

OFFICE OF THE NASSAU COUNTY COMPTROLLER



Audit Follow-Up

Limited Review of the Town of Hempstead Animal Shelter

Original Report Date: June 4, 2019

August 27, 2020

**JACK SCHNIRMAN
COMPTROLLER**

OFFICE OF THE NASSAU COUNTY COMPTROLLER

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This report is also available on our website at: <https://www.nassaucountyny.gov/Audits>



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Hon. Jack Schnirman

Nassau County Comptroller

August 27, 2020

Dear Nassau County Residents and Taxpayers:

From day one, a key priority for my Office continues to be our focus on conducting audits that achieve results.

That's why in 2018, our team implemented a new policy establishing a follow-up review of our audits. Along with providing an update and making it accessible for residents and taxpayers, this new follow-up procedure will help us better ensure that the audit's recommendations are implemented, further increasing efficiency and accountability within our County government.

This process is not about playing "gotcha" with our audits; it's about real work getting done, focused on outcomes and results for our residents and taxpayers.

This report provides a follow-up to the *Limited Review of the Town of Hempstead Animal Shelter*, which was released in June of 2019. I encourage you to read the original audit and this follow-up report to evaluate both the work of this Office and the Town of Hempstead Animal Shelter's implementation of the corrective actions recommended by our Office. All audits are posted on our website, at www.nassaucountyny.gov/Audits.

Please feel free to reach out to our *Report It Reform It* tipline at ReportItReformIt@nassaucountyny.gov with any suggestions or questions that you might have.

Sincerely,

Honorable Jack Schnirman
Nassau County Comptroller

EXECUTIVE SUMMARY

INTRODUCTION

On June 4, 2019 the Nassau County Comptroller's Office released an audit of the Limited Review of the Town of Hempstead Animal Shelter. The audit covered the period from January 2015 to December 2017. The objective of the audit was to review the finances of the Town of Hempstead's Animal Shelter and evaluate the staffing and overtime expenses, match qualifications of the staff to duties and responsibilities and review time and leave records for the staff. Due to scope limitations, this Office was unable to complete all of these tasks.

A copy of the *Limited Review of the Town of Hempstead Animal Shelter* can be found online at the Comptroller's website [here](#).¹

Auditor Assessment of Progress Objectives and Methodology

Under a new policy implemented in 2018, the Comptroller's Office conducts a follow-up review of audits to ensure that the recommendations made are being implemented. Based on the response received from the Town of Hempstead, and with limited follow-up analysis performed by the Auditors, we have prepared this status report.

- **The audit of the Town of Hempstead Animal Shelter contained 13 audit findings, with a total of 37 recommendations.**
- **Almost 50% of the recommendations have been implemented and 35% appear to be in the process of implementation. This illustrates the Town of Hempstead Animal Shelter is working towards strengthening its internal controls to improve the Shelter's accuracy and efficiency and to decrease the risk for fraud, waste and abuse.**

We commend the Town of Hempstead for making positive strides toward implementing our recommendations.

Summary of Town of Hempstead's Implementation of Audit Recommendations

Based on the response received from the Town of Hempstead and the limited follow-up analysis performed by the Auditors, each recommendation has been assessed by the Auditors as either Implemented (**Green**), In Process (**Yellow**), or Not Implemented (**Red**). See Exhibit I and Exhibit II on the next page for a breakdown of the stages of completion for all audit recommendations.

¹ <https://www.nassaucountyny.gov/DocumentCenter/View/25452/Limited-Review-of-TOHAS-Final-Report-6-4-19?bidId=>

