

MEMORANDUM FROM THE
ULSTER COUNTY OFFICE OF THE COMPTROLLER

March S. Gallagher, Esq.
Comptroller



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Deputy Comptroller

MEMORANDUM

To: County Executive Jen Metzger
Commissioner of Finance Roseann Daw

Cc: Deputy County Executive Jamie Capuano
Ways and Means Chair John Gavaris
Financial Deputy Clerk of the Legislature Amber Feaster
Deputy Finance Commissioner Max Cordella
Deputy Finance Commissioner Chris Jaros

From: Comptroller March Gallagher

Date: September 20, 2024

Re: Receipts Without Backup Examples

This memo is an effort to identify what types of transactions lack sufficient revenue back up documentation in the County's financial system (New World ERP). The Ulster County Charter gives the Ulster County Comptroller's Office the authority to "[e]xamine, audit, and verify all books, records, and accounts . . . the accrual and collection of all County revenues and receipts, and for this purpose have access to all such books, records, and accounts at any time except where precluded by law."

Since the resignation of the former Commissioner of Finance, the Comptroller's Office has been undertaking an in-depth review of the availability of books and records associated with certain transactions. In a Memorandum dated March 23, 2023, the Comptroller requested that the County's finance operation add revenue backup to provide transparency and accountability on revenue transactions to improve internal controls.

There still are many entries made by both the Department of Finance as well as other departments that lack backup documentation to allow proper internal audit oversight of revenues. Ulster County processed over 20,000 revenue receipt transactions in 2023 and has already entered more than 13,000 as of the date of this memo for 2024. What is provided here are a few examples.

When entering a receipt, County staff should ask themselves: if the receipt is viewed by another person, would they be able to understand the source of the funds and the underlying calculation? For some transactions that are routine in nature, the Received From category, the Payment Code and the Receipt

Description may be sufficient for identifying the receipt. However, in many cases such as revenues based on a calculation, revenues from another government, revenues based on external software, revenues from another department, revenues for a lease or rent payment, and revenues for auction proceeds, backup documentation is needed.

The examples below identify the types of receipt entries that lack backup documentation in the County's financial system.

- 1) Revenues based on a calculation- the Comptroller's Office needs to be able to review calculations to see if they are correct.

Stumpage Fees Application #51-099 Town: Denning
School District: Grahamsville
Receipt Number: 2024-00003735

Hotel Penalties and Interest
Receipt Number: 2024-00010831

- 2) Revenues from another government- the County is notified via email or some other communication that a payment is coming or is made. Without being able to see this communication, the Comptroller's Office cannot review whether the accounting for a payment is correct. For example, sales tax revenues contain splits between periods. The Comptroller's Office cannot confirm that revenues are properly recorded without the communication.

DOF Casino Revenue
Receipt Number: 2024-00007038

OTB April 2024 Surcharge
Receipt Number: 2024-00007757

LGAUC73 – Cannabis Use Sales Tax
Receipt Number: 2024-00006533

- 3) Revenues for a lease or rent payment- Without backup documentation the Comptroller's Office cannot determine if lease payments are current, correct or to which property they pertain.

EMG Wireless- EMG Prepaid Wireless Surcharge
Receipt Number: 2023-00016415

EMG Rent Real Pr – EMG Rental of Real Property
Receipt Number: 2023-00020140

- 4) Revenues for another department- Revenues from other departments should be receiving a vital double check. Without backup documentation there is no way to provide appropriate audit review. For example, how many pounds of scrap metal were sold and at what price? How many pool admissions and passes were there for a given time period?

DMV Account August 1-31, 2023 DMV Report- KGT
Receipt Number: 2023-00014275

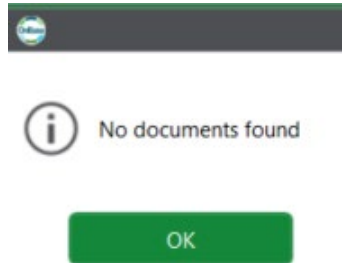
DPW NP Pool Dail - DPW NP Pool Daily Pass
Receipt Number: 2023-00016140

Baroni H&B scrap metal sales
Receipt Number: 2024-00007183

- 5) Revenue calculations based on an external software- external software used to make calculations or track payments such as TCS or TRUT for installment agreements should be used to generate a screenshot of the totals used to determine the amount owed, or to track payments, so that it can be attached as backup in the financial system. Once installment agreements have been fully implemented in TCS, this may no longer be necessary.

514400 76.2-2-11 SOMMERVILLE JASAHN CONTRACT PAYOFF FOR 2021 & 2023 TAXES
CONTRACT 2023 00089
Receipt Number: 2024-00012541

Currently, for these five categories of revenue receipts, the Comptroller's Office sees the following screen when trying to access backup information:



In addition to the types of transactions highlighted above, we call your attention to Auction Proceeds - support for the deposits received is not sufficient. While there is backup documentation attached, it is insufficient in that it cannot be traced back to the parcels auctioned.

Receipt of Winning Bid Deposits from 2024 Public Auction
Receipt Number: 2024-00012216

Wire for balance of successful auction deposits
Receipt Number: 2024-00012217

Insufficient and nonexistent backup documentation limits the Comptroller's ability to provide the Comptroller's Office Charter-mandated oversight for taxpayers. We look forward to working with you to improve our backup documentation in the financial system.