

# Town of Wawarsing

## Recreation Department Records

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JUNE 2019

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

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# Report Highlights

## Town of Wawarsing

### Audit Objective

Determine whether the Recreation Director maintained timely, complete and accurate accounting records and reports to allow the Board to properly manage the Town's Recreation finances.

### Key Findings

- Recreation records were incomplete and not reconciled to accounting records.
- The Director did not maintain adequate documentation to determine if summer camp fees were accurate.
- Recreation reports to the Board contained inaccurate counts of program participants and revenue.

### Key Recommendations

- The Board should adopt written procedures to ensure department records are complete and reconcile to accounting records.
- The Director should ensure that all Department all documentation supporting program fees are maintained, and provide the Board with accurate reports.
- Accounting personnel should reconcile press-numbered duplicate receipts to Department records and deposits.

Officials agreed with our recommendations and indicated they planned to initiate corrective action.

### Background

The Town of Wawarsing (Town) is located in Ulster County. The Town is governed by an elected five-member Town Board (Board) composed of four Board members and a Supervisor who is the chief fiscal officer. The Board is responsible for the general management and control of the Town's financial affairs. The Town operates a recreation department (Department) which provides a variety of programs, such as summer camp and flag football, to residents and non-residents.

The Department director (Director) oversees the day-to-day operations including organizing the programs and events, registering program participants, collecting the associated fees and remitting the fees to the Town's Accounting Department (Accounting).

#### Quick Facts

Population	13,200
2014-16 Department Revenue	\$200,941
2014-16 Camp Participant Count	510

### Audit Period

January 1, 2014 – December 31, 2016

# Recreation Records

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## What Does Adequate Financial Recording and Reporting Entail?

The Director is responsible for ensuring that Department cash receipts are properly collected, recorded and reported. The Director should ensure that Department personnel maintain accurate and complete cash receipt records. Accounting personnel should use these records as part of the bank reconciliation process performed to ensure that all money collected has been turned over for deposit. The Director is required to submit monthly reports to the Board providing information on the Recreation Department including programs, program fees and program revenues and costs. These reports should provide the Board with the information necessary to perform its fiscal oversight responsibilities.

The Town Board (Board) should establish policies that address the duties, procedures and oversight required to provide assurance that Recreation fees are properly recorded and accurately reported to the Board each month and that supporting records are retained.

## Records Could Not Be Reconciled

The Director remits the cash receipts to Accounting, and Accounting personnel issue a press-numbered duplicate receipt stating the amount of cash receipts received from the Director. Accounting then deposits the money.

We tested 100 percent of the 172 duplicate receipts totaling \$148,143 issued to the Department by Accounting during the audit period by tracing the receipts to bank deposits and Department records. Our testing showed that Department records do not reconcile to duplicate receipts issued by Accounting and duplicate receipts do not reconcile to bank statements.

We found:

- 21 payments totaling \$2,580 that were collected by the Department, recorded in the Department's records, but could not be identified in the duplicate receipts maintained by Accounting. The unreconciled payments include \$2,370 in cash, a \$25 money order and three checks totaling \$185.
- 10 duplicate receipts totaling \$2,225 for funds that were received by Accounting, but could not be traced to bank deposits.
- 45 duplicate receipts totaling \$15,296 for funds that were deposited in the bank, but could not be traced to the Department's records. This means that the money was received by the Department and given to Accounting without being recorded by the Department or by a receipt from Accounting.

Because the Board did not establish policies requiring oversight, no reconciliations were performed to ensure that duplicate receipts matched recreation records and that all cash received was deposited. Furthermore, there

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Department records and duplicate receipts do not reconcile.

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were no requirements for maintaining hard copies of the Department's completed applications for its programs. As a result, there is a risk that Town records do not reflect the accurate Department revenue.

### **Summer Camp Fees Were Improperly Recorded**

Summer camp fees were not always properly recorded in Department records. The Department used a web-based program for recording the camp participants and associated fees collected during the audit period. The summer camp fees are set per child. The Town allows non-residents to participate for a higher fee than Town residents. There are tiered income-based reductions as well as reduced rates for families with multiple children. Before camp and after camp childcare options are available for an additional fee.

