and the villages of expectations based on the intermunicipal agreement.

OBJECTIVE 2

- Place contract for Sludge Hauling out for bidding process to create a new understanding based on the Joint Waste Treatment Board's understanding and objectives.
- Monitor contracts for compliance to the terms of the agreement.

CALL TO ACTION

How we will create a new understanding with the selected haulers of our sludge waste and monitor terms of the agreement.

CREATE AN AGREEMENT AND APPROVE

Create the sludge hauling agreement to be utilized in the call for bids as approved by joint board and have the same approved by the joint board.

MONITOR CONTRACT

Assure vendor continues to meet all terms of the agreement.

PROCESS**CREATE AN AGREEMENT (COMPLETED AUGUST 2019)**

Bill Peeler will create the sludge hauling agreement to be utilized in the call for bids. The agreements will be in draft form until approved by the joint board.

PLACE CONTRACT FOR BID (COMPLETED SEPTEMBER 2019)

The Village of Fultonville will announce bid request for two haulers of our sludge, a primary hauler and secondary hauler on behalf of the joint waste treatment facility.

REVIEW AND APPROVE BID WINNERS (COMPLETED SEPTEMBER 2019)

The joint treatment board will receive and review the bids from the haulers and select the winning bid based on experience and lowest price for services.

SIGN CONTRACTS (COMPLETED SEPTEMBER 2019 FOR PRIMARY – SECONDARY MARCH 2020)

The co-chairs, Linda Peterson-Law and Bill Peeler, for the waste treatment facility will sign the agreement for the selected haulers.

MONITOR CONTRACT (COMPLETED SEPTEMBER 2019 – ONGOING)

Task the Wastewater Lead Operator with monitoring haulers for meeting all points of understanding within the agreement. The operator will immediately report any emergency issues to the co-chairs and report updates at the monthly joint meeting.

OBJECTIVE 3

- Complete the grant process for the Waste Treatment Facility and the Villages of Fonda and Fultonville

CALL TO ACTION

Extend current funding timeline, place for contractor bid and approve bids by the Villages.

PROCESS**EXTEND TIMELINE (COMPLETED DECEMBER 2019)**

Linda Peterson-Law, Mayor for the lead agency, to receive extension for grant funding source.

PLACE CONTRACTS FOR BID (COMPLETED MARCH 2020)

Place three segments of the overall funded project out for bid – Village of Fonda, Waste Treatment and Village of Fultonville. (NOTE: this is a re-bid as original bids were rejected)

REVIEW AND APPROVE BID WINNERS (COMPLETED JANUARY 2020 FOR WASTE TREATMENT ONGOING FOR VILLAGES)

Village Board of Trustees to Approve each bid for the three portions of the overall project. Each for the Waste Treatment Facility and independently for individual villages.

SIGN CONTRACTS (COMPLETED JANUARY 2020 FOR WASTE TREATMENT)

Linda Peterson-Law to sign contracts for the bids upon approval by each village.

OBJECTIVE 4

- Create a revised line item budget template for the joint wastewater facility and create the budget for the 2020-2021 Fiscal Year.
- Control budget overruns and oversight of expenditures.

CALL TO ACTION

ESTABLISH A LINE ITEM BUDGET TEMPLATE

Bill Peeler to establish a line item budget template.

ESTABLISH BUDGET COMMITTEE

Approve committee for creation of draft budget.

ESTABLISH DRAFT BUDGET

Budget Committee to create draft budget for approval by all boards.

FINALIZE BUDGET

Each village to review and approve draft budget for joint board finalization.

BUDGET MONITORING

Monitor budget for fiscal health for uninterrupted services while controlling expenses.

PROCESS

BUDGET MONITORING

The Joint Board will review budget balances each month and approve any line item transfers.

The Joint Board will monitor and report to the Villages any anticipated need for increasing the total budget allotted by the Villages. Approvals will be given for only emergency situations by the Board of Trustees, otherwise consideration will be made in the follow year’s budget.

The Joint Board Chairperson and Fiscal Officer will forward monthly budget status to each Board of Trustees for the Villages – noting transfers or adjustments.

