



ULSTER COUNTY COMPTROLLER'S RISK ASSESSMENT ADDENDUM TO THE ANNUAL REPORT 2020

**Office of the
Ulster County Comptroller
March S. Gallagher**



2020 Risk Assessment Review

The Comptroller's 2021 Annual Risk Assessment included the analysis of various financial and operational data as it relates to County operations. Additionally, the Office of the Comptroller distributed a questionnaire to each department head or component unit. Finally, each Department was interviewed by Comptroller staff to assist in the development of our county-wide risk assessment to assist in the planning and development of our 2021 audit and review schedule.

Following the release of our 2020 Annual Report and the completion of our annual County-wide risk assessment, the Office of the Comptroller identified a variety of internal control related items that we wanted to highlight for further consideration and review by County Administration. The items contained herein have been discussed during the interview process with the staff to which they relate. The primary issues we identified can be categorized into the following risk areas:

- Document policies and procedures
- Segregate duties or appropriate approval structure
- Fully utilize software/tools
- Broaden community outreach/awareness

While the risk identified and addressed by our recommendations have been developed because of our annual risk assessment, they do not necessarily constitute areas of risk that we intend to audit. We appreciate the cooperation of County staff during our annual risk assessment and look forward to improving controls and efficiency.

Recommendations

Document policies and procedures

County-Wide Recommendations

Implement a County-wide Cash Handling Policy.

While many County departments do have cash-handling procedures, we noted during our review that there is no baseline, county-wide policy adopted. We recommend the County formalize cash handling procedures to be implemented across all units, allowing individual Departments to customize the controls if necessary, for their specific operations. Because cash handling tends to be an area of inherently high risk, we advise this policy to be implemented immediately. All policies ought to be aggregated and published in a public way and each policy notate the date and method of adoption. The Department of Finance cash handling procedure should be updated to include the process of depositing cash and funds at the bank.

Department of Finance

Implement a standardized County-wide “COVID-related” cost tracking system.

It would be beneficial for the Department of Finance to implement a system in conjunction with County departments to track the costs related to the pandemic not limited to those expenditures anticipated to be reimbursed by the Federal Emergency Management Agency. Personnel related costs beyond the tracking of overtime could also be considered. The full and universal use of project codes within the financial software could more accurately reflect the costs of each department and improve transparency in reporting. This reporting ought to include the allocation of payroll costs for employees re-routed to perform COVID-related services.

Analyze internal controls.

During our interview with the Department of Finance they indicated there were some functions not being completed, including an annual internal assessment of internal controls, due to limitation in staffing. Requests for positions to address these areas of concern might be considered, as well as coordination with other County departments to assist in achieving baseline standards of internal control.

Department of Public Works

Develop and document asset review and replacement plan.

The future need for asset replacement and the requirement to manage assets better is an ongoing task and resources could be allocated to address asset management and renewal plans including documenting such with a view to optimizing the life of existing assets and accurately plan for their replacement if required in future years.

Information Services

Develop and formally adopt a “top-level” IT security policy to be implemented County-wide.

The County has been in the process of developing and implementing a County-wide IT security policy that would establish baseline security parameters for the County’s IT operations. Due to the recent increased reliance on virtual work processes, IT security is more important than ever. Information Services has developed a policy and is operating under it without formal adoption by the Legislature. It would be beneficial for the County to document and communicate a County-wide security policy, allowing individual Departments to establish and implement more detailed documents that could be updated frequently to address relevant concerns as they arise.

Office of the Public Defender/Assigned Counsel

Implement of a complaint documentation and review process.

During our review we determined that there is no formal process in place to collect, document and review complaints related to services provided by Public Defender Attorneys or Assigned Counsel (including 18-

B related payments.) We recommend that the County implement a process to field and investigate complaints related to legal services provided by, or on behalf of the County to ensure that citizens' rights are adequately protected.

Human Rights

Create a timeliness policy to address relevant issues that might affect users.

Form a calendar for deadlines and tracking measures using Outlook or other available resources to ensure deadlines and reporting requirements are met. Often citizens with complaints that fall within certain categories have time limits on when they can file their complaint, for example the EEOC has strict time limits for filing a job discrimination complaint, in some cases, only having 180 days to report a discrimination. The Department must ensure that complainants will not be sacrificing their potential claims by failing to miss a deadline.

Develop a Formal Human Rights complaint procedure.

Complaints should be funneled through a formal, County sponsored method of communication. Appropriate boundaries ought to exist between personal social media and County-sponsored social media communications.

Segregate Duties/Appropriate Approval Structure

County-wide

Review internal controls over financial processes to accommodate for a lack of segregation in duties.

Several departments do not currently employ an at least "two tiers" accounts payable entry process. During 2020, we noted that Youth Bureau and the Safety Department had invoice transaction entries that did not require a secondary departmental approval.

Soil and Water Conservation District

Review internal controls over financial processes to accommodate for a lack of segregation in duties.

