

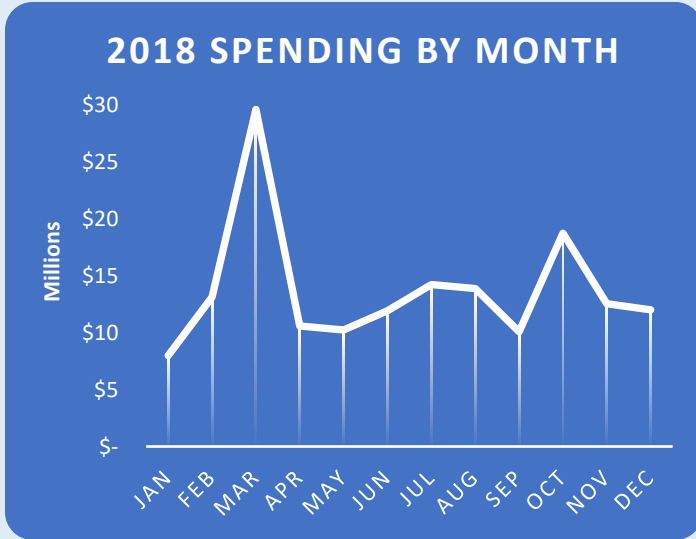


**Office of the Ulster County Comptroller's
2018 Annual Claims Auditor Review**

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Introduction

The Office of the Ulster County Comptroller audits and certifies expenses to vendors and personnel every day. This report reviews Ulster County expenditures that were *actually approved* by the Comptroller’s Office for the 2018 calendar year.¹ From January to December, monthly spending was as follows:



The spending spike in March was largely a result of pass-through tax payments made by the County to school districts.

The Ulster County Charter specifically enumerates the claims and payroll audit function as an essential element of the powers and duties of the Comptroller’s Office.² 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 practice with other staff members assisting as necessary. They examine

¹ This report does not include expenditures that are not approved by the Office of the Comptroller, such as payments made within the Welfare Management System managed by the Department of Social Services.

² See Ulster County Charter: § C-57(D): [The Comptroller shall] 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

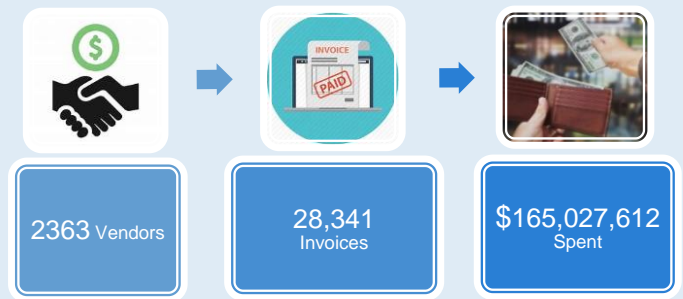
each invoice, payroll warrant, or other claim submitted to determine its lawfulness and appropriateness.

This analysis assures that a claim is for a legitimate County purpose, verifies that required approvals and authorizations have been obtained, makes sure that adequate budgetary appropriations are available, and validates the accuracy of any calculations that are relied upon. These auditors also certify that a claim meets both state and local laws and policies, and they review whether any required competitive bidding and contractual terms were properly followed.

The claims auditing function is not only an indispensable component of the Office of the Comptroller, but it serves as a vital part in maintaining the integrity and transparency of governmental best practices. Claims auditing has also become much more than just a review of invoices, as the claims auditor highlights and tracks fluctuations in expenditures that may offer room for improvement or scrutiny if needed.