We tested 100 percent of the summer camp revenues for 2014, 2015 and 2016 totaling \$183,017. We reviewed department records to determine if correct fees were entered for each participant. The fee structure is \$300 for the first child, \$225 for the second child and \$150 for each additional child. We found the camp fees for 236 campers were entered into the records as \$300 per child and show discounts for the additional campers as a payment under "scholarship bucks".<sup>1</sup> While there are no errors in the total due from the participants, the Department's records do not accurately reflect the total fees charged for the summer camp and no documentation was provided to support the reduction of fees under "scholarship bucks".

In addition, we reviewed the participant information and, based on addresses listed, found that non-residents were charged resident fees 36 times. Non-resident fees are \$550 for each participant with no regard to the number of participants per family. In addition, we also found 16 transactions totaling \$1,020 where participants were undercharged extended day fees and 16 transactions totaling \$1,715 in which fees were overcharged. Because the participants' applications were not retained, we were unable to determine the reason for the variance in fees.

Although the Director is responsible for providing periodic reports to the Board, there are no procedures requiring the Director to retain the original applications to support the fees charged. As a result, Town officials have no assurance that the Department's revenue is accurate, and there is a risk that money may go missing and remain undetected.

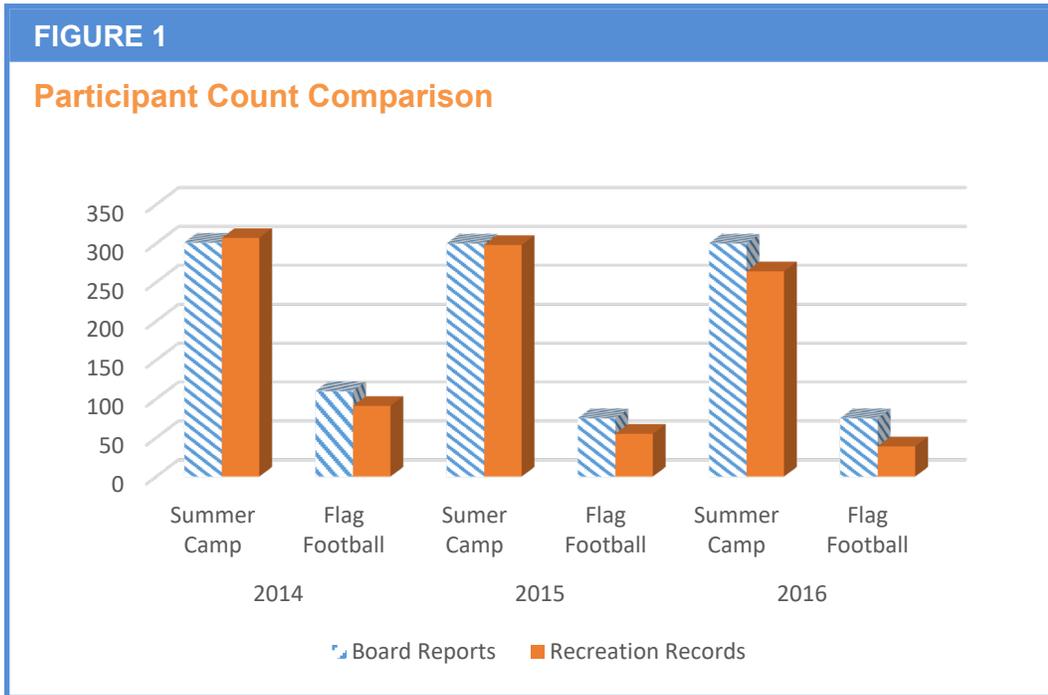
### **Reports to the Board Do Not Match Records**

While the Director provided 33 of the 36 required reports during the audit period, the reports were narrative in form and did not contain the accurate financial

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<sup>1</sup> Scholarship bucks are used to indicate that the participant received a discount and offsets the amount due from the participant.

information. The program participant count (Figure 1) and associated revenues (Figure 2) were not accurate in each of the three years for Summer Camp and Flag Football.



