



# **ULSTER COUNTY COMPTROLLER'S ANNUAL REPORT 2022**

---

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





2022 IN REVIEW

# **ENSURING FISCAL INTEGRITY**

The Ulster County Comptroller's Office released four audits during 2022. These included an investment policy compliance audit, the Ulster County Resource Recovery Agency's composting audit, an audit of fraudulent unemployment claims and an audit of the Ulster County call center. It was our privilege to be able to work with each of these departments and agencies to identify opportunities for cost savings, new revenues and more effective delivery of service.

In addition to our audit function, the Comptroller's Office regularly analyzes financial information and reports out to assist residents, businesses and policy makers with up-to-date financial data to inform their decision-making. In 2022, we continued our practice of reporting on sales tax and providing quarterly financial reports. Our Office also issued reports on fiscal stress and the County's growing fund balance.

While auditing and financial reporting take the majority of our staff time, we also have the ability to take on pertinent issues as they arise. For example, in our ongoing audit of real property tax collection we identified that the County neglected to foreclose on 701 Grant Avenue while the tax liabilities for the property ballooned to over \$10 million. We found no legitimate barrier to foreclosure yet the owners of the property continued to take profit distributions while stiffing Ulster County taxpayers.

Also in 2022, we issued a report on racial equity in Ulster County working with an advisory panel of Black and brown community members. The report showed what we know to be true throughout the United States: life is inequitable for Black and brown people in Ulster County just as it is across our country. It is our hope that this report serves as a basis for policy implementation that seeks to create a more equitable Ulster County.

Finally, the Ulster County Charter gives the Comptroller the ability to convene citizens commissions which we did for the pursuit of broadband and cellular service throughout the County. The Citizens Commission for Digital Inclusion brought together members from a wide geography and background to inform and pursue digital inclusion.

It is our honor and pleasure to serve the taxpayers and elected officials of Ulster County. We look forward to continuing this work into 2023 as we strengthen transparency and accountability for our shared resources.

## Ulster County Investment Policy Compliance Audit

This audit, released in March 2022, illustrated how Ulster County could have better analyzed alternative investment opportunities, maximized investment revenues, and diversified investments. Doing so during three years prior to the audit could have resulted in \$650,000 additional revenues to the County.

The audit revealed compliance issues with Ulster County's investment policy including the need for written procedures for investments. Additionally, annual investment reports, and a depository list detailing those institutions the County may utilize for its cash investments, should be generated and approved each year. Ulster County has not reviewed its investment strategy on a consistent basis, including the consideration of future cash flows, the identification of funds available for investment, and the contemplation of possible alternative investment opportunities. The current Investment Policy was adopted in 2012 but it is unclear when the County Legislature last reviewed the policy.

## Comptroller's UCRRA Composting Audit

The UCRRA audit noted several items for improvements, including the agency's need to maximize revenues and implementing controls while adhering to established policies.

The UCRRA Board of Directors proactively initiated improvements including changing the composition of the Board, adopting policies to address conflicts of interest and compost sales limits, utilizing new compost inventory management practices, and separating financial and executive functions, including the reintroduction of the executive director's position.

## 2021 Audit of Unemployment Fraud

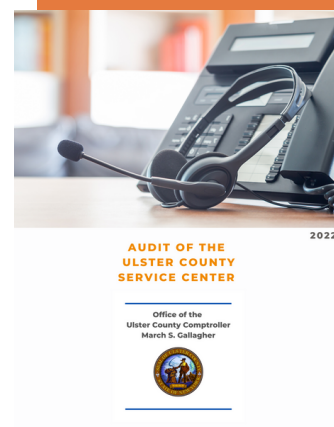
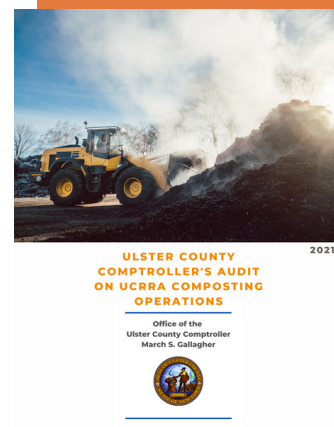
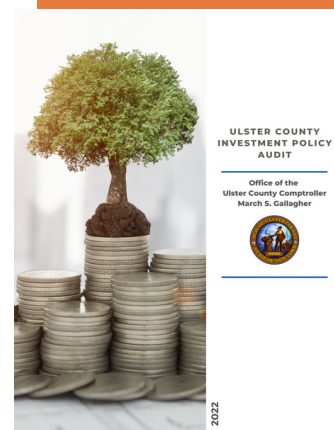
Beginning in the spring of 2020, Ulster County began receiving an influx of unemployment insurances claims as compared to periods past. Additionally, many of the claims were clearly fraudulent, as they were for employees actively employed by the County. The Comptroller's Office received several complaints from employees who claimed they were not notified by the Personnel Department of the fraudulent claims filed in their names in a timely way. After some additional investigation, it was determined that this increase in fraudulent claims was not unique to Ulster County, as the New York State Department of Labor (NYS DOL) reported receiving more fraudulent claims during this period than any other period in recent history. As a result of this increase in claims activity and the existence of a high number of fraudulent claims, the Office of the Ulster County Comptroller initiated an audit of unemployment claims processing.