EXECUTIVE SUMMARY

Exhibit I

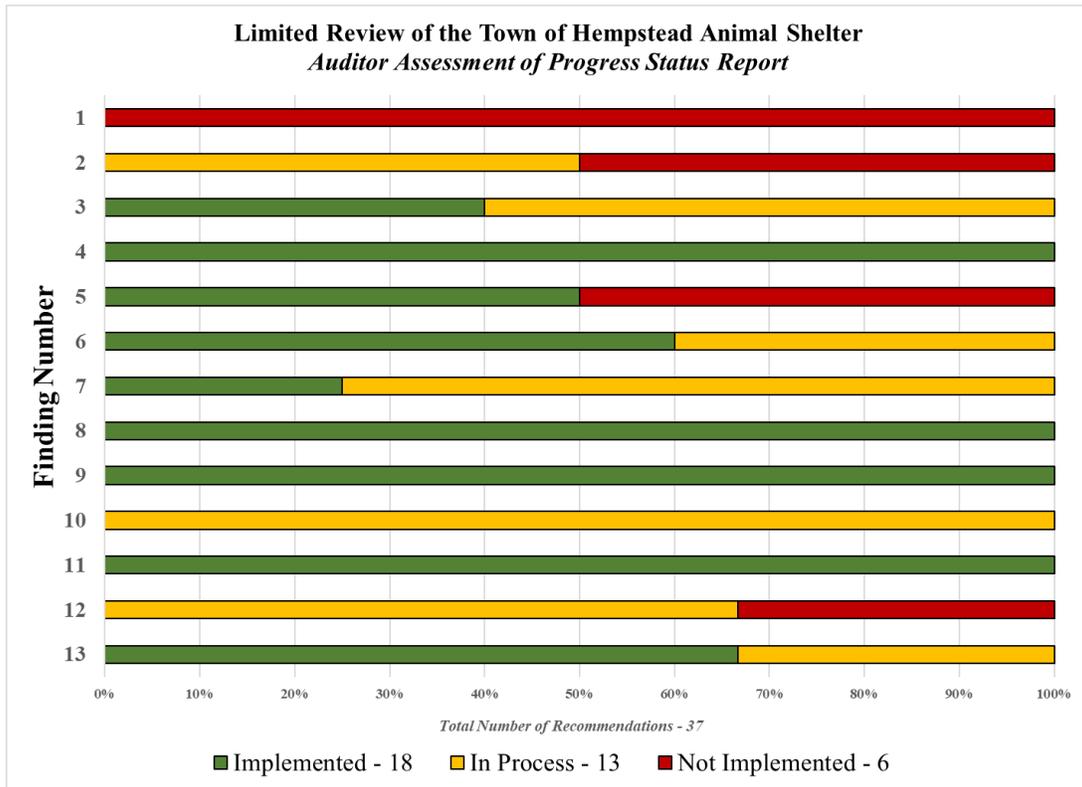


Exhibit II

Audit Follow Up				
Limited Review of the Town of Hempstead Animal Shelter (TOHAS)				
Summary of Animal Shelter's Implementation of Audit Recommendations				
Finding #	# Recommendations	Implemented ●	In Process ●	Not Implemented ●
1	2	0	0	2
2	2	0	1	1
3	5	2	3	0
4	1	1	0	0
5	4	2	0	2
6	5	3	2	0
7	4	1	3	0
8	3	3	0	0
9	3	3	0	0
10	1	0	1	0
11	1	1	0	0
12	3	0	2	1
13	3	2	1	0
Total	37	18	13	6
Stages of Completion		48.7%	35.1%	16.2%

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
Summary of Original Report Finding and Recommendations	1
Summary of Assessment of Audit Recommendations.....	5
AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS	8
Finding 1 – County Auditors were Prevented from Performing a Full Operational Review of the Animal Shelter due to Scope Limitations	8
Finding 2 - There is a Lack of Transparency with the Operation of the Tails of Hope Program	11
Finding 3 – Internal Control Weaknesses with Tails of Hope Program Cash Disbursements Were Identified	16
Finding 4 – TOHAS Should be Performing Variance Analysis to Properly Monitor Spending	19
Finding 5 – Auditors Found Improper Preparation and Review of Overtime Slips which Increases the Risk for Fraud, Waste and Abuse	20
Finding 6 – Requested Overtime Does Not Match Biometric Attendance Records.....	23
Finding 7 – TOHAS Cash Receipt Process Lacks Adequate Controls, Increasing the Risk that Errors Will go Undetected	26
Finding 8 – Shelter Run Rabies Vaccine Clinics May Not have been Properly Sanctioned....	28
Finding 9 – Shelter Staff Waived or Discounted Fees to Shelter Patrons Without Authorization on a Case By Case Basis, Which Could Impact Fees Collected.....	30
Finding 10 – The Animal Shelter Director Did Not Certify All Payroll Records and Many Manual Payroll Documents Were Not Completed	33
Finding 11 – Employees Were Excessively Working Through Lunch Which May Be a Violation of New York State Labor Law.....	35
Finding 12 – Animal Shelter Employees were Not Receiving Overtime or Accruing Compensatory Time in Accordance with the Town’s Collective Bargaining Agreement	37
Finding 13 – Internal Control Weaknesses with Animal Shelter Cash Disbursements Were Identified Which Could Lead to Unauthorized Payments or Misappropriation of Fund	40

INTRODUCTION

Summary of Original Report Finding and Recommendations

This audit was initiated by the prior Comptroller in 2017. The audit process was interrupted by the Town of Hempstead and the Shelter commencing legal action to challenge subpoenas issued to the Town of Hempstead and the Shelter in conjunction with the audit. The major objection to the Comptroller's audit was that any such audit should be limited to a financial audit. An Order of the Supreme Court, Nassau County was entered on April 3, 2017 which supported this limitation. The County appealed the Supreme Court Order.

In 2018, pending a decision from the Supreme Court of the State of New York, Appellate Division: Second Judicial Department, the audit was restarted after the then Town Supervisor requested that the current Comptroller perform a financial audit of the Animal Shelter. The audit period was from 2015-2017.

**Follow Up Update: On January 20, 2020, the Appellate Division: Second Judicial Department reversed the lower Court, finding that "the broad language of the [County] Charter signified that the powers of the Comptroller 'go beyond the verification of financial records and internal controls.'"*

The Town and the Shelter sought leave to reargue the appeal, or, in the alternative, for leave to appeal to the Court of Appeals from the decision and order of the Appellate Division. On July 8, 2020, this motion was denied. The Town and the Shelter have filed a motion with the Court of Appeals in Albany for Leave to Appeal.

Major Findings of the Original Report

The major findings of the original report related to the following categories:

Scope Limitations Impacted Overall Audit Review:

- Audit scope limitations, both the 2017 Court ruling and additional restraints placed by the Town during the course of this audit, impeded a comprehensive financial review of the Animal Shelter. Salaries and wages averaged over 80% of Shelter expenses during the audit period, however, we were unable to examine staff personnel records to verify staff qualifications, duties and responsibilities, and determine if salary expenditures were reasonable and appropriate.
- Auditors were not permitted to obtain an organizational chart of the Shelter, rendering Auditors unable to determine if there were adequate staffing levels or proper supervision.
- Auditors were not permitted to go to the Shelter without a prearranged appointment made through the Town Comptroller's Office, and during audit testing, a communications employee or others from the Town Comptroller's Office were assigned to sit and monitor the Auditors while they performed their review.

INTRODUCTION

Tails Of Hope Program Operated with a Lack of Transparency:

- The Town's "Tails of Hope Program" takes private donations to provide funding for animal care needs at the Shelter funded outside of the Town's operating budget. However, donations are not tax-deductible since this program is not a 501(c)(3) non-profit organization.