March 12, 2020	fiscal action plan	4
----------------	--------------------	---

ESTABLISH BUDGET TEMPLATE (COMPLETED DECEMBER 2019)

Bill Peeler will create the line item budget template to be used by the budget committee for the creation of the draft and ultimately the final budget.

CREATION OF COMMITTEE (COMPLETED JANUARY 2020)

The joint board will identify and approve the committee for drafting the budget for review.

CREATE DRAFT BUDGET 2020-2021

The appointed committee will create a draft budget after meeting with all involved parties and will present the draft budget to the Joint Board.

The Joint Board will send the draft budget to the Board of Trustees for approvals.

The board of trustees will review and sign the draft budget for return to the Joint Board.

FINALIZE BUDGET

Upon return of the village approved draft budget to the Joint Board for final approval.

The co-chairs will sign approval of the finalized budget.

OBJECTIVE 5 RECORD ORGANIZATION

- Maintain accounting records in an orderly manner and assessable location for review.

CALL TO ACTION**ORGANIZE ACCOUNTING DOCUMENTS**

The Village of Fultonville will organize, to the best of their abilities, all documents prior to third quarter 2018.

Both Villages will maintain organized records for the transfer to the new Fiscal Officer of the Joint Board.

Establish a universal accounting program for review by the Joint Board and Chairperson(s).

PROCESS**ORGANIZATION OF FILES**

The Village of Fultonville has the bulk documents from the previous administration. Fultonville will organize these files with the documents to be filed at the joint facility upon transition to the new board and fiscal officer. The Villages may retain copies of these documents.

The Village of Fonda will organize all records maintained since October 2018 to date of transfer to the new Fiscal Officer.

The Fiscal Officer will cause all records to be properly organized and filed in locked drawers at the Joint Treatment Facility.

PROTECTION OF FILES

The Fiscal Officer will have one year to scan all documents to a secure cloud for protection and maintenance of historic records.

The Fiscal Officer will purchase [REDACTED] for maintaining all records for the Joint Treatment Facility from April 1, 2020 forward. This program must allow for residual protection through backup of all records.

OBJECTIVE 6 FISCAL MONITORING

- Maintain accounting records in an orderly manner and assessable location for review.

CALL TO ACTION

JOINT BOARD MONITORING

The Joint Board must monitor all expenditures and revenues for the waste treatment facility.

OWNER OVERSIGHT

The co-owners of the waste treatment facility must monitor the fiscal responsibility of the waste treatment operations and administration.

PROCESS

JOINT BOARD MONITORING

The Joint Board will require a monthly report from the Fiscal Officer for all activities of the facility.

All bills to be reviewed and approved by the Joint Board.

All accounts are to be balanced by the fiscal officer and reviewed by the Joint Board.

OWNER MONITORING

Each village will receive current budget balances from the Joint Board.

The Joint Board will provide a report of all issues and activities of the plant.

The Village Board of Trustees will have an annual independent audit of the Joint Waste Treatment Facility each year, beginning June 2021.

William F. Peeler, Cochair (Mayor of Fonda)

Village of Fultonville
PO BOX 337
FULTONVILLE, NY 12072
Phone (518) 853-3815
Fax (518) 853-4813 T.D.D. Number 1-800-662-1220

Linda Petterson-Law, Mayor

Timothy Morford, Deputy Mayor

Office of the New York State Comptroller
Division of Local Government & School Accountability
PSU-CAP Submission
110 State Street, 12th Floor
Albany, NY 12236

Response to Audit/Fonda-Fultonville Joint Wastewater Treatment Facility/2019M-252

March 13, 2020

Dear Auditors/NYS Comptroller's Office:

In response to your audit of the Fonda-Fultonville Joint Wastewater Treatment Facility, we do agree with your conclusion that the facility suffered from a lack of board oversight by the Fonda-Fultonville Joint Wastewater Treatment Facility Board.

And, due to this lack of oversight the facility operated under a chairman and fiscal officer who failed to comply and abide by the most basic financial and municipal procedures. The facility operated in such a manner that included, but was not limited to absence of regular meetings, failure to audit and approve vouchers and contracts, failure to maintain adequate records, and failure to provide adequate financial reports to the board and to the comptroller's office.