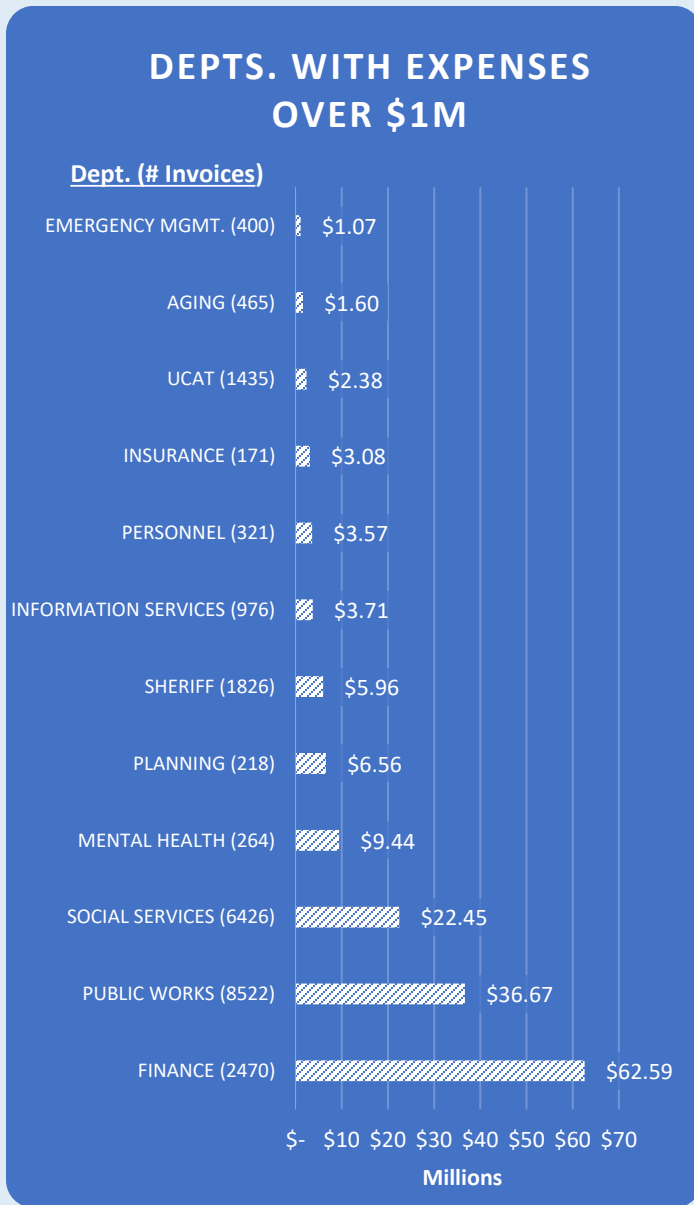
County Expenditures (January – December 2018)

Ulster County expended over \$165 million across more than 2300 vendors and 28,000 invoices, as approved by the Comptroller from January to December 2018.

