



# OFFICE OF THE ULSTER COUNTY COMPTROLLER

ANNUAL REPORT  
April 1, 2020

## The Ulster County Comptroller's Office in 2020

**Vision:** It is our vision to work in partnership with the County Legislature, County Executive, and the community without compromising independence, objectivity, or integrity in order to become the County's trusted advisor.

**Mission:** Our mission is to enhance and protect organizational value by providing independent, risk-based objective assurance, advice, and insight to the County.

**Values:** Independent fact-based, objective review and analysis done with integrity and due professional care.

The Ulster County Charter § C-57(A) charges the Office of the Ulster County Comptroller with submitting an annual audit report including a risk assessment of the accounting methods utilized by the County to the County Legislature and the County Executive by April 1 of each year. In addition to this responsibility, our Office regularly produces reports and audits that reflect upon the County's financial status and its managerial performance, including the dual goals of (1) empowering County administrators and lawmakers, and (2) informing Ulster taxpayers as to the issues impacting the expenditures of their tax dollars.

## Risk Analysis to Prioritize Audit Efforts

According to the US Government Accountability Office, the Chief Auditing Officer should use a risk-based approach to prioritize internal audit functions in developing an annual audit plan.

The Office of the Comptroller issued its Risk Assessment survey to the heads of all departments and offices of the County for completion pertaining to the past year's activities from their perspective, as well as for their input on any potential problems regarding internal controls. This year, the risk assessment was modified in several ways:

- Surveys were streamlined and made electronic for ease of answering and data analysis.
- Department and administrative unit responses were collected and reviewed by senior audit staff.
- Auditors followed up the surveys via interviews with departments.
- Interviews covered follow-up questions and suggested best practices for internal controls where applicable.



The Annual Report demonstrates the Comptroller's commitment to enhancing the value, production, communication, and overall impact to the County. In service to Ulster County's residents, businesses and visitors, the 2020 Report focuses on strengthening and improving organizational governance, internal controls, transparency and accountability, quality of services, and fraud detection and prevention.

# RISK ASSESSMENT & INTERNAL CONTROLS SURVEY

2020

New York State Comptroller Tom DiNapoli issued guidance that his Office will not start new audits during the COVID-19 emergency. Similarly, our office will continue work in process but will only begin new audits as pandemic response winds down. The Ulster County Comptroller's Office will continue to monitor spending through the claims audit, contract approval, and payroll approval processes. We will also continue to offer guidance and commentary on transparency and efficiency of County operations. The audits we conduct are a result of our Risk Assessment process which applies a set of criteria to a universe of Ulster County departments and administrative units. Some criteria provides the foundation of the assessment, some criteria provides the structure of the assessment, and some criteria are the final capstone to the decision whether or not to audit.

Ulster County's Risk Universe	
Administrative Unit	
County Attorney (Law)	Personnel
Finance (Budget & Real Property Department)	Emergency Management/911
Tourism	Health Department/Mental Health
Public Defender	Legislature
County Executive (includes Historian)	Department of Social Services
Weights and Measures	Department of the Environment
Department of Public Works	County Clerk
Human Rights/Youth Bureau	Insurance Department
Probation	Office of Employment and Training
Board of Elections	Office for the Aging
Planning	Sheriff
Purchasing	Central Data Processing (Information Services)
Safety Office	Fire Coordinator
Veterans Services	Ulster County Area Transit (Bus Operations)
District Attorney	Ulster County Community College
Ulster County Resource Recovery Agency	Ulster County Industrial Development Agency

Specialized surveys were prepared for some departments such as the County Attorney's Office given the county-wide impact its operations. This year the categories included in the evaluation were modified to include:

- direct impact on health and safety
- a review of budget to actuals
- evaluation of the complexity, management and volume of open contracts

## KEEPING OUR HOUSE IN ORDER THROUGH RISK ASSESSMENT



# CERTIFICATIONS AND ACCOUNTING STANDARDS

2020

## CHARTER MANDATED CERTIFICATIONS BY THE COMPTROLLER

The Ulster County Charter enumerates powers and duties of the Comptroller including the responsibility to certify the availability of funds:

*§ 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;*

The Legislature, Executive and the public can rely on the certification of the Ulster County Comptroller's Office. To strengthen that reliance, the Comptroller's Office defines our certification under § C-57(D) as follows:

*Certification of the availability of funds for requisitions, contracts and purchase orders by the Office is based on best available knowledge at the time of the certification including current obligations that have encumbered funds identified in the County's financial system. The certification does not and cannot account for any other outstanding obligations that haven't been encumbered.*

## ACCOUNTING STANDARDS

The Generally Accepted Government Auditing Standards (GAGAS), commonly referred to as the "Yellow Book", are produced in the United States by the Government Accountability Office (GAO). These standards apply to both financial and performance audits of government agencies. Five general standards are included:

- Independence
- Due Care
- Continuing Prof. Education (CPE)
- Supervision
- Quality Control

The Yellow Book standards are used by auditors who examine the federal government, including the Government Accountability Office, various offices of Inspectors General, and others. Many local government performance auditors also use the yellow book standards. In addition, CPA firms who perform local government financial audits that include an A-133 "single audit" must follow yellow book standards.