We noted during our review, due to limited staffing, most of the financial and reporting functions of this unit are completed by one individual. We recommend implementing some safeguards to mitigate risks associated with the lack of segregation of duties.

Department of Public Works

Separation of duties in asset tracking

Staff responsible for assigning, tracking, and reviewing inventory ought to be separate to allow for proper controls over the custody and documentation of county owned assets. For example, it would be beneficial for the individual who manages the Asset Works system for the fleet management inventory to have separation from the duty of assigning those vehicles.

Fully utilize and upgrade software/equipment and provide related training

County-wide

Improve timing in approving requests to fill.

Delay in requests to fill results in loss of desirable candidates. The Sheriff noted that when attempting to fill new positions, often by the time an approval is granted, the desired candidate has already accepted a position elsewhere. Departmental vacancies can result in overtime and increased turnover that present safety issues in certain circumstances, like the Sheriff's correction officer staff. Improving the turnaround time on requests to fill positions would ensure that Ulster County remained a competitive employer and that the County was able to hire the most qualified candidates for the positions available.

Implement improved user interface for payroll and other transactions to advance functionality and reduce paper use.

Automating workflow can improve performance and cut down on costs. Replacing outmoded manual processes and paper with digital workflows could result in reduction in errors and delays. Even the employee voucher system designed by the Comptroller's Office is still completed in paper form and could be improved to increase efficiency and reduce waste by using a digital form as opposed to a paper format.

Office of the Sheriff

Modernize outdated software and equipment systems for safety.

Black Creek initiative and outdated equipment that creates safety hazards ought to be addressed. Having to operate the facility with keys presents a safety risk to Sheriff personnel. The existence of a monopoly in the software makes the replacement of the system costly. A cost benefit analysis could be done to evaluate the long-term costs involved in updating the current system. Additionally, the safety concerns related to the current system ought to take precedence when making final determinations regarding the need for additional investment.

Personnel & Information Services

Include software training and technology use in onboarding procedures.

Ensure there is access to on-going training so that employees are using the technology available as effectively and efficiently as possible. Training employees on core software required for their position and when new software is added could improve operations.

Broaden community and interdepartmental outreach/awareness

Human Rights

Address community awareness through effective marketing.

Effective marketing in conjunction with other County departments could raise community awareness of the services this department provides. Commissioners ought to be publicly known and should feel “available” to the public with identity and contact information on the website. Marketing might include relevant social media platforms and other forms of community outreach.

County Ethics Board

Modify communication methods with the Ulster County Ethics Board.

The reporting function for the Ethics Board ought to include direct communication to the appointed members. Ideally, communication would be available through digital measures and not be directed or involve Executive and County staff.

Ulster County Area Transit (UCAT)

Improve availability of route information on the County’s website.

While the County’s mobile application is a user-friendly tool to help riders obtain route information, the County’s website does not mention the application as a tool available. We recommend the County direct users to the app to improve accessibility of route information. This user-friendly tool ought to be actively marketed on the County’s website, Facebook, and other social media to ensure optimal visibility.

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MEMORANDUM

To: Honorable March Gallagher, Ulster County Comptroller
CC: John Milgrim, Deputy County Executive
From: Burton Gulnick, Jr., Commissioner of Finance
Date: 5/20/2021
Re: 2020 Risk Assessment Review

We would like to thank the Ulster County Comptroller and her staff for their hard work and attention to detail in performing the 2020 Risk Assessment Review. We would like to make note of a few items requiring clarification within the report.

Implement a County-wide Cash Handling Procedure – As stated, many County departments do have cash-handling procedures, however there is no County-wide procedure. The reason for this is the handling and depositing of funds between different departments is as varied as the departments themselves. Fee collections via UCAT versus tax collections within the Finance Department are so different, that it would be difficult to integrate them into one set of procedures. To be noted, is that the Department of Finance’s procedure does in fact include the process of depositing cash and funds at the bank. This is noted in step 10 on page 5 of the procedures sent to the Comptroller’s office on January 20, 2021.

Implement a standardized County-wide “COVID-related” cost tracking system – The Department of Finance is tracking all reimbursable costs related to the COVID-19 pandemic, including but not limited to overtime and contractual expenditures. Key departments are maintaining their personnel hours and costs as it relates to the pandemic.

Develop and formally adopt a “top-level” IT security policy to be implemented County-wide – The County has been in the process of developing and implementing a County-wide IT policy, and with that, many security features have been implemented, most recently multi-factor authentication, which is a significant security measure for those relying on working remotely.

Segregate Duties/Appropriate Approval Structure – Several departments do not currently employ enough employees in order to use a two-tier approval in the accounts payable entry process. This was a discussion when the current financial system was being implemented, and to ensure proper approvals and controls, the Department of Finance as well as the Comptroller’s office, has to approve every accounts payable batch, ensuring proper approvals and oversight for those departments with limited staff.

Modify communication methods with the Ulster County Ethics Board – There is a new email link on the Board’s website which transmits complaints and communications directly to the Board of Ethics.