**Figure 2: Summer Camp Revenue Discrepancies**

	2014		2015		2016	
	Board Reports	Recreation Records	Board Reports	Recreation Records	Board Reports	Recreation Records
Summer Camp Revenue	\$62,673	\$64,105	\$63,000	\$64,112	\$0	\$52,195
Flag Football Revenue	\$1,100	\$910	\$750	\$550	\$750	\$390

We compared the program counts and associated revenues that are found in the monthly reports to the Board and the Recreation records. In the three years tested, the number of participants and revenue in the Board reports was different from the Department’s records. In 2016, the Board reports for summer camp included participant counts but no revenue amounts, and the Board did not take steps to require reports or follow up on the reason for the substantial drop in revenue reported for camp.

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Because there is little Board oversight of the Director and reconciliations are not performed, there is no way to determine the actual number of participants and an accurate revenue total for the programs offered.

### **What Do We Recommend?**

The Board should:

1. Adopt written policies related to Department cash receipts to ensure that address the duties, procedures and oversight required to provide assurance that recreation fees are properly recorded and accurately reported to the Board, and that records are maintained.
2. Consider having billings and collections being done by someone other than the Director and then providing the Director with the list of enrolled campers or football players to achieve some segregation of duties.

The Director should:

3. Ensure that Department personnel retain all documentation supporting program registration and collected fees.
4. Provide the Board with accurate reports that include not only narrative information but also financial information.

Accounting personnel should:

5. Reconcile press-numbered duplicate receipts to Department records and deposits.

# Appendix A: Response From Town Officials

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## TOWN OF WAWARSING

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June 17, 2019

State of New York  
Office of the State Comptroller

[REDACTED]  
33 Airport Center Drive, Suite 103  
New Windsor, N.Y. 12553

RE: Preliminary Draft Findings – Recreation Department Records

Dear [REDACTED]

The Town of Wawarsing would like to thank the NYS Comptroller's office for conducting their audit titled "Recreation Department Records", and appreciate the recommendations intended to improve internal controls over these areas. The Town of Wawarsing will submit a corrective action plan within the required timeframe.

1. Regarding the Recreation Records, the Town is establishing written policies related to Department cash receipts that address duties, procedures and oversight.
2. The Board will consider having a second person take on some of the duties of the Department to achieve a better segregation of duties.
3. The Director will ensure that all department documentation supporting program fees are maintained and provide the board with accurate reports. The reports will include financial information that reconciles to the actual activity, in addition to a narrative of the various programs.
4. Accounting personnel will reconcile press numbered duplicate receipts to department records and deposits.
5. The Town Recreation Department has since 2017 utilized an online application program for registration and payment for the recreation summer program. This online program will be maintained on the town's server.

If you need any additional information please contact the Supervisor's office at 845-647-6570, Ext. 6.

*The Town of Wawarsing is an Equal Opportunity Employer*

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Sincerely,

Terry Houck, Supervisor  
Town of Wawarsing

## Appendix B: Audit Methodology and Standards

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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, we performed the following audit procedures:

- We reviewed Board minutes and interviewed Town officials to gain an understanding of the procedures and processes of the Department.
- We compared the revenues received by the Department using the records from the web-based recreation software to the revenues remitted to Accounting and documented on press-numbered duplicate receipts.
- We calculated the total fees that should have been charged for summer camp using the participants as found in Department records and the Board-approved fee schedule. We determined the difference between the Departments records and our calculations.
- We traced recorded Department revenues to bank statements.

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.

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 of Legislators to make the CAP available for public review in the County Clerk's office.

## Appendix C: Resources and Services

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### **Regional Office Directory**

[www.osc.state.ny.us/localgov/regional\\_directory.pdf](http://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](http://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](http://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#lgmg](http://www.osc.state.ny.us/localgov/pubs/listacctg.htm#lgmg)

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

[www.osc.state.ny.us/localgov/planbudget/index.htm](http://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](http://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](http://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](http://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](http://www.osc.state.ny.us/localgov/academy/index.htm)

## Contact

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[www.osc.state.ny.us/localgov/index.htm](http://www.osc.state.ny.us/localgov/index.htm)

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

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