In addition to financial audits, the Yellow Book standards cover Performance Audits, which evaluate the performance of a program or project against defined objectives, such as objectives for efficiency and effectiveness.

Copies of all our reports can be found at  
[www.comptroller.ulstercounty.ny.us](http://www.comptroller.ulstercounty.ny.us)

# AUDITS & ANALYSIS

## Audits and Reports of 2019

### Financial Audits

#### ***Public Defender's Office:***

#### ***Audit of CAFA & Caseload Reduction Grants***

This audit of the Public Defender's Office's administration of New York State Counsel at First Appearance and Upstate Quality Improvement and Caseload Reduction grants found oversight and monitoring could have been improved. The audit also indicated that funding sources were underutilized and required filings were not submitted, which prevented extensions of these grant awards. Through communications with the NYS office of Indigent Legal Services ("OILS"), the Comptroller received and prepared the appropriate expenditure forms for the Public Defender to file. Subsequent to this audit, the County's budget department noticed a large discrepancy in the budgeted to actual revenues, as a result of additional available funding sources that were also underutilized and lacked oversight and monitoring.

### Reports

#### ***Ulster County Mortgage Tax Report***

The Comptroller's snapshot report on mortgage tax gives an analysis of mortgage tax collection from October 1, 2015 through September 30, 2018. The mortgage recording tax ("MRT"), separate from mortgage interest and other annual property taxes, and governed by Article 11 of the NYS Tax Law authorizes counties to collect the MRT. The MRT collected by the recording office of the county – the Clerk - at the time of recording where the property is situated. Ulster County's MRT of 75 cents per \$100 places the County among the lowest 10 NYS counties for MRT. Highlighting the County role in tax collection and distribution to local municipalities, the report finds MRT is sensitive to fiscal fluctuations as its growth depends upon economic expansion. As home sales increase, local governments generally receive more mortgage recording tax revenue. Ulster county saw an overall upswing in MRT collections from October 2015 through September 2018.

#### ***Annual Claims Audit Review***

The Claims Auditor Annual Review Report offers information and insight as to what and how much the County spends along with other purviews the Office holds. Of the claims we reviewed Ulster County paid over \$165 million to more than 2300 vendors and 28,000 invoices in 2018. In addition to auditing and certifying invoices from our vendors, the Comptroller's Office approves contracts, wire transfers, payroll and employee travel reimbursements. The report shows statistical data involving monetary figures and volume regarding each of the various approvals the office provides and also shows some detailed information regarding where the tax dollars are being spent. This report is a snapshot of a "day in the life of an auditor."

# AUDITS & ANALYSIS

## Audits and Reports of 2019

### ***Fiscal Stress Test***

The Ulster County Comptroller's Office used the New York State Office of the State Comptroller ("OSC") Fiscal Stress Test criteria (fixed costs, short-term borrowing and cash-on-hand) finding Ulster County comfortably within a "no designation" classification, meaning it did not rise to the level of concern that the OSC deems notable. Ulster County has maintained an adequate year-end fund balance since 2013 with operating deficits in three of the past six years, but only one of the last three years. Additionally, the County rebounded from each deficit year to preserve an adequate level of fund balance. The cash position presents as strong, however, there was a slight indication of stress related to the cash ratio as a percentage of monthly expenditures. Ulster has not issued short-term cash flow debt from 2016-2018 and maintained low fixed costs in the areas of personal services, employee benefits and debt services.

## **Follow-Up Audits**

### ***Health Department:***

#### ***Medical Examiner's Review***

The follow-up report examined the effectiveness of the structural changes to the Medical Examiner's Office, which mainly included, the implementation of 24/7 medical examiner coverage and a reduced time lag between the date of death and the autopsy report. Our report included information for 2018 to analyze how the changes effected operational efficiencies and service delivery expectations. The report identified efficiencies enabling more death scene attendance, a date of death to autopsy reduction in lagtime from from 52 days down to a 30 days between 2016 and 2018. Over the same period, however, the cost per autopsy went from \$3,323 to \$4,639. We continue to recommend that once contracts come to an end, a cost analysis of a flat fee contract compared to a per case contract be conducted and communicated to decision makers.

