

ULSTER COUNTY COMPTROLLER'S ANNUAL REPORT 2021

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





2021 IN REVIEW

MEETING THE CHALLENGES

Throughout 2021 the Comptroller's Office continued to adapt to the "new normal" of working through the COVID-19 pandemic. County government activities operated at near normal levels and despite our limited staffing and some remote work by the auditors in the Comptroller's Office we were able to fulfill our normal oversight activities. The Office continues to hone our risk assessment process, adding new analytical capabilities through the implementation of TeamMate Audit software.

The Office completed two audits, the Public Defender's Follow-Up Audit and an Audit of Assigned Counsel - 18B. In addition, audits were begun in 2021 on the composting operations of the Ulster County Resource Recovery Agency, fraudulent County Unemployment Claims filed, and of the County's compliance with its own Investment Policy. The work on these audits is ongoing into 2022.

The UCRRA audit created special challenges when the UCRRA refused to provide requested books and records and sued the Comptroller's Office challenging our authority. The Court agreed that the Comptroller does have authority to audit, but the court proceedings delayed the audit by many months costing taxpayers more than \$15,000 in legal fees to defend County audit authority.

The Comptroller's Office continued to provide quarterly financial reports to the Legislature and Executive. In addition, the Office issued several special reports to highlight specific areas of interest to policymakers on topics like government leased and owned facilities, fiscal stress monitoring, and the County's fund balance policy.

The pandemic has created special challenges and opportunities that impact the day-to-day work of the Comptroller's Office. We were able to review the 2020 costs associated with the pandemic as well as monitor the return of important revenue streams such as sales tax and occupancy tax. The Office continues to monitor the expenditures, journal entries, and U.S. Treasury filings associated with the \$34.5 million that Ulster County is receiving under the American Rescue Plan.

The Comptroller's Office looks forward to the additional capacity from incorporating the Director of Internal Audit and Control into our staffing which will enable us to produce even more taxpayers savings and more efficient government services.

As the pandemic continued through 2021, our staff continued to operate virtually where possible. The Comptroller's Office again remained open and fully operational throughout 2021 despite the pandemic with the assistance of digital document processing and video conference software to maintain connectivity amongst staff working in and out of the office.

In response to the pandemic, the Director of Internal Audit and Control position was left vacant throughout 2021. Also, due to a retirement, there was a transition that left the Deputy Comptroller position vacant for a period of time in early 2021. This coupled with limitations precipitated by the on-going pandemic, the ability of the Comptroller's office to conduct audit field work was extremely limited in 2021. As a result, our work was primarily focused on analytical reporting and review as opposed to audit fieldwork.

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. 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. This requires that approvals and authorizations have been obtained, adequate budgetary appropriations are available, and validation on the accuracy of any necessary calculations. The 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 uninterrupted throughout the pandemic, though the processing of claims has taken a more significantly digital role over the last two years, improving efficiency, documentation abilities, and the safety of our staff.

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.