**Follow-Up Update: At the time of the audit, Auditors questioned whether donations would be tax-deductible as the Tails of Hope Program is not a 501(c)(3) non-profit organization. It is noted that donations to the Tails of Hope Program might be tax deductible in accordance with Section 170(c)(1) of the Internal Revenue Code depending on the nature of the donation and/or how the donation is ultimately utilized. As such, Auditors have altered their recommendation as it originally was presented based on information obtained post audit release. This change does not negate the other findings with the Tails of Hope Program detailed in the audit. See our response to Finding 2 for more detail.*

- Tails of Hope Program funds are not maintained in their own separate bank account but instead are co-mingled with other Town funds in one Trust and Agency bank account. This account contains a multitude of Trust and Agency funds, including PILOT payments, payroll tax deductions, etc. which creates an environment where Tails of Hope Program funds could be diverted to other programs.
- There is no separate annual financial reporting for this donation driven program to illustrate its financial activity, therefore Auditors had to create a report of fiscal activity from analysis of balance sheets and general ledgers.
- Expenditure of the funds are not subject to normal Town procurement procedures. There is no requirement or process to obtain bids/quotes for services before selecting vendors and in most instances the services required are obtained by individuals that do not have a contract with the Animal Shelter.
- Significant internal control deficiencies in Tails of Hope Program cash disbursements were observed, which increases the risk of fiscal mismanagement of these donated funds. Auditors found instances where claims were not properly authorized, daily rates were not specified and proper supporting documentation did not exist. Three invoices were billed to a Town employee's private business address instead of the Shelter's address and also contained two pricing columns ("low" and "high") prices - in one instance the low price was paid and in two others the high price was paid.

Numerous Financial Issues Were Identified:

- Variance analysis to properly monitor spending was not performed by the Town. Auditors had to create their own comparison of budget to actual financial figures for the Shelter because the information was not available from the Town. Analysis of the 2015-2017 budget to actual numbers revealed the following:

2015: Total actual expenditures were \$3.77 million. Actual personal services expenditures of \$3.18 million accounted for 84% of all actual Animal Shelter expenses.

INTRODUCTION

2016: Total actual expenditures were \$3.68 million. Actual personal services expenditures of \$3.06 million exceeded budgeted expenditures by \$60,779 and accounted for 83% of all Shelter expenses.

2017: Total actual expenditures were \$4.25 million and exceeded budgeted expenditures by \$428,893, or 11% over budget. Actual personal services expenditures of \$3.23 million exceeded budgeted expenditures by \$260,904 and accounted for 76% of all Shelter expenses. Actual contractual expenses of \$1.01 million exceeded budgeted expenses by \$167,989 and accounted for 24% of all Shelter expenses. The fees and services contractual expense category was over budget by \$194,483, which included \$184,972 spent on legal fees related to various ex-Shelter employees, volunteers and animal rights activist lawsuits.

- The risk of waste, fraud and abuse was increased by the improper preparation and review of overtime slips. The process for producing Animal Shelter payroll is a combination of automatic (including biometric) and manual systems. Paper transcription of information at several points along the process increases risks for input errors which could lead to overpayments. Overtime worked did not always match biometric attendance records.
- An increased risk that mistakes or misappropriation of funds could occur or go undetected was identified due to internal control weaknesses identified during testing of Animal Shelter cash receipts and cash disbursements:
 - Cash collections for the Animal Shelter and Tails of Hope Program totaled over \$337,000 during the audit period. Cash collections lacked documented review, a standardized “cash count form” to close out the register and proper segregation of duties.
 - Contractual expenses made during the audit period totaled \$2.2 million. Cash disbursement testing revealed billing irregularities and improper claim approval. Auditors were unable to verify if the prices paid for multiple claims agreed to contract terms due to a lack of supporting documentation.
- Shelter run rabies vaccine clinics may have not been properly sanctioned by the Town. During cash receipt testing, Auditors observed that half of the proceeds earned from these events were paid to a veterinarian without a formal agreement.
- Shelter staff waived or discounted fees to Shelter patrons on a case by case basis without documented authorization. If employees can arbitrarily and capriciously make decisions to waive or discount fees, total fees collected could be impacted and favoritism is possible.
- Employees were not receiving overtime or accruing compensatory time in accordance with the Town’s Collective Bargaining Agreements.

Major Recommendations of the Original Report

The Town should undertake an operational audit performed by subject matter experts of the Animal Shelter, which includes a detailed internal review of matters related to staffing, purchasing, and the care of animals. A list of over 50 complaints the Comptroller’s Office received from area

INTRODUCTION

residents regarding the Animal Shelter was included in the report, and the Town should take these allegations into consideration and perform an internal review to address all concerns.

Other recommendations included:

Tails of Hope Program: Establish a registered 501 (c)(3) for the program; follow the Towns' procurement policy; pay only invoices made out to the Animal Shelter or the Tails of Hope; and require supporting documentation for all claims.

Financial Internal Controls

- Include salary and wage sub-categories in the Town's accounting system and perform variance analysis to properly monitor spending and provide financial guidance to the Shelter Director to properly manage and adjust expenses;
- Properly review overtime slips for completeness/accuracy and deny slips not properly prepared;
- Compare all overtime slips to the hand scan in/out data recorded by the biometric hand scanner to verify if overtime hours submitted were actually worked;
- Develop a standardized form to be used during the cash register closing process, properly segregate cash handling duties and require supervisory review of cash register accountings;
- Develop policies and procedures to document fee waivers/discounts;
- Adhere to the terms of the Town's collective bargaining agreements; and
- Require purchase orders to be completed before purchasing goods and/or services from vendors; all approval signatures be obtained prior to the payment of a claim; and claims be accompanied by supporting documentation.

INTRODUCTION

Summary of Assessment of Audit Recommendations

Exhibit III below shows the audit findings and recommendations. The recommendations have been individually color coded to denote the Auditors' status assessment of each recommendation: Implemented (**Green**), In Process (**Yellow**), or Not Implemented (**Red**).