Our audit demonstrated that the Personnel Department properly identified fraudulent unemployment claims and challenged those claims. In addition, the Personnel Department staff appropriately notified the Sheriff's Department and the Information Systems Department about the potential unemployment insurance fraud. However, the audit also revealed that some employees may not have been notified by the Personnel Department that they were the victims of identity theft. The Personnel Department has since changed the process for addressing unemployment claims.

## Audit of the Ulster County Service Center

The Ulster County Service Center, formerly known as the Constituent Services Navigator, was introduced in the 2022 Ulster County budget utilizing \$310,325 funds from the American Rescue Plan to fund the new division's expenses. The program grew out of a call center originally established during the pandemic to answer the influx of calls from constituents regarding the COVID-19 pandemic. The 2023 proposed executive budget included \$341,327 of taxpayer funds to cover the cost of the Center's operations for the upcoming year.

The audit found that during 2022, call volume for the Service Center dropped from 6,723 calls in January to 478 calls in October, causing an escalation in the average cost per call from \$11.01 to \$39.15 per call. The call volume reduction came despite efforts to promote the Service Center and broaden its scope.





## Ulster County Racial Equity Report

On Juneteenth 2022, the Office released its first ever Racial Equity Report, detailing the disparate experience of Black and brown community members on a variety of health, economic, and quality of life indicators. Indicators selected for the inclusion were selected in consultation with an advisory board comprised primarily of Black and brown community members.

The report finds significant inequities in the County on nearly every metric from education to wealth, similar to other parts of the country. Black and brown community members not only experience inequitable health outcomes, but also experience greater involvement with the criminal justice system, lower wages, and fewer opportunities to work remotely.

The single area of improvement was the County's municipal workforce, which over the first year of the Ryan Administration increased the representation of Black and brown employees among its ranks.

## Comptroller's Review of 701 Grant Avenue Property

The Office released a report on delinquent property tax collections for 701 Grant Avenue after it was brought to light that the County had taken no action on the property eligible for foreclosure since 2013.

The Comptroller's Office examined all available documentation including payment records, bills, internal communications and legal filings for the foreclosure and simultaneous tax certiorari cases and found the County had no reason to delay foreclosing on the property. The Comptroller's Office also recommended the adoption of a policy to guide delinquent tax collection and property sales that would create a real property committee and define responsibilities and documentation requirements to address the removal of properties eligible for foreclosure from foreclosure proceedings.

## Ulster County Popular Annual Financial Report

We released our third Popular Annual Financial Report (PAFR). The PAFR provides an overview of the county's Consolidated Annual Financial Report, making it easy to understand the financial position of Ulster County over the last year. Additionally, we provide demographic, economic, and statistical information about Ulster County.

As our economy began to stabilize, County finances saw a return to robust revenues while we resumed operating on a reduced spending basis. This resulted in the County's fund balance growing by an extraordinary amount at the close of 2021. Additionally, Ulster County experienced a surge in tourism in 2021, resulting in record-breaking occupancy tax revenues for County government as well as increased private sector impacts.

## **SNAPSHOTS**

### Short-Term Rental Snapshot

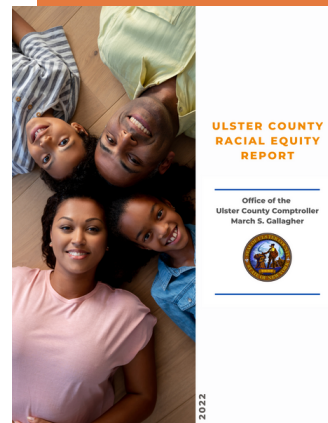
In July, we released a snapshot on short-term rental impacts on the County. The analysis compared Ulster to surrounding counties and found that 3% of all housing units in the county were being offered as short-term rentals through platforms such as Airbnb as of the end of June 2022. The Emergency Tenant Protection Act defines less than 5% vacancy as a housing emergency. The only county more heavily impacted by short-term rentals is Greene County.

Housing stock impacts, as well as nuisance complaints from neighboring communities, have led 10 of 23 Ulster County municipalities to regulate short-term rentals.

### Opioid Snapshot

In December, we released a snapshot on the Opioid settlement funds received by Ulster County. County resident deaths from opioid overdoses had increased 407% since 2014 and 11% between 2020 and 2021.