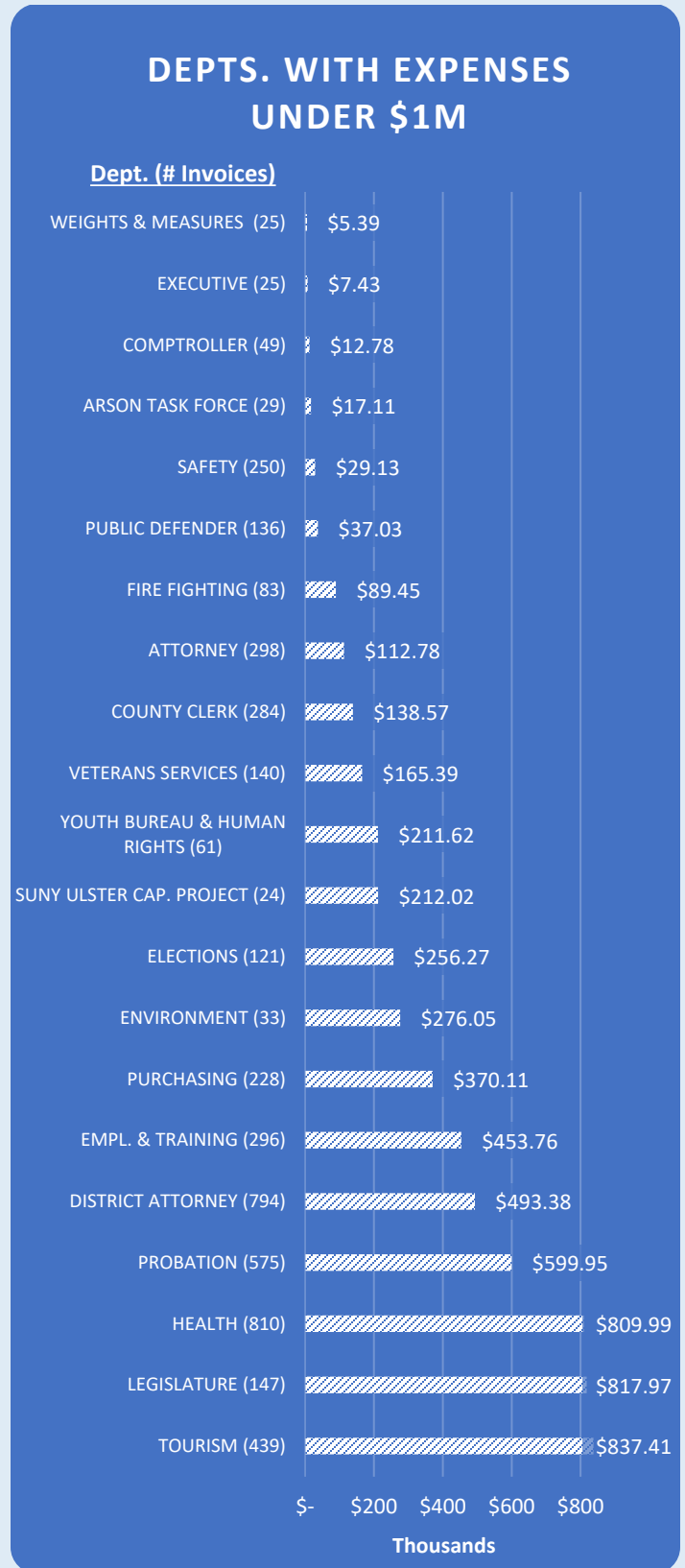


County is responsible; and § C-57(F): [The Comptroller shall] audit and certify for payment all lawful claims or charges against the County, whether for payroll or otherwise, or against funds for which the County is responsible in whole or in part.

The following charts show the total expenditures for each County Department or Office in 2018:

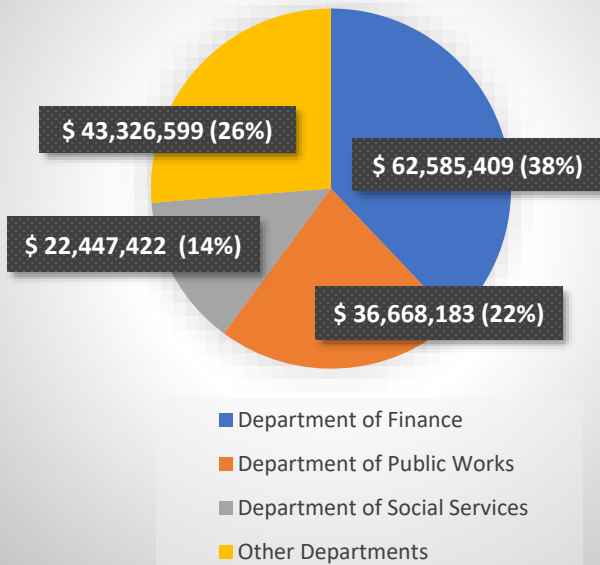


*All data was obtained monthly from New World System's *Accounts Payable Invoice Report* and compiled to create an annual report. Figures may be slightly different due to void/reissues.



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Top Three Spending Departments*

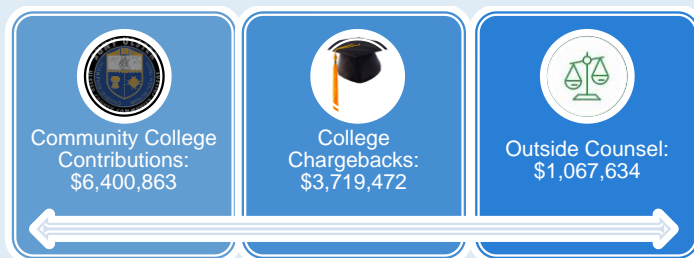


*Only expenditures reviewed and approved by the Comptroller

The Departments of Finance (“DOF”), Public Works (“DPW”), and Social Services (“DSS”) were the three greatest spenders in County government, accounting for \$121,701,014 (or almost 74% of annual spending).

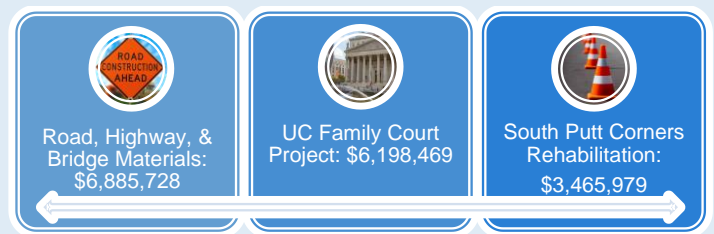
1. Department of Finance

The Department of Finance was the highest spender at \$62,585,409, representing 38 percent of total County expenses in 2018. The three largest costs for DOF – not including pass through expenditures like tax payments to municipalities and local school districts – were contributions to Ulster County Community College (\$6,400,863), chargebacks to regional community colleges (\$3,719,472), and outside counsel (\$1,067,634). These three areas represented almost 18 percent of DOF’s total expenses.