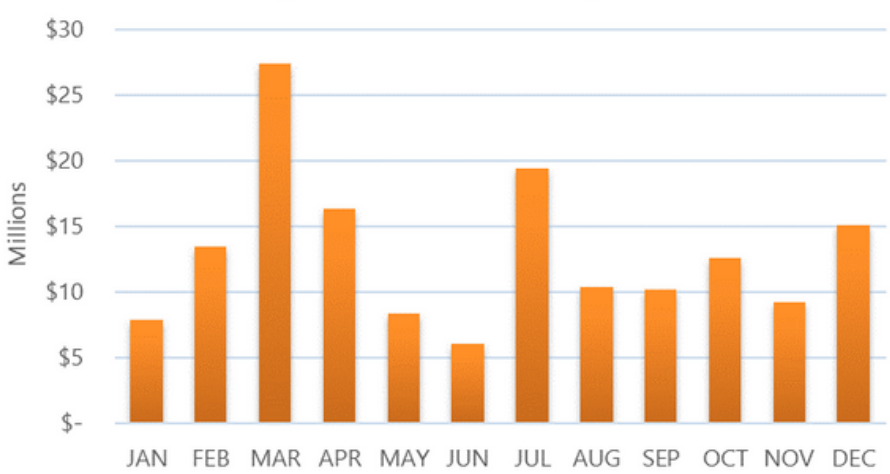
CLAIMS AUDIT 5 YEAR SUMMARY

	2017	2018	2019	2020	2021
Contracts Count	827	831	1,002	674	860
Contracts \$ Amount	\$ 64,189,789	\$ 92,680,058	\$ 112,727,459	\$ 62,401,550	\$ 114,796,970
Wires Count	1,094	1,249	1,296	1,286	1,295
Wires \$ Amount	\$ 182,334,469	\$ 187,176,408	\$ 216,451,188	\$ 211,778,172	\$ 201,119,192
Employee Reimbursements Count	2,526	3,273	3,262	1,413	2,068
Employee Reimbursements \$ Amount	\$ 428,869	\$ 585,721	\$ 681,849	\$ 217,520	\$ 665,919
Batches Invoice Count	26,938	28,343	28,533	23,844	24,934
Batch \$ Amount	\$ 149,369,722	\$ 165,059,682	\$ 163,555,213	\$ 147,329,574	\$ 156,798,799
Payroll Transactions	39,177	39,563	40,984	41,413	38,726
Payroll \$ Amount	\$ 79,171,008	\$ 83,761,365	\$ 85,975,996	\$ 86,320,810	\$ 88,256,332

The compilation of the monthly Taxpayer Checkbook published by our office is an additional responsibility of our claims audit team, detailing monthly payments issued to each vendor. This material is shared within days of the monthly closing period and allows the people of Ulster County to 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.

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

Total Payment Amount by Month



HIGHEST PAID 2021 VENDORS AND TAXING JURISDICTIONS

VENDOR or TAXING JURISDICTION	# OF INVOICES	TOTAL INVOICE AMOUNT
City of Kingston	182	\$ 18,606,972
Kingston City School District	17	\$ 7,733,704
Motorola Solutions, Inc.	40	\$ 7,171,249
Ulster County Community College	25	\$ 6,426,616
Peckham Road Corp.	42	\$ 5,846,852
Rondout Valley Central School District	1	\$ 3,027,915
Callanan Industries, Inc.	104	\$ 2,759,187
Saugerties Central School District	3	\$ 2,752,279
Gateway Hudson Valley	57	\$ 2,466,508
Onteora Central School District	32	\$ 2,465,767

Expenditures made from the Department of Social Services are not claims audited by the Comptroller's Office as they use a separate financial system operated by NYS called Welfare Management System. These payments include temporary assistance payments, Medicaid, HEAP, foster care payments, and other forms of social services payments. These types of expenses are subject to audit and review by request and are included in our annual risk assessment and considered in the development of our annual audit plan.

DEPARTMENTS WITH MORE THAN \$1 MILLION IN AUDITED 2021 CLAIMS

DEPARTMENT	TOTAL INVOICE AMOUNT
Finance	\$ 70,109,811
Department of Public Works	\$ 22,355,043
Social Services	\$ 16,835,128
Mental Health	\$ 9,580,008
Emergency Management	\$ 8,769,418
Sheriff	\$ 6,591,974
Information Services	\$ 3,804,405
Insurance	\$ 3,362,665
Personnel	\$ 2,916,393
Health	\$ 2,033,814
UCAT	\$ 1,910,445
Office for the Aging	\$ 1,391,451
Planning	\$ 1,195,032

In addition to approving payments to outside vendors for services, the claims audit team also reviews pass-through payments of sales tax made to the City of Kingston and the towns, and property tax to the towns, villages, and school districts. These payments result in an additional \$30 million in transactions to review for the claims audit staff.

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. The Ulster County Comptroller's Office audited each payroll for 2021 that included 26 bi-weekly, 26 weekly, 12 monthly, 4 quarterly, 19 election worker, 17 COVID-19 vaccine employee, and 4 Office for the Aging neighbor-to-neighbor payroll warrants for a total of 108 payroll warrants. The total payroll audited was \$89.1 million in 2021. Payroll audits are carried out primarily by the Claims Auditors with the Senior Auditors acting as back up.

2021 Payroll Summary		
Payroll	Amount YTD	Count YTD
Weekly - Highway	\$ 7,672,688	5,434
Bi-Weekly - Regular	\$ 79,103,944	31,246
Monthly - Legislature, Arson and Fire Coordinator	\$ 433,167	437
Quarterly - Retiree HI Buyback	\$ 1,046,534	1,609
Pod Volunteers	\$ 518,550	963
Election Workers	\$ 285,163	691
RSVP Volunteers	\$ 1,790	8
Grand Total	\$ 89,061,836	40,388

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 pays and verify them to back-up provided, as well as rate increases that are matched to an authorization of the change. We also 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, some incorrect standard hours paid, and data entry errors regarding the employee reimbursements.