These funds are the beginning of a series of payments expected for settlements with distributors, manufacturers, and pharmacies, continuing for the next 16 years. We recommended that 100% of the funds received from settlement agreements are dedicated to the prevention and treatment of opioids, even those funds that are unrestricted, given the frightening increase in opioid deaths in Ulster County.





# QUARTERLY REPORTS

The Comptroller's Office is mandated under the Ulster County Charter to share with the County Legislature, Executive, and the public through our website, quarterly reports on the financial condition of the County and the economy. In 2022, we published four quarterly reports including one from the fourth quarter of 2021, along with the first three quarters of 2022.

Our quarterly reports are designed to provide an overview of the national economic outlook, as well as relevant state and local economic indicators such as employment rates and housing statistics. In addition, these reports provide year-to-date comparative revenue and expenditure analysis to prior years and budgeted amounts.

The last four reports released on the County financial standing show a trend of increases to fund balance being the result of County operations. In 2021 fourth quarter we reported that the county finished the year with a \$39.9 million surplus in the governmental operating funds. Most recently, in the third quarter of 2022 report we stated that we anticipate at least a \$25 million surplus for 2022 based on the third quarter revenue and expenditure amounts and historical trends.

## FINANCIAL REPORTS

With the responsibility of reporting the County's financial condition to the Legislature and Executive, the Comptroller's Office goes beyond regular quarterly reporting to include information on specific financial indicators, expenditures, and conditions. In February 2022, we released the **Ulster County 2021 Sales Tax Report**. Sales tax revenues showed record breaking growth with a 22% increase when compared to 2020 figures, and \$34 million over budgeted revenues. These collections indicated strong economic growth that resulted in a significant surplus to the County in 2021 as sales tax is one of the largest revenue sources to the County.

In July, we issued the **2021 Fiscal Stress Snapshot**. The New York Office of the State Comptroller defines fiscal stress as the "inability of an entity to generate enough revenues within the current fiscal period to meet its expenditures." Their Fiscal Stress Test assesses municipalities and assigns them points as to the following: year-end fund balance, operating deficits, cash position, use of short-term debt, and fixed costs (such as personal services and employee benefits). Monitoring these indicators can help guide policy makers as we move forward in addressing fund balance levels that are above internal policy limits. Surplus years in 2020 and 2021 have reduced Ulster County Fiscal Stress levels from the high point of 22.5 points at the end of 2019 down to 3.3 points at the end of 2021.

The **Ulster County Fund Balance Report** showed that the County closed out 2021 with an \$84.9 million unassigned fund balance which was \$54.4 million above the County's current policy limits. The current Ulster County Fund Balance Policy requires a report to the Legislature by May 1st annually on the plan for any fund balance in excess of the policy limits. Fund balance planning can enable the County to plan for contingencies while maintaining a strong bond rating. Prudent use of these funds should enable the County to avoid interest expenses and generate investment income. Our Office recommended the following:

- Increase policy limits of unassigned fund balance to 15% to align with historical averages.
- Reallocate unassigned fund balance amounts to Reserve Funds to protect the County from future financial shocks.
- Pay callable debt or foregoing bonding. By paying down callable debt we are reducing our outstanding loans and interest expense.
- Recognize the projected tax reduction of \$3 million in sales tax from the approved Gas Tax Holiday.
- Additional tax cuts or tax rebates could be considered for any remainder over policy limits.

The **Historical Sales Tax Snapshot** released in October 2022 illustrated how Ulster County sales tax revenues had grown from \$97.3 million in 2007 to \$154.8 million in 2021. The historical growth rate over the 2007-2021 period was 3.11%. Ulster County's historical sales tax growth rate in the 5-year period immediately prior to COVID was 3.82%. Using the 5-year historical average, we had charted future estimates using both a conservative pre-COVID 2019 base year of and a more aggressive most recent 2021 base year, resulting in projected revenues of \$147.8 and \$166.9 million.

# COST AVOIDANCE, COST RECOVERY, AND ENHANCED REVENUES

The reason that the voters of Ulster County chose to create the Office of the Comptroller is ultimately to save taxpayer money and ensure that services are delivered in the best way possible. Although the Office has not in the past routinely done so, now on an ongoing basis, the Office will attempt to fairly capture and document cost avoidance, cost recovery and enhanced revenues that are a direct result of the work of the Comptroller's Office. This reporting is the first time in the history of the Comptroller's Office that we are doing so, and thus we are including two years of summary, beginning at the change of leadership in the Office. It is important to note that some of the work that supported these findings and recommendations had begun under the previous Comptroller. Furthermore, without willing and active partnership by the County Executive and the County Legislature none of these savings or revenues would be realized. County government that collaborates to achieve the best services at the lowest cost is what is best for the people of Ulster County, and we are proud to note that this type of collaboration is evident in these numbers.