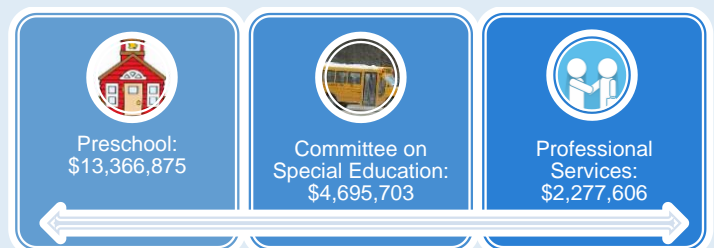
2. Department of Public Works

The Department of Public Works was responsible for \$36,668,183 – or approximately 22 percent of the County’s yearly spending. Nearly \$6.9 million went toward paving, asphalt, and other materials for the County’s roads, bridges, and highways. Roughly \$6.2 million can be attributed to the Ulster County Family Court renovations (not including separate capital project costs for roofing expenses). Another significant financial obligation dealt with improvements to South Putt Corners Road in New Paltz at a price of nearly \$3.5 million. These three large areas of cost accounted for 45 percent of DPW’s expenditures.



3. Department of Social Services

The Department of Social Services showed the third-highest spending at \$22.4 million, totaling about 14 percent of the County’s expenditures approved by the Comptroller in 2018. Preschool (\$13.4 million) and special education (\$4.7 million) continued to be DSS’ two greatest expense categories. Professional services amounted to \$2.3 million, covering a myriad of activity from warming center operations and drug screenings to sign language interpreters and legal needs.



Highest Paid Vendors

Without taking into consideration the millions of dollars in tax payments Ulster County makes to its municipalities and school districts, the following vendors were the top five highest paid based on total invoice amounts:

- (1.) **Callanan Industries Inc.** (\$6,912,215): Supplier of paving materials and construction services.
- (2.) **Peckham Road Corp.** (\$4,611,545): Comprehensive road paving and construction work.
- (3.) **Gateway Community Industries Inc.** (\$3,574,417): Provider of vocational training, as well as therapeutic and other programming to support residents of Ulster County.
- (4.) **ARC of Ulster-Greene** (\$3,512,980): Not-for-profit that offers vocational, rehabilitative, and educational training, as well as other social services for intellectually, emotionally, or developmentally challenged residents.
- (5.) **Key Construction Services LLC** (\$3,321,653): Renovations to the Ulster County Family Court.

<u>Vendor (# Invoices)</u>	\$-	\$10	Millions
City of Kingston (193)		\$14.31	
Callanan Industries (131)	\$6.91		
UCCC (20)	\$6.46		
Kingston City School Dist. (19)	\$5.85		
Peckham Road Corp. (38)	\$4.61		
Onteora Cntrl. School Dist. (31)	\$4.29		
Gateway Community Ind. (112)	\$3.57		
ARC of Ulster-Greene (161)	\$3.51		
Key Construction Svcs. (10)	\$3.32		
Rondout Valley Cntrl. School Dist. (3)	\$2.93		
ASI / BACC (4)	\$2.92		
New Palitz Cntrl. School Dist. (3)	\$2.91		
Saugerties Cntrl. School Dist. (3)	\$2.81		
Wallkill Cntrl. School Dist. (4)	\$2.42		
Arthur F. Mulligan (12)	\$2.29		
CBH Medical PC (12)	\$2.25		
Ellenville Cntrl. School Dist. (4)	\$2.22		
Family of Woodstock (180)	\$2.02		

<u>Vendor (# Invoices)</u>	\$-	\$1	Millions	\$2
Mental Health Assoc. in UC (7)		\$1.999		
Reis Group (64)	\$1.97			
Highland Cntrl. School Dist. (4)	\$1.91			
Learning Together (145)	\$1.61			
MVP Health Plan (12)	\$1.56			
Tri-Valley Cntrl. School Dist. (1)	\$1.51			
Center for Spectrum Svcs. (76)	\$1.50			
Marlboro Cntrl. School Dist. (3)	\$1.47			
American Rock Salt Co. (197)	\$1.43			
Navistar (6)	\$1.31			
A. Colarusso & Son (8)	\$1.27			
Vamco Sheet Metal (13)	\$1.22			
Taylor-Montgomery (11)	\$1.15			
Anderson Center for Autism (10)	\$1.12			
CDW Government (299)	\$1.10			
DCCC (12)	\$1.04			
Ferrari & Sons (5)	\$1.03			
Harrison & Burrowes (4)	\$1.03			
Titan Roofing (6)	\$1.00			
Partnership For Education (333)	\$0.96			
Direct Energy Business (59)	\$0.94			
Green Chimneys Childrens Svcs. (11)	\$0.91			
Gillig (28)	\$0.85			
OCCC (14)	\$0.79			
CGCCC (5)	\$0.75			
Aramark Correctional Svcs. (55)	\$0.72			
Berkley Life & Health Ins. Co. (12)	\$0.69			
Rehabilitation Support Svcs. (9)	\$0.69			
Tyler Technologies (51)	\$0.66			
Access Supports for Living (4)	\$0.65			
Kasselman Electric Co. (8)	\$0.65			
HVEA Engineers (20)	\$0.61			
Pine Bush Cntrl. School Dist. (3)	\$0.60			
NYS Workers' Comp. Brd. (4)	\$0.59			
DA Collins Construction Co. (3)	\$0.59			
Livingston Manor Cntrl. School Dist. (2)	\$0.58			
NYS OCFS (4)	\$0.55			
Liberty Resources (24)	\$0.53			
Town of Ulster (19)	\$0.52			
Cntrl. Hudson G&E Corp. (239)	\$0.51			
Ulster County BOCES (57)	\$0.51			
Wright Express FSC (230)	\$0.51			