Exhibit III

Summary of Town of Hempstead Animal Shelter Audit Recommendations		
#	Audit Finding	Audit Recommendation(s)
1	County Auditors were Prevented from Performing a Full Operational Review of the Animal Shelter due to Scope Limitations	We recommend that the Town of Hempstead: a) undertake their own operational audit of the Shelter, including a detailed internal review of matters related to staffing, purchasing and the care of animals at the Shelter; and b) take the allegations listed in Appendix B into consideration and perform an internal review to address all concerns.
2	There is a Lack of Transparency with the Operation of the Tails of Hope Program	We recommend that the Town of Hempstead: a) establish a registered 501(c)(3) charity for the purpose of: i. increasing financial transparency; ii. accepting tax deductible donations from the public; iii. making disbursements for the benefit of animals when Town resources are not available; iv. requiring the annual filing of IRS Form 990; and v. improving minute meeting documentation; b) review the original request to set up the Dogs, Cats, and Caring Foundation, Inc. to determine its purpose and the reason it was never used.
3	Internal Control Weaknesses with Tails of Hope Program Cash Disbursements Were Identified	We recommend the Tails of Hope Program Committee, Town and the TOHAS: a) follow the Town's procurement policy to promote increased competition amongst vendors to obtain quality services at the lowest price with consistent terms; b) only pay invoices made out to the TOHAS or to the Tales of Hope; c) require all approval signatures be obtained prior to the payment of a claim; d) require all claims be accompanied by proper supporting documentation including any applicable meeting minutes and Director memorandums; and e) require all invoice numbers be recorded accurately in the Town's accounting system.
4	TOHAS Should be Performing Variance Analysis to Properly Monitor Spending	We recommend the TOH Comptroller's Office account for the sub-categories of salary and wages, perform variance analysis of revenues/expenses and provide financial guidance to the Shelter Director to properly manage and adjust expenses.
5	Auditors Found Improper Preparation and Review of Overtime Slips which Increases the Risk for Fraud, Waste and Abuse	We recommend: a) Current overtime slips be reviewed for completeness and accuracy before they are approved by the Shelter Director or a supervisor; b) Overtime slips that are not accurately prepared be denied; c) Overtime slips be revised to include the Director's or supervisor's date of approval; and d) Separate forms be used for employees to request paid overtime in comparison to time owed to avoid confusion and duplication of time.

INTRODUCTION

Summary of Town of Hempstead Animal Shelter Audit Recommendations		
#	Audit Finding	Audit Recommendation(s)
6	Requested Overtime Does Not Match Biometric Attendance Records	<p>We recommend:</p> <ul style="list-style-type: none"> a) all employees, including the Shelter Director, be required to utilize the biometric hand scan procedures to track their time present at work; b) overtime slips be reviewed for accuracy and completeness prior to receiving Director or supervisor approval; c) the Animal Shelter compare all overtime slips to the hand scan in/out data recorded in Attendance Enterprise to verify if overtime hours submitted on the Overtime Slips were actually worked; d) overtime be noted for the day the overtime was actually worked on the Payroll Certification Time and Attendance Records; and e) TOHAS should ensure that they are in compliance with the FLSA by utilizing the US Department of Labor Wage and Hour Division Fact Sheets summarizing the recordkeeping regulations.
7	TOHAS Cash Receipt Process Lacks Adequate Controls, Increasing the Risk that Errors Will go Undetected	<p>We recommend:</p> <ul style="list-style-type: none"> a) a standardized form be developed and used during the register closing process to record the specific breakdown of currency and checks received for each of the three deposit categories. The cashier performing the closeout should sign and date the form and a secondary count should be performed by another cashier to substantiate the financial information; b) proper segregation of duties be adhered to by requiring a clerk different than the closeout cashier to process the daily deposits; c) any discrepancies between cash on hand, the cash register tape and PetPoint be reconciled and documented on all Daily Deposit Breakdown forms; d) a supervisory review be performed to minimize potential errors including discrepancies between the register total and the PetPoint system, method of payment reported, and dates not being recorded on the Daily Deposit breakdown.
8	Shelter Run Rabies Vaccine Clinics May Not have been Properly Sanctioned	<p>We recommend that:</p> <ul style="list-style-type: none"> a) revenue be recorded in full and the amount given to the veterinarian should be recorded as an offsetting cost; b) TOHAS discuss with Town officials to determine if this event has been properly sanctioned; and c) If no formal agreement exists, the Town should follow their procurement procedures to obtain veterinary assistance and document in a written agreement that includes the discounted fee to be charged for rabies vaccines and the rate for the veterinarian.
9	Shelter Staff Waived or Discounted Fees to Shelter Patrons Without Authorization on a Case By Case Basis, Which Could Impact Fees Collected	<p>We recommend that the TOHAS develop policies and procedures which detail:</p> <ul style="list-style-type: none"> a) which fees can be adjusted (waived or discounted) and under what conditions/timeframes; b) the requirements and procedures for the processing of any fee adjustments; and c) who is authorized to approve a fee adjustment.
10	The Animal Shelter Director Did Not Certify All Payroll Records and Many Manual Payroll Documents Were Not Completed	<p>We recommend the Animal Shelter Director, or in his absence an Assistant Director, certify all Animal Shelter payroll records by signing the payroll certification forms only after he has verified that they are complete with the correct hours worked and the payroll dates for all listed employees.</p>

INTRODUCTION

Summary of Town of Hempstead Animal Shelter Audit Recommendations		
#	Audit Finding	Audit Recommendation(s)
11	Employees Were Excessively Working Through Lunch Which May Be a Violation of New York State Labor Law	We recommend the Animal Shelter develop policies for allowing employees to work through their lunch break which comply with Section 162 of the New York State Labor Law and that Animal Shelter employees only be permitted to work through their lunch break on an exception basis.
12	Animal Shelter Employees were Not Receiving Overtime or Accruing Compensatory Time in Accordance with the Town's Collective Bargaining Agreement	<p>We recommend that:</p> <p>a) The Town and Animal Shelter adhere to the terms of the collective bargaining agreements between the Town and CSEA Local 880;</p> <p>b) All Animal Shelter employees properly complete all sections of the Town's overtime slips; and</p> <p>c) The Animal Shelter implement a procedure requiring supervisory reviews of their internally maintained Attendance Records to verify the accrual and usage of any compensatory time.</p>
13	Internal Control Weaknesses with Animal Shelter Cash Disbursements Were Identified Which Could Lead to Unauthorized Payments or Misappropriation of Funds	<p>We recommend the Town of Hempstead Animal Shelter:</p> <p>a) require purchase orders to be completed before purchasing goods and/or services from vendors;</p> <p>b) require all approval signatures be obtained prior to the payment of a claim; and</p> <p>c) require all claims to be accompanied by supporting documentation including any applicable price lists and/or excerpts from contracts stating the agreed upon prices to easily verify if prices paid are in agreement with Town contracts.</p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Auditor Assessment of Recommendation Implementation Progress

This section provides details on the audit report findings, recommendations, progress reports from the Town of Hempstead Animal Shelter and the Auditors' analysis of the recommendation implementation. The recommendation implementation status also includes a color-coded bullet to indicate its progress.

