



## Office of The Ulster County Comptroller

### *Claims Auditor's Year in Review – 2016 County Spending Tracker*

January 31, 2017

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 2016, the County's budgeted expenditures totaled nearly \$330M.

#### **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 (2016)**

##### ***Department Expenditures:***

In 2016, the Comptroller approved over \$152M in claims submitted, which is a 4% increase over the prior year. This total encompasses nearly 26,000 invoices received from 33 separate units of government with payments to 2,266 vendors. The following table shows expenditures by department.



The top five County divisions with the largest expenditures for 2016 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 \$152M in expenses that the Comptroller reviewed and approved for payment.

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.

Other large expenses paid on behalf of Finance are Ulster County Community College (\$6.4M), college chargebacks (\$3.15M), flood remediation for Irene/Lee (\$1.9M) and assigned counsel (\$871,226).

DEPARTMENT	TOTAL
Finance	\$ 68,604,587.84
DPW	\$ 27,160,597.38
Social Services	\$ 19,686,911.15
Mental Health	\$ 8,628,796.33
Sheriff	\$ 5,827,061.68
Personnel	\$ 4,812,330.46
Information Services	\$ 3,655,179.14
Insurance	\$ 2,961,149.63
Office for Aging	\$ 1,968,288.65
Emergency Management	\$ 1,155,442.07
UCAT	\$ 1,022,063.81
Legislature	\$ 910,119.93
Planning	\$ 793,117.89
Office of Employment & Training	\$ 732,055.99
Health	\$ 727,503.85
Tourism	\$ 694,818.43
District Attorney	\$ 539,444.42
Probation	\$ 534,329.01
Youth/Human Rights	\$ 422,012.52
Purchasing	\$ 358,867.98
Elections	\$ 253,925.97
Veterans Services	\$ 236,202.62
County Attorney	\$ 229,844.91
UCCC/SUNYUlster- Capital Pjct	\$ 179,091.84
County Clerk	\$ 161,822.34
Public Defender	\$ 48,908.93
Fire Fighting	\$ 42,203.27
Safety	\$ 28,756.74
Environment	\$ 25,309.28
Comptroller	\$ 14,999.95
Arson Task Force	\$ 14,093.79
County Executive	\$ 7,738.11
Weights & Measures	\$ 3,239.72
	<b>\$ 152,440,815.63</b>

DPW’s largest expense for 2016 is for road material, road repair and bridge repair/replacement. Four of the top five vendors were for capital projects for bridge replacement and road material. The other top vendor was for another capital project for the purchase of several utility vehicles. The top 5 vendors account for 31% of the department’s total expenses

For 2016, DSS’ preschool early intervention program was its largest expense – with the top paid vendor, ARC of Ulster-Greene, receiving \$2.71M. DSS spent over \$11.1M on this program. The second largest program expense, a total of \$4.7M, is for the Committee on Special Education, which is an extension of the early intervention program. These programs account for 80% of the departments total expenses.

Mental Health’s top five paid vendors for 2016 accounted for 76% 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 (\$2.4M), Mental Health Association of Ulster County (\$1.9M), Family of Woodstock Incorporated (\$1M), Access Supports for Living Incorporated (\$700,000), and Rehabilitation Support Services Incorporated (\$621,000).

The Sheriff’s top three paid vendors account for nearly 58% of their total expenses that were approved by the Comptroller and pertain to operating costs of the Ulster County Law Enforcement Center. CBH Medical PC

\*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.



Elliott Auerbach, Comptroller  
 244 Fair Street  
 Kingston, NY 12401  
 845-340-3529  
 www.youreyesonulster.com

(\$2.4M) and Correctional Medical Care Incorporated (\$337,000) administer healthcare to inmates, while Aramark Correctional Services Incorporated (\$673,000) coordinates a food service program for inmates and staff.

**Vendor Payments:**

Four of the top five highest compensated vendors for 2016 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 Onteora and Kingston City 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 2,212 additional vendors received payment from the County amounting to approximately \$48M.

Vendor	Total Invoice Amount
City of Kingston	\$ 13,380,518.16
Ulster County Community College	\$ 6,514,699.10
Onteora Central School District	\$ 6,214,231.30
Kingston City School District	\$ 5,366,982.38
Rose & Kiernan Inc	\$ 4,596,776.82
Gateway Community Industries Inc	\$ 3,584,923.33
New Paltz Central School District	\$ 3,561,887.08
Rondout Valley Central School District	\$ 3,324,126.85
Ulster Greene ARC	\$ 3,016,680.29
Saugerties Central School District	\$ 2,967,176.44
Tri Valley Central School District	\$ 2,854,195.89
Wallkill Central School District	\$ 2,746,660.19
Ellenville Central School District	\$ 2,736,045.24
Family of Woodstock Inc	\$ 2,434,350.56
CBH Medical PC	\$ 2,428,649.33
Winn Construction Services Inc	\$ 2,367,174.19
The Reis Group	\$ 1,956,357.13
Mental Health Assoc in Ulster County Inc	\$ 1,934,053.50
Callanan Industries Inc	\$ 1,818,016.15
Center for Spectrum Services	\$ 1,745,791.75
WM Schultz Construction Inc	\$ 1,716,493.23
Highland Central School District	\$ 1,693,399.68
Navistar Inc	\$ 1,555,399.40
Arthur F Mulligan Inc	\$ 1,547,457.50
Marlboro Central School District	\$ 1,524,701.49
Early Education Center Inc	\$ 1,406,806.18
Anderson Center for Autism	\$ 1,172,962.68
Harrison & Burrowes Bridge Constructors Inc	\$ 1,069,224.15
Livingston Manor Central School District	\$ 1,055,357.92
Dutchess Community College	\$ 1,030,043.90
Green Chimneys Childrens Services	\$ 879,217.08
Direct Energy Business	\$ 858,748.11
Peckham Road Corp	\$ 809,766.60
Pine Bush Central School District	\$ 752,282.89
Partnership For Education	\$ 718,428.00
Orange County Community College	\$ 713,564.58
US Bridge	\$ 662,052.63
Aramark Correctional Services LLC	\$ 661,512.88
Vantage Equipment LLC	\$ 627,726.60
Rehabilitation Support Services Inc	\$ 621,569.00
Aktor Corporation	\$ 606,133.51
GeoStabilization International LLC	\$ 599,935.00
Town of Ulster	\$ 587,826.65
American Rock Salt Company LLC	\$ 584,967.58
Town of Saugerties	\$ 584,432.86
NYS Workers' Compensation Board	\$ 567,130.65
Eastern Materials LLC	\$ 560,112.07
Gorman Bros Inc	\$ 558,691.34
Central Hudson Gas & Electric Corp	\$ 541,355.89
LHV Precast Inc	\$ 525,966.18
Access Supports for Living Inc	\$ 525,000.00
Town of Woodstock	\$ 519,038.16
Hoffman Equipment Co	\$ 510,862.21
The Title Service Company	\$ 510,030.85



***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 2016, the County entered into approximately 760 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 1,500 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 2016, payroll warrants totaled over \$78M.

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 2016, claims auditors approved 3,038 employee reimbursements for a total of \$502,900.34.

**The Savings (2016)**

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 2016, the claims audit team returned 395 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.