



Office of The Ulster County Comptroller

Claims Auditor's Year in Review – 2015 County Spending Tracker

January 31, 2016

In order to maintain its continued productivity and effectiveness in serving the community, the County of Ulster each year incurs numerous expenses throughout a myriad of categories that range from important programmatic initiatives to everyday operational costs. In 2015, the County's expenditures totaled over \$315M.

Comptroller's Authority

Section C-57(F) of the Ulster County Charter ("Charter") charges the Office of the Ulster County Comptroller ("Comptroller") with the powers and duties to "audit and certify for payment all lawful claims or charges against the County [. . .] or against funds for which the County is responsible in whole or in part." This role provides the County with an independent advocate who can assure that meaningful internal controls and processes are in place and optimized for effective risk management in order to ensure that tax dollars are spent efficiently. The Comptroller employs two full time claims auditors who oversee this practice.

On a daily basis, claims auditors complete a thorough and deliberate examination of each invoice submitted to determine its legality and properness as far as the County is concerned. This review entails the following: ensuring a claim is for a legitimate purpose for local government, verifying approval and authorization by the proper officials, making sure that sufficient budgetary appropriations are available, and validating the accuracy of any mathematical calculations.

Further, claims auditors certify that a claim meets both state requirements and locally adopted policies. This review includes confirming that competitive bidding and contract requirements were followed if pertaining to the purchase.

The claims audit team takes several steps throughout multiple phases in certifying that a payment involves the aforementioned criteria. For example, many claims are governed by contracts – all of which having different components related to the terms of payment. These contracts must be reviewed along with the submitted claim to ensure the conditions have been sufficiently met.

Additionally, Section C-57(F) of the Charter requires the Comptroller to audit and certify payroll for which the County is responsible, which is performed by claims auditors on a weekly basis. Audits and certifications include ensuring that all payrolls have been reviewed and approved at the department level, as well as the accuracy of work titles and pay rates, that work hours performed per employee are reasonable, and that employee reimbursements submitted for out-of-pocket expenses are related to County business.

The claims auditing function not only provides a fundamental component to the Office of the Comptroller, but *serves a critical role in the structure and transparency of sound governmental practices.* It has become **much more than just a claim-by-claim review process**, as *the claims auditor indicates and highlights trends in expenditures that can provide opportunities for improvement and investigation if necessary.*

The Numbers (2015)

Department Expenditures:

In 2015, the Comptroller approved approximately \$146M in claims submitted. This total encompasses nearly 27,000 invoices received from 33 separate departments with payments to 2,228 vendors. The following table shows expenditures by department.

The top five County divisions with the largest expenditures for 2015 were the Department of Finance ("DOF"), the



Department of Public Works (“DPW”), the Department of Social Services (“DSS”), the Department of Mental Health (“Mental Health”), and the Sheriff’s Office (“Sheriff”), respectively. These five units of government accounted for 85% of the approximately \$146M in expenses that the Comptroller reviewed and approved for payment.

DEPARTMENT	TOTAL
Finance	\$ 59,664,576.48
DPW	\$ 30,052,150.05
Social Services	\$ 19,550,789.54
Mental Health	\$ 8,510,244.88
Sheriff	\$ 6,008,377.87
Personnel	\$ 4,518,854.20
Information Services	\$ 3,869,478.54
Insurance	\$ 2,620,783.87
UCAT	\$ 1,964,180.33
Office for Aging	\$ 1,566,116.27
Emergency Management	\$ 1,404,925.04
Legislature	\$ 940,122.37
Planning	\$ 721,911.14
Health	\$ 697,357.25
Office of Employment & Training	\$ 614,467.44
Tourism	\$ 575,319.49
District Attorney	\$ 523,196.41
Probation	\$ 450,597.49
Youth/Human Rights	\$ 340,608.89
Purchasing	\$ 303,262.98
County Clerk	\$ 187,674.90
Veterans Services	\$ 159,793.52
Elections	\$ 145,394.53
Public Defender	\$ 109,014.74
County Attorney	\$ 94,052.89
UCCC/SUNYUlster	\$ 68,379.52
Safety	\$ 42,987.84
Comptroller	\$ 32,680.39
Fire Fighting	\$ 22,484.84
Arson Task Force	\$ 13,743.60
County Executive	\$ 9,015.25
Weights & Measures	\$ 5,779.76
Environment	\$ 4,013.43
	\$ 145,792,335.74