## Ulster County Comptroller's Office Cost Avoidance, Cost Recovery, and Revenue Enhancement 2022-2023

Type	Description	Potential	Actual	Year
Cost Recovery	Department of Labor Lease	\$ 422,112	\$ 351,760	2022
Revenue Enhancement	Better investment of County funds	\$ 294,354	\$ 910,873	2022
Cost Avoidance	Call Center Audit Recommendations		\$ 341,287	2023
	<b>TOTAL</b>	<b>\$ 716,466</b>	<b>\$ 1,603,920</b>	

## Claims Audit Responsibilities Under the Ulster County Charter

*§C-57(D): certify the availability of funds for all requisitions, contracts, purchase orders and other documents by which the County incurs financial obligations or for the expenditure of funds for which the County is responsible.*

*§C-57(F): audit and certify for payment all lawful claims or charges against the County, whether for payroll or otherwise, or against funds for which the County is responsible in whole or in part.*

## CHARTER REVISION

The Ulster County Comptroller's Office made a number of recommendations to the Charter Revision Commission in 2022. These include the following:

- Enhancing budget transparency by requiring the production of departmental budget requests.
- Make the adopted budget immediately available online prior to the budget year.
- Shift bank reconciliation responsibility to the Department of Finance to eliminate a threat to the Comptroller's independence in reviewing reconciliations.
- Require strict 30-day notification of the Comptroller's Office of any new bank account opened.
- Adjust the legislative contract approval level to account for inflation since 2006.
- Bar the Commissioner of Finance from outside compensated income and require full time commitment.
- Require foreclosures as soon as possible with an annual mandated review of properties being withheld from foreclosure for potential hazards.
- Add occupancy tax enforcement to the Commissioner of Finance responsibilities.
- Change the date of the annual update document to align with state law.
- Make the Comptroller's risk assessment responsibilities continuous rather than annual.
- Codify Comptroller's audit authority over revenues.
- Codify Comptroller's audit authority over public benefit corporations.
- Codify Comptroller's subpoena power to include digital records and access to software.



# CLAIMS PROCESSING

The Ulster County Charter enumerates the claims audit function as an essential element of the powers and duties of the Comptroller's Office.<sup>1</sup> This role provides the County with an independent advocate who can assure that meaningful internal controls and processes are in place, so tax dollars are spent efficiently and reasonably.

Two full-time auditors primarily oversee this function with support of other staff members when necessary. The auditors examine each invoice, payroll warrant, or other claim submitted for Comptroller approval to determine the claim is accurately calculated with sufficient supporting documentation to verify the lawfulness and appropriateness.

This essential analysis assures that every claim paid is for a legitimate County purpose, that required approvals and authorizations have been obtained, adequate budgetary appropriations are available, and validates the accuracy of any calculations that are relied upon. These auditors also certify that a claim meets both state and local laws and policies, that competitive bidding was sought where required and contractual terms were met. This work has continued without interruption throughout the pandemic, though the processing of claims has taken a more significantly digital role over the last two years which has improved efficiency, documentation abilities, and the safety of our staff.

CLAIMS AUDIT 5 YEAR SUMMARY					
	2018	2019	2020	2021	2022
<b>Contracts Count</b>	831	1,002	674	860	962
<b>Contracts \$ Amount</b>	\$ 92,680,058	\$ 112,727,459	\$ 62,401,550	\$ 114,796,970	\$ 117,768,182
<b>Wires Count</b>	1,249	1,296	1,282	1,295	1,349
<b>Wires \$ Amount</b>	\$ 186,626,735	\$ 216,451,188	\$ 211,774,351	\$ 201,119,192	\$ 224,674,150
<b>Employee Reimbursements Count</b>	3,273	3,262	1,413	2,068	2,490
<b>Employee Reimbursements \$ Amount</b>	\$ 585,721	\$ 681,849	\$ 217,520	\$ 665,882	\$ 589,586
<b>Batches Invoice Count</b>	28,343	28,533	23,844	24,934	27,125
<b>Batch \$ Amount</b>	\$ 165,059,682	\$ 163,555,213	\$ 147,329,574	\$ 156,798,799	\$ 192,805,398
<b>Payroll Transactions</b>	39,563	40,984	41,413	40,388	41,960
<b>Payroll \$ Amount</b>	\$ 83,761,365	\$ 85,975,996	\$ 86,320,810	\$ 89,061,835	\$ 95,234,626

The compilation of the monthly taxpayer checkbook published by our Office is an additional responsibility of our claims audit team, which details the payments issued to each vendor every month. This material is shared within days of the close of the monthly period and allows the people of Ulster County see where their tax dollars are being spent on a timely basis. In addition to the Taxpayer Checkbook, the claims auditors are responsible for approving contracts entered into by Ulster County and have made the approvals transparent through a publicly available monthly Contract Log available on the County Comptroller's website at the following location:

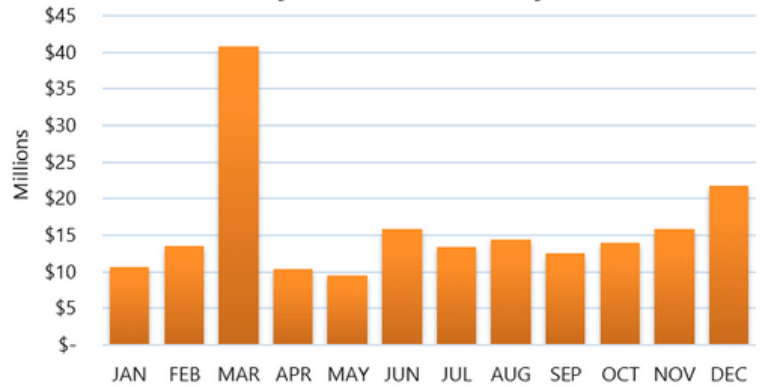
<https://comptroller.ulstercountyny.gov/audit-reports/taxpayer-checkbook-wire-transfer-contract-log>

Highest Paid Vendors and Taxing Jurisdictions in 2022		
Vendor	# of Invoices	Total Invoice Amount
59 - City of Kingston	188	\$ 20,509,573.69
1096 - Kingston City School District	68	\$ 8,458,563.45
338 - Onteora Central School District	53	\$ 7,057,130.93
186 - Ulster County Community College	25	\$ 6,444,994.28
11 - Callanan Industries Inc	106	\$ 4,178,134.66
2096 - New Paltz Central School District	5	\$ 3,358,063.06
437 - Rondout Valley Central School District	6	\$ 3,176,453.59
452 - Gateway Hudson Valley	58	\$ 3,095,802.72
2168 - Wallkill Central School District	5	\$ 2,942,675.07
549 - Tri-Valley Central School District	4	\$ 2,874,017.78

[1] See Ulster County Charter: § C-57(D): [The Comptroller shall] certify the availability of funds for all requisitions, contracts, purchase orders and other documents by which the County incurs financial obligations or for the expenditure of funds for which the County is responsible; and § C-57(F): [The Comptroller shall] audit and certify for payment all lawful claims or charges against the County, whether for payroll or otherwise, or against funds for which the County is responsible in whole or in part.

The claims auditing function is not only an indispensable component of the Office of the Comptroller in enforcing internal controls, but it is a vital part in maintaining the integrity and transparency of governmental best practices. Claims auditing has evolved to mean much more than just a review of invoices, as our claims auditors also highlight and track fluctuations in expenditures that provide the opportunity for additional analysis, proactive responses to changes occurring in our community and economy, and to identify opportunities for improvement or scrutiny if needed.

**Total Payment Amount by Month**



DEPTS WITH MORE THAN \$1M IN CLAIMS AUDITED	
DEPARTMENT	\$ TOTAL
1310 Finance	\$ 90,383,951
1490 DPW	\$ 32,705,332
6010 Social Services	\$ 20,871,531
4310 Mental Health	\$ 11,955,552
3110 Sheriff	\$ 8,094,226
1680 Information Services	\$ 4,869,887
1910 Insurance	\$ 3,739,071
1430 Personnel	\$ 3,662,826
5630 UCAT	\$ 3,358,692
4010 Health	\$ 2,759,013
3020 Emergency Management	\$ 1,712,063
6772 Office for Aging	\$ 1,709,235
1010 Legislature	\$ 1,057,234

Expenditures made through the separate financial system operated by NYS called Welfare Management System are not claims audited by the Comptroller's Office. These payments include temporary assistance payments, Medicaid, HEAP, foster care payments and other forms of social services payments. Primary audit responsibility for WMS claims lies with New York State. In 2022, the County Comptroller's Office audited over \$20 million in claims outside of the WMS system and included claims generated through contracts between DSS and vendors such as Family of Woodstock.

In addition to approving payments to outside vendors for services, the claims audit team also reviews passthrough payments of sales tax made to the City of Kingston and the towns, and property tax to the towns, villages and school districts.

Finally, the claims team is responsible for auditing employee vouchers and payroll processing – that is all payments to employees including those that are reimbursements for mileage or other expenses discussed in greater detail in the following section.

## PAYROLL

Claims auditors certify each payroll warrant the County issues by verifying that all calculations are correct and agree to personnel records and the appropriate backup documentation has been provided. Payroll auditing took on special significance in 2022 with the implementation of new union contracts covering the majority of the County workforce.