Sincerely,

Linda Petterson-Law
Mayor, Village of Fultonville

Village of Fultonville
PO BOX 337
FULTONVILLE, NY 12072
Phone (518) 853-3815
Fax (518) 853-4813 T.D.D. Number 1-800-662-1220

Linda Petterson-Law, Mayor

Timothy Morford, Deputy Mayor

Corrective Action Plan
Fonda-Fultonville Joint Wastewater Treatment Facility Audit
Board Oversight
2019M-252
March 13, 2020

**Audit Recommendations by the Comptroller's Office
FACILITY RESPONSE**

The Fiscal Officer should:

Maintain complete and accurate records.

THE CURRENT BOARD COMPRISED OF BOTH VILLAGE BOARDS, HAS APPROVED A NEW MUNICIPAL AGREEMENT THAT REQUIRES ACCOUNTABILITY TO THE BOARD AND IS IN THE PROCESS OF PURCHASING A COMPUTER AND SOFTWARE TO MAINTAIN COMPLETE AND ACCURATE RECORDS. IN ADDITION, WE HAVE HIRED A BOOKKEEPER AND ARE IN THE PROCESS OF HIRING A NEW FACILITY CHAIRPERSON TO SUPERVISE THE MAINTENANCE OF RECORD COMPLETENESS AND ACCURACY.

Periodically prepare and provide financial reports including budget to actual comparisons, balance sheets, income statements, bank statements and bank reconciliations to the Board.
THE FACILITY BOARD AND THE BOARDS OF BOTH MUNICIPALITIES WILL REQUIRE MONTHLY FINANCIAL REPORTS PER OUR NEW AGREEMENT.

Annually file the annual financial reports with OSC.

THE FACILITY BOARD, OVERSEEN BY BOTH MUNICIPALITIES, WILL ENSURE THAT THE BOOKKEEPER AND THE CHAIRPERSON COMMUNICATE AND FILE THE ANNUAL FINANCIAL REPORT TO OSC.

Ensure claims are adequately supported and submit them to the board for audit and approval before payment

THE FACILITY BOARD AT MONTHLY MEETINGS, WITH OVERSIGHT BY BOTH MUNICIPALITY BOARDS, WILL REVIEW AND AUDIT MONTHLY CLAIMS AND APPROVE SUCH CLAIMS PRIOR TO ANY PAMENT.

Submit contracts to the Board for review and approval.

THE FACILITY BOARD, WITH OVERSIGHT BY BOTH MUNICIPALITY BOARDS, WILL REVIEW AND APPROVE ALL CONTRACTS THAT ARE UNDER CONSIDERATION BY THE FONDA-FULTONVILLE JOINT WASTEWATER TREATMENT FACILITY.

Village of Fultonville
PO BOX 337
FULTONVILLE, NY 12072
Phone (518) 853-3815
Fax (518) 853-4813 T.D.D. Number 1-800-662-1220

Linda Petterson-Law, Mayor

Timothy Morford, Deputy Mayor

The Board should:

Operate in accordance with written agreements

THE FACILITY BOARD WILL OPERATE UNDER THE TERMS OF THE MOST CURRENT MUNICIPAL AGREEMENT WITH OVERSIGHT BY THE TWO MUNICIPALITY BOARDS.

Provide oversight of the duties performed by the Fiscal Officer, such as requiring written financial reports, and reviewing bank statements, bank reconciliations and cancelled checks.

PER THE MOST CURRENT MUNICIPAL AGREEMENT, WE REQUIRE MONTHLY REPORTING OF ALL FINANCIAL DOCUMENTS TO THE FACILITY BOARD AND TO THE BOARDS OF BOTH MUNICIPALITIES

Periodically request and examine the financial records maintained by the Fiscal Officer.

THE FISCAL OFFICER WILL PROVIDE FINANCIAL RECORDS, AS RANDOMLY AND REGULARLY (MONTHLY) REQUESTED BY EITHER OR BOTH MUNICIPALITY BOARDS AND BY THE FACILITY BOARD.

Audit and approve all disbursements before payments are made.

NO PAYMENTS WILL BE MADE WITHOUT PROPER AUDIT AND APPROVAL OF ALL DISBURSEMENTS, PER THE AGREEMENT AND THE OVERSIGHT OF BOTH MUNICIPALITY BOARDS.