Finding 1 Title	County Auditors were Prevented from Performing a Full Operational Review of the Animal Shelter due to Scope Limitations
Finding 1 Recommendations	<p>We recommend that the Town of Hempstead:</p> <p>a) undertake their own operational audit of the Shelter, including a detailed internal review of matters related to staffing, purchasing and the care of animals at the Shelter; and</p> <p>b) take the allegations listed in Appendix B into consideration and perform an internal review to address all concerns.</p>
TOHAS's Response to 6/4/2019 Report	<p><i>"We believe that this should not be a "finding". In this report, the auditors have acknowledged the limitations imposed on the scope of the review by the New York State Supreme Court's (the "Court") decision. Throughout the fieldwork and at the exit meeting we have communicated that most of the records needed to facilitate a financial review of the Shelter are kept in a centralized Town location which require person(s) with knowledge of the location to assist with gathering the required documents. The Town's approach to facilitating the financial review, while taking steps to comply with the Court imposed limitations, within our existing recordkeeping system, should not be considered a finding, but rather, inherent to this review.</i></p> <p><i>The town acknowledges and shall consider conducting an operational audit to review internal controls and to identify opportunities for operational efficiencies."</i></p>
Auditors' Follow-Up Comments	<p>The Auditors reiterate that limitations imposed on the scope of the review were not exclusively attributed to the New York State Supreme Court's decision. Additional limitations were placed on the Auditors by the Town Attorney, restricting Auditor access to information and requested documents relating to personnel files and job qualifications. We contend that employees not having the right qualifications for their jobs can have a financial impact to TOHAS.</p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p>The Auditors reiterate our recommendations that the Town should perform their own operational review of the Animal Shelter including a detailed internal review of matters relating to staffing, purchasing, and the care of animals at the Shelter.</p> <p>Additionally, the Town should take the allegations listed in Appendix B into consideration and perform an internal review to address all concerns.</p>
<p>TOHAS’s Response to Audit Follow-Up</p>	<p><i>“This item should not be classified as a "finding" as it is outside the scope of the limited "financial" review that was performed at the Shelter by Nassau County. The scope restriction is based on existing laws which clearly delineate that Nassau County does not have the authority to review anything other than the Animal Shelter's financial operations and to give recommendations based on their findings. The Town will take into consideration the comments that were given under this finding under advisement. The Town, will continue to do, on an as needed basis, internal control reviews of the Shelter.”</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>As noted in the Auditors original follow up comments, the limitations imposed on the scope of the review were not exclusively attributed to the New York State Supreme Court’s decision. Additional limitations were placed on the Auditors by the now former Town Attorney, restricting Auditor access to information and requested documents relating to personnel files and job qualifications. We contended that should employees not have the right qualifications for their jobs, that can have a financial impact to the TOHAS. As such, this information is significant for public transparency insofar as how the audit was conducted.</p> <p>Furthermore, the original judgement of the Supreme Court was reversed on January 15, 2020. Although the Town of Hempstead has filed a motion to reargue on February 19, 2020, per the January 15, 2020 ruling the Town “...failed to demonstrate that the County Comptroller was proceeding in excess of his authority or jurisdiction.”</p> <p>The Comptroller’s Office sent an email to the Town of Hempstead’s Comptroller on February 18, 2020 in response to a January 17, 2020 letter which served as the “...Town’s collective and official status report of the corrective actions taken for each recommendation.” The Comptroller’s email requested the Town provide the Comptroller’s Office with additional information/documents to substantiate the Town’s responses as noted in the letter no later than March 3, 2020.</p> <p>In regard to Finding 1, the Comptroller’s Office requested the Town “Please provide any documentation of reports produced after the</p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p>performance of your “internal control review” as referenced in the Corrective Action Plan paragraph of the Summary of Finding 1 on Page 1 of your letter.”</p> <p>In their March 3, 2020 response, the Town stated <i>“In our original response we stated that the Town will, on an as needed basis, conduct internal control reviews of the Shelter. Between the time the original responses were provided and the close out of the County's limited financial review, the Town has not deemed it necessary to conduct any additional internal control reviews outside of the regular auditing that takes place in the normal course of business.”</i></p>
Auditor Assessment of Progress	<p>In their letter The Town stated it will “take into consideration the comments that were given under this finding under advisement.” Additionally, “The Town, will continue to do, on an as needed basis, internal control reviews of the Shelter.”</p> <p>The Town stated that between the time the original responses were provided and the close out of the County’s limited financial review, the Town has not deemed it necessary to conduct any additional internal control reviews outside of the regular auditing that takes place in the normal course of business.</p> <ul style="list-style-type: none">● 1.a) Based on the Town’s response, it appears our audit recommendation that the Town undertake their own operational audit of the Shelter has not been implemented.● 1.b) Based on the Town’s response, it appears our audit recommendation that the Town take the allegations listed in Appendix B into consideration and perform an internal review to address all concerns has not been implemented.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 2 Title	There is a Lack of Transparency with the Operation of the Tails of Hope Program
Finding 2 Recommendations	<p>We recommend that the Town of Hempstead:</p> <ul style="list-style-type: none"> a) establish a registered 501(c)(3) charity for the purpose of: <ul style="list-style-type: none"> i. increasing financial transparency; ii. accepting tax deductible donations from the public; iii. making disbursements for the benefit of animals when Town resources are not available; iv. requiring the annual filing of IRS Form 990; and v. improving minute meeting documentation; b) review the original request to set up the Dogs, Cats, and Caring Foundation, Inc. to determine its purpose and the reason it was never used.