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

The largest expenditures associated with DOF are “pass through” expenses that are typically associated with sales and

property taxes due back to the towns, city, and school districts. The role of the County is to collect and distribute these funds to the respective municipalities. Another example of a “pass-through” expense is what Ulster County Community College receives from DOF – over \$6.3M as representative of the County’s share in financial assistance to the college. Other top, related categories as far as “pass-through” expenses for which DOF was responsible in 2015 regarded: college chargebacks (\$3.19M), assigned counsel (\$981,868), and title searches (\$111,720).

DPW’s largest expense for 2015 was attributable to road material and repair. Out of the top three vendors paid by DPW, two of them were contracted to perform paving and restoration of county roads – totaling over \$5.6M. The Ulster County Strategic Taxpayer Relief through Innovative Visions in Education (“STRIVE”) project – an initiative to consolidate county property and repurpose a vacant elementary school, relocating some SUNY Ulster programs to buildings that would otherwise be abandoned – accounted for the bulk of the remaining expenditures.

For 2015, DSS’ preschool early intervention program was its largest expense – with the top paid vendor, ARC of Ulster-Greene, receiving \$3.2M. In 2015, DSS spent over \$11M on this program. The second largest program expense, a total of \$4.5M, is for the Committee on Special Education, which is an extension of the early intervention program. These programs work with a child’s local school district to address needs specific to that child, aged 3-21 and classified as having a disability.

Mental Health’s top five paid vendors for 2015 accounted for 75% of their overall expenditures. These vendors are organizations that provide services for those individuals that are mentally, intellectually, and/or emotionally challenged, as well as those individuals who suffer from alcohol and substance abuse. These top vendors include: Gateway Community Industries Incorporated (\$2.2M), Mental Health Association of Ulster County (\$1.9M), Family of Woodstock Incorporated (\$1M), Access Supports for Living



Incorporated (\$838,000), and Rehabilitation Support Services Incorporated (\$361,000).

The Sheriff's top three paid vendors account for nearly 60% of their total expenses that were approved by the Comptroller and pertain to operating costs of the Ulster County Law Enforcement Center. Correctional Medical Care Incorporated (\$1.8M) and CBH Medical PC (\$1.1M) administer healthcare to inmates, while Aramark Correctional Services Incorporated (\$680,000) coordinates a food service program for inmates and staff.

Vendor Payments:

Four of the top five highest compensated vendors for 2015 were paid by the five departments with the most expenses previously discussed. The top five vendors include: (1) the City of Kingston for sales tax payments; (2) Ulster County Community College for the County's share of fiscal aid; (3) & (4) the Kingston City and Onteora School Districts for property tax payments; and (5) Rose and Kiernan Incorporated for providing and administering health insurance benefits, as well as consulting fees.

The following chart reflects the dollars paid to vendors in excess of \$500,000 for the year. It is important to note that 2,170 additional vendors received payment from the County amounting to approximately \$41M.