Review and approve all contracts.

THE FACILITY BOARD WILL REVIEW AND APPROVE ALL CONTRACTS BEING CONSIDERED BY THE FACILITY. IN ADDITION, THE CHAIRPERSON AND THE FISCAL OFFICER SHALL PRESENT SUCH CONTRACTS TO THE MUNICIPALITY BOARDS FOR REVIEW AND APPROVAL.

Monitor contracts to ensure related disbursements and collections are consistent with the contract terms.

THE FISCAL OFFICER AND CHAIRPERSON SHALL PRESENT ALL CONTRACTS TO THE FACILITY BOARD AND MONITOR ALL DISBURSEMENTS AND COLLECTIONS REGARDING SUCH APPROVED CONTRACTS. THE FACILITY BOARD SHALL BE MONITORED BY THE BOARDS OF BOTH MUNICIPALITIES.

THE MAYORS OF EACH MUNICIPALITIES WERE PRESENT AT THE PRESENTATION OF THE AUDIT BY THE NYS COMPTROLLER'S AUDITORS, AND BOTH WERE INSTRUMENTAL IN THE DEVELOPMENT OF OVERSIGHT OF THE FACILITY WRITTEN INTO THE MOST CURRENT MUNICIPAL AGREEMENT.

THE CORRECTIVE ACTION PLAN IS IN THE PROCESS OF IMPLEMENTATION. ONCE ALL NEW STAFF ARE IN PLACE AT THE FACILITY AND A NEW BOARD IS SEATED, THE BOARDS OF THE MUNICIPALITIES WILL CONTINUE TO PROVIDE OVERSIGHT OF ALL MATTERS AT THE FACILITY, UNDER DIRECTION OF BOTH VILLAGE MAYORS. (William Peeler, Village of Fonda and Linda Petterson-Law, Village of Fultonville)

Village of Fultonville

PO BOX 337

FULTONVILLE, NY 12072

Phone (518) 853-3815

Fax (518) 853-4813 T.D.D. Number 1-800-662-1220

Linda Petterson-Law, Mayor

Timothy Morford, Deputy Mayor

Signed _____

Linda Petterson-Law, Mayor, Village of Fultonville

Date

March 13, 2020

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. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We gained an understanding of the Board's creation and organizational structure by interviewing Board officials, Village officials and reviewing source documentation.
- We gained an understanding of the Board's recording practices and reporting requirements by interviewing Board and Village officials and reviewing applicable statutes.
- We gained an understanding of the claims audit process by interviewing Board and Village officials and reviewing source documentation.
- We gained an understanding of the cash receipts process by interviewing Board and Village officials and reviewing source documentation.
- We summarized receipts and disbursements from claim documentation, bank statements, check images and deposit detail to determine how much was deposited and disbursed during our audit period.
- We examined all disbursements made during our audit period to determine whether they were supported, were for an appropriate purpose and were audited by the Board.
- We used our professional judgment to select two vendors to determine whether the Board approved the related contract with these vendors and whether payments made under the contracts were consistent with the terms of the contracts.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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 Fiscal Officer's office.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

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

www.osc.state.ny.us/localgov/costsavings/index.htm

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

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

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

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

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

www.osc.state.ny.us/localgov/planbudget/index.htm

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

www.osc.state.ny.us/localgov/pubs/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.state.ny.us/localgov/finreporting/index.htm

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

www.osc.state.ny.us/localgov/researchpubs/index.htm

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

www.osc.state.ny.us/localgov/academy/index.htm

Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

www.osc.state.ny.us/localgov/index.htm

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

GLENS FALLS REGIONAL OFFICE – Gary G. Gifford, Chief Examiner

One Broad Street Plaza • Glens Falls, New York 12801-4396

Tel (518) 793-0057 • Fax (518) 793-5797 • Email: Muni-GlensFalls@osc.ny.gov

Serving: Albany, Clinton, Essex, Franklin, Fulton, Hamilton, Montgomery, Rensselaer, Saratoga, Schenectady, Warren, Washington counties



Like us on Facebook at facebook.com/nyscomptroller

Follow us on Twitter [@nyscomptroller](https://twitter.com/nyscomptroller)