The Ulster County Comptroller's Office audited each payroll for 2022 that included 26 bi-weekly, 26 weekly, 12 monthly, 4 quarterly, 16 election worker, 27 COVID-19 vaccine employee and 8 OFA neighbor to neighbor payroll for a total of 119 payroll. The total payroll audited was \$95.2 million in 2022. Payroll audits are carried out primarily by the Claims Auditors with the Senior Auditors acting as back up.

2022 Payroll Summary		
Payroll	Amount YTD	Count YTD
Weekly - Highway	\$ 8,613,787	5,667
Bi-Weekly - Regular	\$ 84,136,671	31,677
Monthly - Legislature, Arson & Fire Coord.	\$ 434,512	427
Quarterly - Retiree HI Buyback	\$ 1,099,207	1,681
Pod Volunteers	\$ 323,243	916
Election Workers	\$ 626,756	1,584
RSVP Volunteers	\$ 450	8
<b>Grand Total</b>	<b>\$ 95,234,626</b>	<b>41,960</b>

We verify individual department time tracking information against what is put into the general County system. We look for any employees that are not being paid their standard hours, for any pay adjustments or other unusual payments and verify them to back-up provided. We also review rate increases and match to an authorization of the change. Additionally, we track employee reimbursements paid against the total reimbursements paid over all warrants for that payroll. Some of the most common issues found are mistakes regarding shift pay, incorrect standard hours paid, and data entry errors regarding employee reimbursements.



## BANK RECONCILIATIONS

The County Comptroller's Office is mandated under the Ulster County Charter to reconcile the County's bank accounts in accordance with the County's Bank Reconciliation Policy that was developed by the Comptroller's Office and adopted by the County Legislature as Resolution 466 of 2020.

The senior audit staff reconciles 20 of the County's bank accounts within the County's financial software monthly and reviews an additional 15 "off book" accounts that are maintained within separate financial systems outside of the County's primary system. Those accounts are maintained by the Department of Social Services, the Sheriff's Department, Probation and County Clerk's Office. The Comptroller's Office has no access to or oversight authority over Estate accounts opened by the Commissioner of Finance in the role of Public Administrator.

In addition to performing the bank reconciliations on a monthly basis, the Comptroller's Office also performs an annual bank confirmation including all local banking institutions to verify that the County has an accurate record of all existing accounts. In 2022, the Comptroller's Office identified an unknown account at our main depository institution, Bank of Greene County. The account had been opened by the Commissioner of Finance in 2018 and the Comptroller's Office was never informed. We immediately made contact directly with the bank to receive and review the transaction history. The account had no activity between 2018 and 2022 when it received a wire transfer payment for property in the delinquent property auction.

The Comptroller's Office has long contested that the act of performing bank reconciliations should not be under their auspices as it is a threat to our independence from an accounting perspective and is specifically barred as an activity appropriate for auditors. The independence issue arises because in the course of performing bank reconciliations we have to recommend appropriate journal entry adjustments. As such, we proposed that the Charter Revision Commission move primary responsibility for bank reconciliations to the Department of Finance with the Comptroller's Office then providing reconciliation reviews.

## SIGNIFICANT MEMORANDA

The Comptroller's Office takes very seriously its responsibility as the Chief Audit Officer for the County and to prescribe generally accepted government accounting methods for the County as dictated by the Ulster County Charter §C-57(C), and will issue memoranda throughout the year regarding a variety of County related issues, publishing those that relate to items of public interest.

We issued four Memoranda in 2022, with two addressed to the Periodic Compensation Review Committee in reference to elected officials salary review and salary compression analysis, the Memorandum on Elected Officials Compensation Review and the Memorandum on All Pays Management for Compensation Review. In early September, we issued the Memorandum on Bank Reconciliation and New Account Procedures which highlighted several concerns the County Comptroller's Office addressed regarding bank reconciliation processes the County was utilizing at that time, along with County bank account management issues. Lastly, our office issued the Memorandum on Rail Explorers Contract. Our Office initially expressed concern that by allowing the Corporation to deduct the reimbursement of expense from revenue payments to the County, the expenses were circumventing the claims payable process and Comptroller oversight. We also made a recommendation to extend Comptroller oversight and authority to include approval of revenues in addition to expenditures. Additional oversight and verification can only improve transparency and efficiency in County Operations.

## ULSTER COUNTY DIGITAL CITIZENS COMMISSION

The Ulster County Digital Citizens Commission was convened by Comptroller March Gallagher on May 4, 2022 under §C-57(H) of the Ulster County Charter. The mission of the Commission is to bring universal connectivity to all Ulster County residents and businesses with equitable, affordable access to high-speed cable fiber broadband and cellular service. The Commission will make digital access information public to inform policy discussions to improve infrastructure through public private partnerships. The Commission met 4 times in 2022. Working with geographic information services and the town supervisors, the Commission created the Ulster County cable fiber broadband map.



