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2025 Top Ten Internal Control Deficiencies Cited in the New York State Comptroller's Reports – Local Governments

10. Capital Projects

- The Board did not develop a multiyear capital plan that included budgeting for the use of capital reserve funds and the funding goals for each capital project.

9. Capital Assets

- Fire District officials did not maintain a complete and accurate inventory of assets and did not perform periodic inventory counts.
- The Board did not adopt an asset disposal policy to establish formal procedures over the disposal of assets.

8. Information Technology

- Village officials did not provide information technology awareness training for all Village employees who utilize Village technology as per Board policy.
- Village officials did not periodically review website histories to determine whether the employee website browsing was appropriate.
- The Board did not adopt a comprehensive information technology contingency plan to minimize the risk of data loss or prevent a serious interruption of services.

7. Credit Card Purchases

- Credit card transactions did not comply with Fire Company policy, including the omission of itemized receipts within claims packets submitted to the Board of Fire Commissioners.
- The Board did not ensure that Village employees appropriately used Village credit cards, which led to questionable purchases being made utilizing the Village's credit cards.
- Members of the Board of Fire Commissioners approved and audited their own credit card charges.

6. Payroll and Personnel

- Employees received longevity, overtime and separation payments that were not authorized by the Board.
- Employees were paid for overtime without obtaining and documenting appropriate pre-approval and with no explanation for why overtime was necessary.
- Treasurer processed an unauthorized separation payment for herself for unused vacation, sick, and personal days that was not Board approved or in accordance with her employment contract.
- Timesheets were incomplete and did not include supervisory approval.

5. Procurement

- The procurement policy did not include guidance on purchases not subject to competitive bid requirements.
- The Fire District did not properly plan for equipment purchases to ensure adequate time for competitive bidding when required by New York State General Municipal Law §103.
- The local government did not competitively procure contracts in accordance with New York State General Municipal Law §103.

4. Financial Management and Budgeting

- The Board did not establish a comprehensive fund balance and reserves policy.
- The Board and Village officials did not develop a budget and adequately manage its financial condition.
- The Board did not approve realistic budgets and did not include the funding and use of reserves in the budget.
- Budget to actual reports for revenues and expenditures were not accurate.
- Appropriated reserve balances per the approved budget were not utilized.

3. Claims Auditing

- Claims were not adequately supported, such as itemized receipts or invoices, or properly audited and approved before payment.
- Claims did not have support that the purchases complied with competitive bidding requirements or the local government's procurement policy.
- Approved claims included reimbursements for personal items.
- The Board did not ensure that all cash disbursements were adequately supported and for appropriate Fire District purposes.

2. Treasurer's Duties

- The Treasurer did not perform the necessary duties in accordance with applicable statutes. Instead, the Village Clerk performed many of the Treasurer's duties, creating a lack of segregation of duties. Neither the Board, nor the Treasurer, provided oversight to compensate for these incompatible duties.
- Bank reconciliations were not prepared monthly by the Treasurer.
- The Treasurer did not properly record all financial transactions in the accounting records or prepare required Annual Financial Reports.
- The Treasurer did not provide the Board with monthly financial reports.
- The Board did not segregate the duties of the Treasurer, which included receiving and disbursing cash, signing checks, and maintaining the accounting records.
- The Treasurer did not file periodic payroll filings, or remit withholdings timely, to the Internal Revenue Service and New York State.

1. Board Oversight

- The Board did not review or designate an employee to review bank statements and canceled check images, bank reconciliations and bank transfers, or compare receipts with deposits to help ensure cash was accounted for and records were accurate.
- The Board did not ensure basic accounting records were maintained, receipt of written financial reports to manage operations, or required filings of the Annual Financial Reports.
- The Board did not audit the Treasurer's records for completeness and accuracy.
- The Board did not obtain an annual independent audit of the Fire Company records, as required.
- The Board did not review policies periodically and update them as needed to provide adequate guidance to the Fire District, including the investment and procurement policies.
- The Board did not adopt a code of ethics and conflicts of interest policy for Fire Company officers and members.