TOHAS’s Response to 6/4/2019 Report	<p><i>“We have indicated throughout the auditors field work and at the exit conference, that this finding contains many factual inaccuracies which were not corrected in the final version of the report. Including:</i></p> <ul style="list-style-type: none"> <i>1. The Tails of Hope Program is not and does not represent itself to be a 501 (c) (3) tax exempt organization.</i> <i>2. The funds are not co-mingled. The funds for Tails of Hope are held in the Town's trust and agency account and reported annually as part of the Town's financial statements.</i> <i>3. The goals listed as that of the Tails of Hope Program are those of the Shelter.</i> <i>4. The Committee members are appointed by the Commissioner of the Department of General Services ("DGS"), which is consistent with the Town Board resolution granting this authority.</i> <p><i>Further, with respect to the Auditors' recommendation to establish a registered 501(c)(3) the Town has previously determined that the administrative cost (legal, banking, accounting & financial reporting etc.) associated with maintaining an independent not-for-profit entity is cost prohibitive to the purpose of Tails of Hope Program. As documented in this finding, the average annual donation is \$25,000.</i></p> <p><i>The Town will review the existing guidance covering the Tails of Hope Program to tighten the internal controls over the Program.”</i></p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Auditors' Follow-Up Comments	<p>We are pleased that the Town will review the existing guidance covering the Tails of Hope Program and look to tighten the internal controls over the program.</p> <p>The Auditor's stand by their finding that the operation of the Tails of Hope Program lacks transparency.</p> <p>We disagree with the Town's statement that our finding includes "many factual inaccuracies which were not corrected in the final version of the report." Specifically:</p> <ol style="list-style-type: none">1. As noted in our finding, Auditors did not claim the Tails of Hope Program is a 501(c)(3) tax exempt organization. On the contrary, we recommended the Town establish a 501(c)(3) tax exempt organization instead of the Town run Tails of Hope Program to improve financial transparency to the public.2. As the Town has stated, the funds for Tails of Hope are held in the Town's Trust and Agency account. As outlined in our finding, there is no separate bank account to record any financial transactions for only the Tails of Hope Program. Tails of Hope funds are comingled with other Town of Hempstead Trust and Agency programs into one Trust and Agency bank account. <p>Although the Trust and Agency financial information is reported annually as part of the Town's financial statements, the Tails of Hope Program's financial information is not specifically disclosed. As reported on the Statement of Fiduciary Assets and Liabilities in the Town's December 31, 2017 Financial Statements², the Town's Trust and Agency funds had cash and cash equivalents of \$89,395,331 whereas the Tails of Hope Program had an ending balance of only \$9,427. The Tails of Hope Program financial information is not explicitly presented to the public for them to see how much money is received and spent.</p> <ol style="list-style-type: none">3. The goals of the Tails of Hope Program, as outlined in our finding, were given to the Auditors by the Shelter Director, who is also a member of the Tails of Hope Program Committee. If the goals of the Tails of Hope Program are not as described, we further recommend the Town educate its Tails of Hope Committee members on the Program's goals.4. We agree that the Committee members are appointed by the Commissioner of the Department of General Services ("DGS"), which
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² Town of Hempstead, New York. Financial Statements. Year Ended December 31, 2017 (p. 36)
<https://hempsteadny.gov/files/pdfs/transparency/Financials/TOH%20Financial%20Statements%20-%202017.pdf>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p>is consistent with the Town Board resolution granting this authority. Our finding did not note otherwise.</p> <p>We understand that the financial impact of establishing and operating a 501(c)(3) tax exempt organization instead of the Town run Tails of Hope Program may be cost prohibitive to the purpose of the Tails of Hope Program.</p>
<p>TOHAS’s Response to Audit Follow-Up</p>	<p><i>“The Town has taken into consideration the recommendations of the County Comptroller. In an effort to be more transparent and in our commitment to ensure the highest level of fiduciary control over the use of the funds donated to the Tails of Hope Program (the Program), the Town has implemented new guidelines and procedures for those appointed to the Tails of Hope Program Committee to follow the Town’s procurement process whenever practical. Should the Program Committee deem that the disbursement circumstance require action(s) that deviates from following the Town’s procurement policy the Program Committee is required to memorialize its disbursement decision and attach same to the payment documentation provided to the Comptroller’s office. Additionally, The Town maintains operational control of the Tails of Hope Fund and audits the Fund in the normal course of business.”</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>We acknowledge the Town’s position that it would be cost prohibitive for the Town to establish a separate 501(c)(3) tax exempt organization for the Tails of Hope Program.</p> <p>Additionally, it is noted that donations to the Tails of Hope Program might be tax deductible in accordance with Section 170(c)(1) of the Internal Revenue Code depending on the nature of the donation and/or how the donation is ultimately utilized.</p> <p>The Comptroller’s Office sent an email to the Town of Hempstead’s Comptroller on February 18, 2020 in response to a January 17, 2020 letter which served as the “...Town’s collective and official status report of the corrective actions taken for each recommendation.” The Comptroller’s email requested the Town provide the Comptroller’s Office with additional information/documents to substantiate the Town’s responses as noted in the letter no later than March 3, 2020.</p> <p>In regard to Finding 2, the Comptroller’s Office requested the Town:</p> <ul style="list-style-type: none"> • Please provide a copy of the “new guidelines and procedures” implemented by the Town related to the Tails of Hope Program and their date of effectiveness, as referenced in the Corrective Action Plan paragraph of the Summary of Finding #2 on Page 2 of your letter.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