Ulster County Charter §C-57(A) requires the County Comptroller to submit to the Executive and the Legislature by April 1st of each year “an annual audit report including a risk assessment.” The Yellow Book, which is the promulgated standards used by government auditors, notes that audit risk assessment procedures are performed to obtain an understanding of the government entity and its environment including its internal control to identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error.

As a part of our risk assessment process the Comptroller’s Office surveys all departments and administrative units each year. In light of emerging issues, the survey is refined each year to identify potential weaknesses in internal controls within County operations and to communicate those risks to relevant stakeholders. For example, this year’s survey contained questions regarding cash collections, fraud detection and what keeps staff “up at night.” The surveys are primarily focused on gathering information that will assist our auditors in examining the internal control environment within each department and administrative unit.

As best practices encourage internal auditors to conduct an ongoing continuous risk assessment process, our interviews and information requests will be spread over the balance of 2023. This continuous risk assessment process will enable us to gather information and evaluate risks as issues arise.

In addition to the survey and interview process, the Comptroller’s Office maintains and evaluates a variety of hard data items on all the County’s departments and administrative units. These include a numerical analysis of changes in budgeted revenues and expenditures, a comparison of budget to actual revenues and expenditures, what proportion of the unit is “county share”, how many invoices and the dollar value of invoices for each department or unit, the payroll for each department or unit, the number of contracts, the percentage of the overall expenditures that are contractual for each department or administrative unit, whether and how much cash is handled by the department, and more.

Along with performing a numeric analysis, the Comptroller’s Office auditors evaluate several more subjective factors related to internal control risks including reorganization or leadership changes made, policy changes at the state or federal level, the volume and complexity of programs managed, as well as whether there have been payroll, invoice, procurement card or other claims issues throughout the previous year. These factors are graded and scored, combined with the numerical analysis and this assists the Office in identifying risks that may merit further investigation or an audit.

Our risk assessment efforts drive the Comptroller’s Office selection of areas for internal audit each year. As noted previously, best practices to evaluating internal controls now suggest that risk assessments are performed on a continual basis. In an effort to bring our governing documents current with best practices, the Comptroller recommended to the Charter Revision Commission a change in the language around risk assessment in the annual report going forward that will embody the continuous risk assessment model.



Factor	Definition and Guidelines
<i>Budgeted Expenditures</i>	Expenditures per the 2022 Adopted Budget.
<i>Budgeted Revenues</i>	Revenues per the 2022 Adopted Budget.
<i>% Change between 2021 &amp; 2022 Budgeted</i>	<p>A measure to assess a unit's operations based on fluctuation in budgetary allocations.</p> <p>Has there been a significant increase or decrease to the unit's budget that warrants further considerations?</p>
<i>Actual Expenditures</i>	Expenditures per the 2022 actuals in the financial system.
<i>Actual Revenues</i>	Revenues per the 2022 actuals in the financial system.
<i>% Change between 2021 &amp; 2022 Actuals</i>	<p>A measure to assess a unit's operations based on fluctuation in actual expenditures.</p> <p>Has there been a significant increase or decrease to the unit's budget that warrants further considerations?</p>
<i>Significant Reorganization</i>	<p>A standard to evaluate if a unit of government has had major changes within its structure, either operationally or administratively, that affects the activities or programs to any degree through changes in duties, creations or losses of personnel (especially change in leadership), creation, loss, or modification of new titles, and/or consolidations of functions.</p> <p>Will this update to the unit's structure affect how the unit performs?</p>
<i>Policy Review &amp; Update</i>	<p>While the presence of policies has a positive effect on the strength of internal controls, these written guidelines and policy changes need to assess if they are effectively communicated to employees on a consistent basis and if the unit has the necessary resources to carryout internal control measures.</p> <p>Does it appear that employees are made aware of policies? Does the unit appear to have the necessary resources to perform their charge to an appropriate degree?</p>
<i>Management of Programs</i>	<p>Many units of government are tasked with multiple programs that either service the public or assist with the continuity of government administration. This standard will attempt to assess how units are accomplishing their charges and how likely the lack of management might jeopardize future funding streams.</p> <p>Does the unit in question outsource tasks under their purview? Does the unit oversee any State or Federal Programs and/or grants? Does the unit possess the resources within their staffing to accomplish their charge?</p>
<i>Audits Performed</i>	<p>Audits provide assurance to the taxpayer and government officials that subject matters have been reviewed and allow stakeholders to evaluate and improve effectiveness of internal controls and more.</p> <p>Has the unit been audited in the past (either by an external Organization or by the Comptroller's Office)? Did the audit identify any significant deficiencies? If so, were the deficiencies received and acted upon? If not, does the unit require further review?</p>

