

MEMORANDUM FROM THE

ULSTER COUNTY OFFICE OF THE COMPTROLLER

March S. Gallagher, Esq.
Comptroller



Alicia DeMarco, CPA
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Director of Internal Audit & Control

MEMORANDUM

TO: County Executive Jen Metzger
Acting Commissioner of Finance Ken Juras

FROM: Comptroller March Gallagher

DATE: March 23, 2023

RE: Internal Controls Recommendations

In light of the allegations around former Finance Commissioner Burt Gulnick, Ulster County has a tremendous opportunity to strengthen internal controls in a number of areas. As our audits and investigations proceed, we will have additional recommendations, but we want to share with you as expeditiously as possible those areas where you can take immediate action.

We would like to highlight the following concerns as potential areas in which we can strengthen controls throughout the County's financial operations, particularly as they relate to cash handling, transparency and documentation, and segregation of duties over financial reporting.

Segregation of Duties

Segregation of duties needs to be reconsidered as it relates to all county financial operations, as many transactions seem to lack appropriate internal controls. The following areas have been identified as needing additional segregation of duties:

- Financial transaction entry and posting should involve at a minimum two users
- Cash should not be handled by users who can modify or edit cash transactions
- Voids should be approved by supervisors and re-entered by a new cashier

We recommend that the user capabilities be reviewed for all users, to ensure that at least two users are involved in every transaction. No shared user accounts should be permitted unless the access is limited to read-only capabilities.

Improved Documentation and Transparency

Backup documentation should be attached to all transactions in the system. The attachment of supporting documentation should be required for the following transactions that are at present often lacking any attachment at all:

- Revenue cash receipt journal entries should require back up uploaded to the financial system such as tax bill or other invoice
- Revenue bank deposit journal entries must be segregated by revenue source and identified as such with back up documentation uploaded to the financial system
- Implementation of credit card receipts in offices such as Aging, DOH and other departments handling cash should be expedited
- Wire transfers approved by the Comptroller's Office must include the routing number, account number, recipient, name of bank and back up with full page screenshots (not one-word images) for approval
- Intercounty wire transfers should be approved by Comptroller going forward
- Voids processed (should include reason for void and approval of supervising staff)

Reconciliation between financial systems

Reconciliation should be performed between any ancillary financial reporting or tracking systems and the County's primary financial system (NWS), at least monthly to ensure accuracy is maintained between all systems. Completed reconciliations should be shared with the Comptroller monthly for documentation and review and purposes.

The Comptroller should be provided direct access to any systems used for the reporting of financial transactions where possible to ensure maximum oversight and transparency.