- Please provide examples of disbursements which substantiate that Program deviations from the Town’s procurement policy have memorialized “its disbursement decision” as referenced in the Corrective Action Plan paragraph of the Summary of Finding #2 on Page 2 of your letter.
- Please specify how the Tails of Hope Fund is audited in the normal course of business. Provide any supporting documentation to substantiate the process as referenced in the Correction Active Plan paragraph of the Summary of Finding #2 on Page 2 of your letter.

In their March 3, 2020 response, the Town stated:

- *“The Animal Shelter was made aware of “findings” that were presented to the Town in regards to its Tails of Hope Fund; this was done verbally to the Committee members as well as the Shelter Director. The Town is in the process of drafting an amended resolution stating that there will be 5 separate representatives that are part of the Tails of Hope Committee; one from the Town Comptroller’s department, and 4 separate individuals from the Town’s Animal Shelter, one of which is the Town’s Veterinarian.”*
- *“As stated in our response the Tails of Hope Fund is a separate and distinct entity and is not bound to any Town procurement policies but as stated the committee will do its best to adhere to those policies in an effort to be as transparent as possible in spite of the fact that this is not taxpayer money. In addition, the Town is not aware of any situation where The Tails of Hope committee has had to deviate from the Town’s procurement policy.”*
- *“The Tails of Hope Fund is audited through the normal course of business by receiving bids or quotes, claims auditing and cash receipt submission. The formal back up to support this statement is voluminous and may or may not be apparent to the end user. Along with our response we have re-submitted our original audit documentation for policies and procedures for all of number two’s findings, referenced herein as Exhibit ‘A’.”*

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Auditor Assessment of Progress

● 2.a) Auditors have deemed the Town's original follow up response to review the existing guidance covering the Tails of Hope Program and look to tighten the internal controls over the program an acceptable alternative to the Auditors' original recommendations.

The Town has indicated they are in the process of drafting an amended resolution.

● 2.b) The Town did not respond in writing to audit recommendation 2.b, which recommended the Town review the original request to set up the Dogs, Cats, and Caring Foundation, Inc. to determine its purpose and the reason it was never used.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 3 Title	Internal Control Weaknesses with Tails of Hope Program Cash Disbursements Were Identified
Finding 3 Recommendations	<p>We recommend the Tails of Hope Program Committee, Town and the TOHAS:</p> <p>a) follow the Town’s procurement policy to promote increased competition amongst vendors to obtain quality services at the lowest price with consistent terms;</p> <p>b) only pay invoices made out to the TOHAS or to the Tales of Hope;</p> <p>c) require all approval signatures be obtained prior to the payment of a claim;</p> <p>d) require all claims be accompanied by proper supporting documentation including any applicable meeting minutes and Director memorandums; and</p> <p>e) require all invoice numbers be recorded accurately in the Town’s accounting system.</p>
TOHAS’s Response to 06/04/19 Report	<p><i>“Auditors’ exceptions and recommendations are noted.</i></p> <p><i>In its fiduciary role, the Town will look for ways to tighten controls in this area. The urgency and unique nature for the service needs solved by the Tails of Hope Program funds creates a challenge in following the Town’s current procurement policy, which have been significantly enhanced since 2018.</i></p> <p><i>With the implementation of the Town’s new financial system, townwide invoice processing and approval is expected to be significantly streamlined and improved, reducing the opportunity for the exceptions identified.”</i></p>
Auditors’ Follow-Up Comments	<p>We are pleased the Town will look for ways to tighten controls in this area and that the Town’s new financial system is expected to significantly streamline invoice processing and approval.</p> <p>We reiterate the need for Tails of Hope disbursements to follow the Town of Hempstead procurement policy to promote increased competition amongst vendors to obtain quality services at the lowest price with consistent terms.</p>
TOHAS’s Response to Audit Follow-Up	<p><i>3.a) “The Town considered the recommendations made by the County Comptroller and updated its policies and procedures to require,</i></p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p><i>although not mandated to do so, that the members of the Program Committee follow the Town’s procurement policies and procedures, as described above under subsection related to Summary of Finding #2.”</i></p> <p><i>3.b) “The Town only pays invoices made out to vendors of the Tails of Hope fund unless it is a reimbursement of an expense that was incurred by an authorized member of the Town’s staff. All signatures are obtained prior to payment. This is part of the internal audit process in the Town’s accounts payable guidelines.”</i></p> <p><i>3.c) “Our procedures require that all supporting documentation be attached for claims to be paid. The County in their limited review did find a few instances where documentation was not available. An explanation was given for each instance and the Town continues to work to ensure that documentation is present before payment is made. The Town has now switched to a new accounting system (Oracle) And put safeguards in place to prevent the duplication of invoices and subsequent payments.”</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>The Comptroller’s Office sent an email to the Town of Hempstead’s Comptroller on February 18, 2020 in response to a January 17, 2020 letter which served as the “...Town’s collective and official status report of the corrective actions taken for each recommendation.” The Comptroller’s email requested the Town provide the Comptroller’s Office with additional information/documents to substantiate the Town’s responses as noted in the letter no later than March 3, 2020.</p> <p>In regard to Finding 3, the Comptroller’s Office requested the Town:</p> <ul style="list-style-type: none"> • Please provide documentation evidencing the safeguards which were put in place to prevent the duplication of invoice and subsequent payments. Please specify when these new safeguards went into effect, as referenced in the Corrective Action Plan paragraphs of Summary of Finding #3 on Page 2 of your letter. <p>In their March 3, 2020 response, the Town stated:</p> <ul style="list-style-type: none"> • <i>“As the Town expressed in our original response, it has implemented a new accounting system (Oracle) and put safeguards in place to prevent the duplication of invoices for subsequent payments. The system rejects any duplication of invoice numbers. This is a computer- based process. Attached is a screen shot of the error notification when you try to enter a duplicate invoice number, attached as Exhibit ‘B’.”</i>
<p>Auditor Assessment of Progress</p>	<p>● 3.a) Based on the Town’s response, it appears that the members of the Tails of Hope Program Committee, although not required to do so,</p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

will do their best to follow the Town's procurement policies and procedures.

● 3.b) In their response to recommendation 3.b the Town stated, "The Town only pays invoices made out to vendors of the Tails of Hope fund unless it is a reimbursement of an expense that was incurred by an authorized member of the Town's staff." Based on the Town's response, it appears our audit recommendation has been implemented. However, we were unable to substantiate the Town's response based on the supporting information provided.

