

MEMORANDUM FROM THE
ULSTER COUNTY OFFICE OF THE COMPTROLLER

March S. Gallagher, Esq.
Comptroller



Alicia DeMarco, CPA
Deputy Comptroller

MEMORANDUM

TO: Acting County Executive Johanna Contreras
Deputy County Executive Marc Rider
Commissioner of Finance Burt Gulnick

FROM: Comptroller March Gallagher

RE: Bank Reconciliation and New Account Procedures

DATE: September 15, 2022

The Comptroller's Office has several concerns regarding the current bank reconciliation process and bank account management issues for your office to address.

1. Accounts are opened without our knowledge.

On June 7, 2022, when Comptroller's senior audit staff accessed our Bank of Greene County electronic accounts, we had been provided access to a new account labelled "Tax account". When we inquired as to the new account, Commissioner Gulnick stated "This account has been with The Bank of Greene County (BOGC) for a number of years with little to no activity. The account was created to allow a bidder, who had no access to certified funds, to deliver funds for payment." Our office followed up directly with Bank of Greene County and determined that the account was opened in November of 2018 but had no activity until the wire transfer payment of \$17,990 this past April. Given the Charter mandated responsibility of our office to reconcile all County bank accounts, we should receive a formal notification of the opening of any new account within 30 days, regardless of purpose or activity.

2. Monthly adjustments are hard to track and require multiple communications.

During our regular reconciliation process, Comptroller staff are often forced to spend hours of expensive staff time researching and identifying reconciling items that prevent reconciliations from being posted within the system. To properly account for adjustments that are not recorded timely by the Finance Office, the auditors, in a cumbersome manner, maintain a significant number of entries on a manual basis (see attached). As a result, the Comptroller's Office staff requires access to make adjustments in the bank reconciliation module. This **will not** create adjustments to the General Ledger (GL) but rather will allow us to make necessary adjustments to reconcile accounts in the bank reconciliation module only. This function necessary for the performance of bank reconciliations and does not differ from other access and functions afforded to this office, i.e., allowing us access to adjust checks in the MUNIS module to address changes in the outstanding check list. Staff time is unnecessarily expended when modifications to improper entries are needed. Our team often needs to make multiple requests to Finance for revisions; causing unnecessary time loss to the Comptroller's Office and Finance Department staff.

3. The GL and the Bank Reconciliation Module do not agree, creating internal control risks.

Since the implementation of New World, transactions appear in the bank reconciliation module and not in GL and vice versa. The two modules do not communicate or reconcile. This failure to use the New World ERP system to its full extent results in the loss of internal control functionality. This failure to use the New World ERP system to its full extent results in the loss of internal control functionality.

In addition to the lack of connection between the ERP and the Bank Rec module, the system allows changes to entries in the bank reconciliation module that have already been reconciled. This is a large internal control problem and should not be permitted. The system should be modified to prevent this.

4. Accounts with paper only statements require the Comptroller's Office to submit multiple requests.

The Office of the Comptroller's lack of access to account information that is available online results in additional waste of the office's staff time. Repeated requests to obtain paper bank account statements must be made and progress is interrupted as staff awaits responses. Therefore, the Comptroller's Office should be permitted online access to these accounts. The Department of Finance will still receive paper copies if desired.

The accounts that the Office of the Comptroller requests for online access to are:

Salisbury Bank

Key Bank

JP Morgan Chase

M&T Bank

Sterling National

We appreciate your consideration of these issues.