### ***Personnel Department:***

#### ***Audit of Internal Controls over Self Insurance: Stop Loss Insurance Receipts (2018)***

The initial audit reviewed the internal controls over the administration of the Ulster County self-insured health benefit plan. It sought to determine if adequate controls were in place to ensure that health benefits in general were budgeted appropriately, financially supported, and properly overseen. The outcome determined that undetected and unpaid reimbursements were due to the county as high as \$188k. The review found weak internal controls in managing the plan; gaps in communication amongst the broker, third-party administrator, and stop-loss carrier; a poor claims review process; and a lack of effective oversight.

# AUDITS & ANALYSIS

## Audits and Reports for 2020

### Financial Audits

***Department  
of Finance***

***Short-term  
Occupancy  
Tax***

Short-term rental occupancy tax collection had been at the forefront of Ulster County leadership's debate for many years. Currently 29 New York counties have signed third party agreements with Airbnb to collect the occupancy tax on their behalf. Objections in Ulster County to join in a Voluntary Collection Agreement were many, but the biggest concern was the supposed inability to audit the collection information. This audit seeks to determine if Ulster County lost revenue as a result of the current revenue collection system and to assess the internal controls within the Department of Finance's short-term occupancy tax collection process.

### Compliance Audits

***Countywide:***

***Procurement  
Card Usage***

The use of procurement cards can be very beneficial to governmental entities. However, their use also heightens the potential for fraud, allowing an individual to order, pay for, and receive goods or services that may have skirted certain approval mechanisms. Once the Comptroller's Office receives the invoice to be paid, the County has already incurred the expense that might have otherwise not passed the level of scrutiny warranted had it had gone through the normal purchasing process. This audit will review P- Card purchases for appropriateness and validity. Moreover, we will review any additional potential benefits of P-Card usage such as points.

### Performance Audit in Progress from 2019

***Countywide:  
Utility Audit***

This audit is focused on countywide electric, gas, fuel, water, and sewer billings. Statistics say that 75% of organizations have errors on their utility bills that go undetected. Troy & Banks has been retained to review billings to identify mistakes in connection with contracted rates, meter malfunctions, clerical errors, and other incorrect factors that may be applied toward costs for which the County could be responsible. This third-party auditor will be paid a percentage of savings obtained for the County.

# AUDITS & ANALYSIS

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## Performance Audits

### *Emergency Services/ 911*

Emergency Services of Ulster County oversees the coordination and 911 dispatch of first responders in emergency situations. The Comptroller's Office will analyze the goals, policies, and procedures of the department related to response rate, adequate staffing levels, and other operational and performance metrics.

### *Department of Social Services*

Child Protective Services has responsibility for the health and safety of some of the County's most vulnerable children. This department has seen significant turnover resulting in large case loads for each case worker. This programmatic audit will examine the staffing levels and turnover of case workers at CPS, and potential impacts on the served population.

### *Countywide:*

### *Disaster Preparedness*

In every management letter since 2013, the outside auditors retained by the County Legislature have identified the need for a data/information technology disaster recovery plan. As we work through the COVID-19 disaster, the continuity of business operations of Ulster County have come into sharp focus. The County has an up-to-date compliance plan but lacks a formalized disaster preparedness/business continuity plan. Several departments and administrative units do have disaster or business continuity plans including UCRRA and the Information Services Department. This audit would examine plans for continuity of operations for other functions of County in times of potential disaster and make recommendations with regard to work flows, cross-training, transparency and other aspects of disaster preparedness to improve County operations and preparedness.

# AUDITS & ANALYSIS

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## Special Reports

### *COVID-19 Impacts*

The Comptroller's Office has already issued a Discussion Brief on the potential revenue impacts of COVID-19 and will continue to monitor spending on emergency equipment, supplies, and staffing to address the COVID-19 emergency, as well as the economic and fiscal impacts for Ulster County.

## Quarterly Reports

The Comptroller's Office will provide 4 quarterly reports that discuss year to date actual to budgeted expenses, revenues, and cash position and prior year comparison of budget to actual to current year budget to actual.

## Claims Audit Report

The Comptroller's Office will prepare a summary of the number and amount of claims, vendors, contracts, wire transfers, payrolls and other items reviewed by our office throughout fiscal year 2019.

## Popular Annual Financial Report

The Comptroller's Office will issue a Popular Annual Financial Report (PAFR) based on financial information issued by the Department of Finance.

## Annual Report

The annual report is a duty charged to the Office of the Comptroller by the Ulster County Charter. The report shares work of the prior year and discusses potential audits for the current year by department, program, or practice, resulting in part from analysis of responses to our Annual Risk Assessment. The Office reserves the right to modify the plan to address the changing needs of the County on an as needed basis.