Vendor	Total Invoice Amount
City of Kingston	\$ 13,044,735.78
Ulster County Community College	\$ 6,489,403.18
Kingsotn City School District	\$ 5,365,868.34
Rose & Kiernan Inc	\$ 4,300,732.05
Onteora Central School District	\$ 4,132,105.99
Sullivan County Paving & Construction Inc	\$ 3,887,396.91
Ulster-Greene ARC	\$ 3,575,153.00
Rondout Valley Central School District	\$ 2,970,150.99
Jersen Construction Group LLC	\$ 2,961,081.11
Gateway Community Industries Inc	\$ 2,853,116.29
Saugerties Central School District	\$ 2,823,368.51
Family of Woodstock Inc	\$ 2,544,552.12
New Paltz Central School District	\$ 2,509,602.89
Wallkill Central School District	\$ 2,485,215.44
Mental Health Assoc in Ulster County Inc	\$ 1,986,735.00
Ellenville Central School District	\$ 1,947,916.33
Correctional Medical Care Inc	\$ 1,872,088.51
Gorman Bros Inc	\$ 1,751,304.31
The Reis Group	\$ 1,743,694.48
Arthur F Mulligan Inc	\$ 1,645,309.65
Marlboro Central School District	\$ 1,642,028.51
Highland Central School District	\$ 1,625,190.14
Callanan Central School District	\$ 1,598,858.98
Tri-Valley Central School District	\$ 1,459,566.83
Early Education Center Inc	\$ 1,313,269.64
Navistar Inc	\$ 1,140,775.16
Colarusso Sand & Gravel Co	\$ 1,136,007.11
Clove Excavators Inc	\$ 1,117,738.17
CBH Medical PC	\$ 1,100,506.39
Direct Energy Business	\$ 1,055,610.40
Dutchess Community College	\$ 1,002,159.87
Morton Salt Inc	\$ 998,126.68
Highway Rehabilitation Corp	\$ 933,865.30
Empire Bus Sales LLC	\$ 986,135.96
Green Chimneys Children Services	\$ 967,959.44
Cerebral Palsy of Ulster County Inc	\$ 922,352.30
Center for Spectrum Services	\$ 907,923.67
Multi County Community Development Corporation	\$ 892,886.68
Anderson Center for Autism	\$ 876,103.42
Access Supports for Living Inc	\$ 838,115.00
Vantage Equipment LLC	\$ 829,230.08
Pine Bust Central School Distric	\$ 807,372.85
John W Danforth Co	\$ 805,046.54
Heritagenergy	\$ 780,881.77
Partnership for Education	\$ 757,941.00
Aramark Correctional Services LLC	\$ 680,271.77
Orange County Community College	\$ 679,806.16
Hudson Valley Electrical Construction & Maint Inc	\$ 638,128.46
Central Hudson Gas & Electric Corp	\$ 630,828.04
Livingston Manor Central School Distirct	\$ 608,911.13
Town of Saugerties	\$ 545,778.50
Devereux Foundation	\$ 541,097.52
Town of Ulster	\$ 517,961.25
Lighttower Fiber Networks II LLC	\$ 517,475.64
Newcastle Communications	\$ 515,062.84
NYS Workers' Compensation Board	\$ 514,840.41
Verizon New York Inc	\$ 508,045.32



Contracts:

The Comptroller reviews all contracts that are entered into by the County. The claims audit staff ensures that money is actually available in the appropriation for the department, all information is accurately reflected in the County's financial management system (New World Systems), and any necessary supporting documentation is included.

In 2015, the County entered into approximately 1,000 contracts that ultimately dictate the terms under which a claim is to be reviewed and approved for payment. Once a claim is tied to a contract, the claims auditor then reviews the conditions that must be met before any payment is processed.

Payroll:

The County runs payroll on a weekly, bi-weekly, monthly, and quarterly basis depending on which unit one of its 2,600 employees is associated. Claims auditors must certify each payroll warrant as it is issued by verifying that arithmetic and supporting information comports with personnel records. In 2015, payroll warrants totaled over \$80.5M.

Additionally, each reimbursement submitted for payment by an employee must be reviewed by the claims audit team to ensure the expense is accurate and justified. In 2015, claims auditors approved 2,430 employee reimbursements for a total of \$402,097.

The Savings (2015)

As previously mentioned, claims auditors must ensure all information is present and accurate to support the payment submitted during the review process. In certain circumstances, a payment can be held or denied to ensure the proper documentation is in order and the claim is a proper charge against the County.

Claims must meet certain criteria before payment can be processed. In 2015, the claims audit team returned 282 claims to the respective departments, resulting in thousands of dollars in monetary savings for the County. The

breakdown for these rejected claims fall into one or both of the following categories: *rejection for processing errors* (including lack of scanned documentation, missing approvals, mathematical errors, missing acknowledgment of goods received, and/or sales tax being included) or *rejection for contract issues* (including expiration of the contract/bid, the contract not being associated with the claim in the County financial management system, and/or inconsistency between pricing and the contract/bid).

Conclusion

A thorough and deliberate claims auditing process builds confidence in the administration of local governance, as well as trust among taxpayers that their hard earned dollars are being put toward good and responsible uses.

When conducted effectively, claims auditing can identify the existence of fraud, waste, and/or abuse. It serves as the highest form of internal control that sends a message to all officers, employees, and contractors of the County that such inefficiencies or even malfeasance will not be tolerated.