COST AVOIDANCE, COST RECOVERY, AND ENHANCED REVENUES

Ulster County voters chose to create the Comptroller's Office to save taxpayer money and ensure that services are delivered in the best way possible. Although the Office has not routinely done so in the past, in a current and ongoing basis, the Office attempts to fairly capture and document cost avoidance, cost recovery, and enhanced revenues that are a direct result of our work. 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 2020-2021			
Type	Description	Potential	Actual
Cost Avoidance	Reduced jail expenditures	\$ 1,000,000	\$ 1,000,000
Cost Recovery	Indigent Legal Services-unused funding	\$ 2,415,719	\$ 1,153,500
Cost Recovery	Department of Labor Lease	\$ 422,112	\$ 422,112
Revenue Enhancement	Estimated 50% of Digital Tax Auction Increase	\$ 1,600,000	\$ 800,000
Revenue Enhancement	Estimated 50% of Enhancement from Airbnb	\$ 1,056,619	\$ 528,309
Revenue Enhancement	Adopting a Real Estate Transfer Tax	\$ 2,900,000	-
Revenue Enhancement	Adopting a Mortgage Recording Tax	\$ 3,600,000	-
Cost Avoidance	Pandemic furlough unemployment	\$ 1,287,961	-
	TOTAL	\$ 10,444,580	\$ 3,903,921

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 audit staff reconciles 19 of the County's bank accounts within the County's financial software on a monthly basis and reviews an additional 14 "off book" accounts that are maintained within a separate financial systems outside of the County's primary system which include accounts maintained by the Department of Social Services, the Sheriff's Department, Probation Department, and County Clerk's Office.

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 accurate record of all existing accounts.

AUDITS

Public Defender's Follow-Up Audit

Our follow-up audit of the Public Defender's Office identified that Ulster County has forgone \$1.4 million in grant revenues that could not be recouped because those funds were not spent. The County was able to recoup \$1.75 million in grant funds that had not been previously reimbursed. The County Public Defender's Office made personnel budget requests in 2016-2019 that were not included in the Executive's budgets under the previous Administration. The County Public Defender's Office caseloads consistently exceed statewide averages.

This audit recommended that the Budget Division of the Finance Department should analyze and proactively address variances between budgeted and actual grant revenues as part of a formal grant monitoring and budgeting procedure or policy to ensure that revenue grant funds are fully utilized. The audit also recommended that the Budget Division should not budget reimbursement grant revenues without the corresponding grant expenditures needed to draw those revenues. We recommended that the Public Defender's Office annually report the metrics by caseload standard identified in the Hurrell-Harring Settlement. We further recommend that the Office begin collecting and reporting caseload and disposition data that best identifies improvements in indigent legal services. These results should be reported on the County's website and in the Annual Report of the Executive.

Assigned Counsel – 18B Audit Report

The Comptroller's Office undertook this audit after receiving complaints from attorneys and clients related to program administration. The audit found that payment claims submitted by 18B attorneys are paid within 77 days on average and often contain attorney-generated mathematical billing errors. Ulster County has no means to verify that invoices correspond to actual services rendered. Many invoices lacked important date stamping that enables clerical staff to prioritize older invoices first. The rates paid to 18B attorneys have not been increased since 2004.

This audit recommended that Ulster County implement a form based electronic 18B invoicing system that will eliminate billing errors and streamline payment processes. We also recommend that judges periodically sample 18B invoices for in-depth verification. Ulster County should establish a process through which 18B complaints can be filed and investigated. We further recommended that Ulster County use the newly created 18B Administrator position to improve billing practices and monitor quality concerns for 18B attorneys. Finally, Ulster County should advocate for New York State to inflation-adjust the payrate for 18B counsel, to properly compensate attorneys for the population that is unable to afford private counsel.



PUBLIC DEFENDER'S OFFICE FOLLOW-UP AUDIT

Office of the Ulster County Comptroller
March S. Gallagher



18B CLAIMS REVIEW ADMINISTRATION REPORT

Office of the Ulster County Comptroller
March S. Gallagher



2021

QUARTERLY REPORTS

The County 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 2021, we published 4 quarterly reports including one from the fourth quarter of 2020 as well as the first three quarters of 2021. Over the last year we have streamlined the financial reporting of revenues and expenditures while we shifted the economic outlook section to include important information such as inflation indicators.

The Second and Third Quarter Financial Reports identified a large cash balance being held in a checking account and as a result the Comptroller's Office recommended that the County review its investment strategy to ensure that we are maximizing potential profits and income regarding these large cash reserves.

SPECIAL 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. The Ulster County Fund Balance Report was released as the County Legislature considered changes to the County's Fund Balance Policy. We recommended updating the County policy to pinpoint how the Fund Balance is calculated, which type of funds are included along with their classification (i.e., assigned and unassigned). Additionally, our office recommended a remedy for carrying balances above the upper 10% limit and how surplus balances should be applied, such as a real property tax cut - to clearly define the conditions warranting Fund Balance use. The 2020 Fiscal Stress Assessment Report showed Ulster County's secure financial condition, also recommending that policymakers ensure future budgets work toward a structurally balanced budget where recurring revenues support recurring expenditures, and that non-recurring revenue streams such as fund balance are minimized in future budgets. The Comptroller's office published the second annual Popular Annual Financial Report, which provides a financial overview for County residents in a more digestible format. Lastly, the 2020 COVID-19 Impacts Report daylighted the \$5.6 million in discernable COVID expenditures in the prior year and identified areas for improvement in the allocation and tracking of pandemic response-related costs.