Contractual Relationships

For 2018, Ulster County entered into 831 new contracts and amendments with vendors for a total value of \$92,680,058. *Expense* contracts accounted for \$80,800,561 of that amount while *revenue* contracts totaled \$11,879,497.

Payroll & Reimbursements

The County performs weekly, biweekly, monthly, and quarterly payroll based upon which administrative unit an employee is associated. For example, “typical” or “regular” employees are paid weekly or biweekly, members of the Legislature and Arson Task Force/Fire Coordinator receive checks monthly, and retirees are issued their health insurance buyouts quarterly. The Comptroller’s claims auditors certify each issued payroll warrant by verifying that calculations and backup documentation correctly match personnel records. In 2018, payroll totaled \$83,761,365 for 1515 individuals, including retirees who receive insurance buyouts and active employees.

Claims auditors also review every reimbursement for travel and mileage, meals, lodging, or any other allowable expense submitted by County employees. In 2018, the Comptroller approved 3273 claims, tallying \$585,721.

Among these reimbursements were 1643 elections vouchers for poll workers, totaling \$326,358. There were 717 more reimbursements than 2017 – amassing to \$126,037 in added County costs, which can be attributed to the extra federal primary in 2018.

Returned Claims

The Comptroller will reject County claims and invoices that fall into one or both of the following categories:

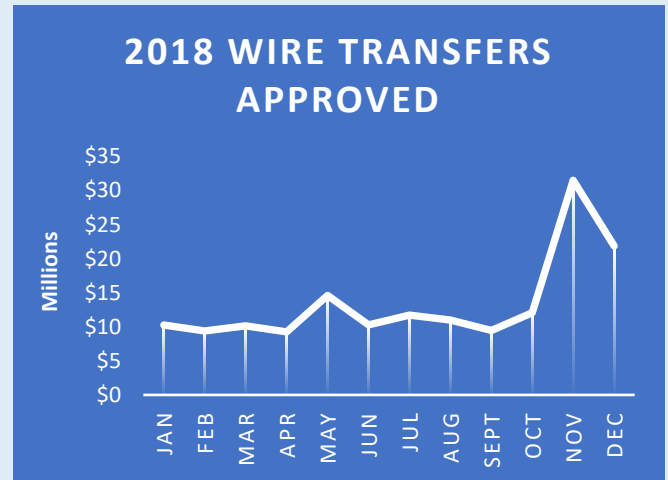
- *Rejection for Processing Errors* (e.g. missing documentation, absent approvals, calculation errors, no acknowledgement of goods received, the inclusion of sales tax on a County purchase)
- *Rejection for Contract Issues* (e.g. expired dates for contracts and bids, contracts unassociated with

claims within the County’s financial management system, inconsistencies between pricing of goods/services and the master contract/bid)

In 2018, Comptroller’s staff returned 225 claims to their respective departments, representing thousands of dollars in non-payroll related expenses that may have been unjustified, incorrect, or insufficiently documented.

Wire Transfers

Claims auditors also review wire transfers in order to verify that correct amounts are being transmitted according to adequate backup documentation that is provided. These payments include payroll and direct deposits, taxes, deferred compensation, and other financial activity. In 2018, the Comptroller approved 830 wires, amounting to \$161,451,952.



Despite consistency throughout most of the year, wire transfers ballooned during the final two months. The considerable differences were due to bond and BAN payments of \$20.5 million in November and \$12.2 million in NYS retirement payments in December.