Factor	Definition and Guidelines
<p><i>Impact of Unit on Public Health &amp; Safety</i></p>	<p>One of government's primary responsibilities is to ensure the safety and security of its residents and visitors. The units within the government duties in that regard vary widely.</p> <p>Will the lack in performance or resources in this particular unit result in grave consequences to the public? Will people be subject to death?</p>
<p><i>Revenue Allocation (Including Revenue Contracts)</i></p>	<p>Each unit in government may have different streams of revenue attributed to their budget. This seems to fall into a few separate categories: federal or state aid, departmental income (cash, fees, etc.), interdepartmental and/or real property tax. Often the aid is either through grants or expected as set by the State budget and many times those streams have to be continually monitored to ensure the County will receive their share.</p> <p>Does the unit oversee any State or Federal Programs and/or grants? Does the unit's allocations and estimations make sense? Is there a risk of missing out on revenue if certain measures are not met? Is there sufficient management to monitor the funds? Is there external cooperation necessary in order to complete such measures? Are programs or positions overly reliant on receiving these funds? Are there risks present to be out of compliance on State or Federal levels?</p>
<p><i>Collection of Cash Revenues</i></p>	<p>Several units of government collect cash for various reasons such as collection of: fees, fines, forfeitures and taxes. Cash is the most liquid asset and most susceptible to loss if not properly controlled.</p> <p>Does the unit have proper internal controls to prevent cash misappropriation? Does the unit have written cash handling procedures? Does the unit have proper segregation of duties in cash handling duties? Is cash deposited timely? Is cash properly safeguarded from time of receipt until deposit? Are cash receipts regularly reconciled to the financial system and the bank deposit?</p>
<p><i>Complexity of Transactions</i></p>	<p>A measure of exposure or loss due to the nature and process of recording transactions and maintaining account balances and the presence or absence of proper internal controls to regulate such transactions effectively. Responses from the risk assessment questionnaire completed by each respective administrative unit in addition to the knowledge of the audit staff has been utilized to determine this risk factor as well as considerations regarding the organizational structure and the operating environment of each unit.</p> <p>Does the unit have enough resources to conduct transactions with the proper oversight necessary? Do the transactions require investigation? How long do the processes take for the unit to complete transactions?</p>
<p><i>No. of Open Expense Contracts/ Management of Contracts</i></p>	<p>Many units of government engage in contracts with third parties to accomplish either programmatic or administrative tasks within their purview. Some units have many contracts to help target their goals.</p> <p>How many Open Contracts are within each unit? Does the amount warrant considerable time management from the units staff? Are the contract amounts significant?</p>



Factor	Definition and Guidelines
<i>Survey of Departments/Units</i>	<p>A measure to gather relevant and useful evidence to draw conclusions on the unit's control environment. The survey gives preliminary indicators of how adequate the unit's risk assessment, control activities, information and communication systems, and monitoring is working. Additionally, the survey allows department heads input on financial and operation concerns within their respective units.</p> <p>Did the unit answer the questions with professional responses? Does the Department head have an understanding of the importance of the risk assessment exercise? Did a topic come up that created apprehension or defensive responses?</p>
<i>P-Card Issues</i>	<p>While the use of purchase cards has been credited with reducing administrative costs, at times, if there are weak internal controls, there can exist varying degrees of waste, fraud, and abuse.</p> <p>How many P-Cards does the unit have? Who has access to use of the P-Card? Have there been issues with types of purchases without proper authorization in the past year?</p>
<i>Payroll Issues</i>	<p>Payroll in many governments can exceed fifty percent of total expenses and it is often a significant transaction area. With several levels during the payroll process that need to be accomplished and the time constraints surrounding it, it is important to assess the confidence in the protocols and personnel performing the processes.</p> <p>Does more than one person process payroll at the department level? Are there a lot of void/reissues happening within the department?</p>
<i>Gift Card Issues</i>	<p>Gift cards are essentially cash and with that carry a large amount of risk. In government, gifts of any sort are usually deemed inappropriate. However, some programs offer incentives for the public to remain involved and the use of gift cards have been implemented to accomplish this.</p> <p>Who maintains security of them before they are handed out? Who gets them? How do we know they got them? What can they be used for?</p>
<i>Claims Issues</i>	<p>Claims are documentation submitted by any entity or provider that has offered services or products to county government.</p> <p>Did the purchase follow County guidelines? Were proper approvals acquired prior to purchase?</p>
<i>Separation of Approvals</i>	<p>Separation of duties is one of the most important procedures available in the internal control process to reduce the risk of fraud, loss, or undetected error in a financial system. The lack of separation of duties can lead to one person having sole responsibility of two conflicting tasks which leads to increased risk.</p> <p>Are there appropriate levels of authorization for purchasing? Is there any opportunity for an individual to accomplish all levels of the procurement process?</p>