SALES TAX REPORTS

The Comptroller's Office produced two sales tax reports in 2021. First, the 2020 Sales Tax Report, was a look back on sales tax collections and industry categories during the first year of the pandemic in 2020. The second, 2021 Mid-Year Sales Tax Report provided a mid-year analysis of sales tax collections and industry impacts. The purpose of these reports is to provide policy makers and taxpayers information on the collections in this single largest revenue category and the relative impacts on specific industry categories.

Annual Taxable Sales in Largest Ulster County Industries



OTHER PROGRAMMATIC REPORTS

Throughout the year the Comptroller's Office tries to address policy issues that may require immediate financial or programmatic information. The timing and urgency of these reports varies, and the goal is to produce information that will assist policy makers in their governing roles. In 2021, as the Legislature contemplated approving a new lease to move the Board of Elections, the lack of a plain English report on owned and leased spaces was making it challenging for the Legislature to evaluate the proposed lease in the context of other spaces owned and leased by the County. The Government Facilities and Properties Report included an analysis of all owned and leased spaces, including the location, lease amounts, lease duration, square footage, and uses. This analysis identified that a sublease of the OneStop to the NYS Department of Labor had lapsed and that revenues for this sublease were not being collected. This issue is now on the way to resolution.

The Government Facilities and Properties Report recommended that the County engage in a space utilization study every five years and share a plain English capital asset report every three years. Leases presented to the Legislature for contract approval should be presented in as final a form as possible, include square footage, term of the lease, and potential expenses such as taxes and fit up, a schedule of other properties considered (both privately-owned and county owned, a short summary of the department needs, and disclosure of ownership and LLC membership of private lessors to allow for the monitoring of conflicts of interest. The report also recommended that the capital asset policy be updated as recommended by the outside auditors in the management letters of 2015, 2017, and 2019. Updating the policy to include capital maintenance inventory would enable the County to prioritize capital projects.

The Comptroller's Office received requests for information about the County's expenditures on emergency housing. Members of the public expressed concern that the County paid a high nightly amount for emergency shelter for unhoused individuals and families when longer term housing would be less expensive. The Comptroller's Office worked with the Department of Social Services on an Emergency Housing Snapshot to provide the public and policy makers an overview of how much the County spends on emergency housing, the types of emergency housing, sources of funds for emergency housing, and the number of nights that people may be spending in this type of shelter. Much of the funding for emergency housing is not available for long-term housing support.

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. The infusion of the American Rescue Act Plan funding represents a significantly large one-time infusion of revenue that can be used for a variety of purposes. The Comptroller issued two Memoranda on accounting for these funds as all municipal governments nationwide worked to identify appropriate accounting and reporting for these funds. The issues of largest concern to the Comptroller's Office were that we 1) identify expenditures as operating or capital based on their actual use and 2) that the County apply for lost revenue status to improve compliance with the future reporting requirements on these funds.

OTHER PUBLICATIONS

The Comptroller's Office also offered presentations on housing, survey results for public input on uses of ARPA, comments on turbid discharges to the lower Esopus, and tax abatement policy recommendations to the IDA all in 2021. Finally, the Comptroller's Office regularly shares financial, economic, and government accounting news on its social media so that policy makers, taxpayers and the people of Ulster County have access to a broad range of information on a timely basis.

2022 RISK ASSESSMENT

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, states that "[a]udit risk assessment procedures are performed to obtain an understanding of the (Government Agency's) 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 the impact of COVID on County operations, questions about virtual work arrangements and the supervisory process, and questions about changes in positions that occurred. 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.

In previous years, the Comptroller's Office interviewed each department face-to-face during the first quarter of the year. Now, as best practices encourage internal auditors to conduct ongoing continuous risk assessment process, our interviews will be spread over the balance of 2022. 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.

In addition to performing a numerical analyses, 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, as opposed to a "snapshot in time," and as the Comptroller's Office moves to that practice, we will be making recommendations to align the Charter with best practices moving forward.

Factor	Definition and Guidelines
<i>Budgeted Expenditures</i>	Expenditures per the 2021 Adopted Budget
<i>Budgeted Revenues</i>	Revenues per the 2021 Adopted Budget
<i>% Change between 2020 & 2021 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 2021 actuals in the financial system
<i>Actual Revenues</i>	Revenues per the 2021 actuals in the financial system
<i>% Change between 2020 & 2021 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 & 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 polices? 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 & 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>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>
<p><i>Survey of Departments/Units</i></p>	<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>

Factor	Definition and Guidelines
<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>