● 3.c) In their response to recommendation 3.b* the Town stated, "All signatures are obtained prior to payment. This is part of the internal audit process in the Town's accounts payable guidelines." Based on the Town's response, it appears our audit recommendation has been implemented. However, we were unable to substantiate the Town's response based on the supporting information provided.

**Note: Although this response is actually in regard to 3.c, the Town grouped it in with their 3.b response.*

● 3.d) In their response to recommendation 3.c* the Town stated that it "...continues to work to ensure that documentation is present before payment is made." Based on the Town's response, it appears our audit recommendation has been implemented. However, we were unable to substantiate the Town's response based on the supporting information provided.

**Note: Although this response is actually in regard to 3.d, the Town grouped it in with their 3.c response.*

● 3.e) Based on the Town's response, it appears our recommendation has been implemented. In their response to recommendation 3.c* the Town stated that, "The Town has now switched to a new accounting system (Oracle) And put safeguards in place to prevent the duplication of invoices and subsequent payments."

**Note: Although this response is actually in regard to 3.e, the Town grouped it in with their 3.c response.*

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 4 Title	TOHAS Should be Performing Variance Analysis to Properly Monitor Spending
Finding 4 Recommendations	We recommend the TOH Comptroller’s Office account for the sub-categories of salary and wages, perform variance analysis of revenues/expenses and provide financial guidance to the Shelter Director to properly manage and adjust expenses.
TOHAS’s Response to 06/04/19 Report	<p><i>“Auditors’ exceptions and recommendations are noted.</i></p> <p><i>With respect to sub-categories for salary and wages, this change occurred in 2018 with the preparation of the Town’s 2019 Budget.</i></p> <p><i>Within the limitations of the Town’s existing financial system, budget to actual analysis is facilitated. Each department is provided with copies of its budget to actual reports on a monthly basis from the Town’s comptroller’s office. This manual process will continue until the new financial system becomes operable, at which time departments would have ready access to data to perform financial analytical work.”</i></p>
Auditors’ Follow-Up Comments	We are pleased the Town has modified its budget to include sub-categories for salary and wages as of 2018. Each department should continue to monitor its budget to actual reports manually until the Town’s new financial system becomes operable.
TOHAS’s Response to Audit Follow-Up	<i>“The Town has reviewed this finding and respectfully submits that the Town Comptroller’s office has already implemented the recommendations of the County Comptroller prior to the release of the findings. Documentation was provided and multiple conversations were had to make the County aware of the oversight and monitoring that is in place to ensure the Town Comptroller’s office is monitoring the Animal Shelter’s spending.”</i>
Post Audit Follow-Up Analysis	As stated in the original audit, the Town modified its budget to include sub-categories for salary and wages as of 2018.
Auditor Assessment of Progress	<p>● The Town has modified its budget to include sub-categories for salary and wages as of 2018. We reiterate that the Town should perform variance analysis of revenues/expenses and provide financial guidance to the Shelter Director to properly manage and adjust expenses.</p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 5 Title	Auditors Found Improper Preparation and Review of Overtime Slips which Increases the Risk for Fraud, Waste and Abuse
Finding 5 Recommendations	<p>We recommend:</p> <p>a) current overtime slips be reviewed for completeness and accuracy before they are approved by the Shelter Director or a supervisor;</p> <p>b) overtime slips that are not accurately prepared be denied;</p> <p>c) overtime slips be revised to include the Director’s or supervisor’s date of approval; and</p> <p>d) separate forms be used for employees to request paid overtime in comparison to time owed to avoid confusion and duplication of time.</p>
TOHAS’s Response to 06/04/19 Report	<p><i>“Auditors’ exceptions noted.</i></p> <p><i>The noted exceptions occurred in the distant past and the control environment has significantly improved in the area of overtime. Overtime for the review period declined by approximately three hundred and sixty thousand dollars (\$360,000). Since the beginning of 2018, a townwide overtime approval policy was instituted which has also improved internal controls in this area.</i></p> <p><i>Additionally, we expect that the automation of certain payroll processes with the implementation of the Town’s new financial system will significantly reduce to opportunity for the exceptions noted in this finding. The auditors recommendations will be considered as we continue to tighten controls townwide in this area.”</i></p>
Auditors’ Follow-Up Comments	<p>We are pleased with the Town’s statement that the Animal Shelter has significantly reduced overtime over the three-year period 2015-2017. We reiterate the need for overtime requests to be properly completed and approved and look forward to the automation of many of the payroll processes with the implementation of the Town’s new financial system.</p>
TOHAS’s Response to Audit Follow-Up	<p><i>5.a) “The Town has reviewed the recommendations of the County Comptroller and the Town has implemented procedures to ensure accurate and timely recording of overtime slips. Throughout the County’s limited review they noted that the amount of occurrences had dropped significantly due to procedures that had been put in place in years prior to the County’s limited review.”</i></p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p>5.b) <i>“The Town has implemented procedures to ensure the proper documentation of overtime.”</i></p> <p>5.c) <i>“The Town has implemented procedures to ensure the proper documentation of overtime. The Town will continue to ensure that overtime is properly documented, approved and issued.”</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>The Comptroller’s Office sent an email to the Town of Hempstead’s Comptroller on February 18, 2020 in response to a January 17, 2020 letter which served as the “...Town’s collective and official status report of the corrective actions taken for each recommendation.” The Comptroller’s email requested the Town provide the Comptroller’s Office with additional information/documents to substantiate the Town’s responses as noted in the letter no later than March 3, 2020.</p> <p>In regard to Finding 5, the Comptroller’s Office requested the Town:</p> <ul style="list-style-type: none"> • Please provide the Town’s newly implemented procedures which ensure accurate, timely recording, and proper documentation of overtime, as referenced in the Corrective Action Plan in Summary of Finding #5 on Page 3 of your letter. • Please provide examples of overtime supporting documentation to substantiate that these new procedures have been implemented as referenced in the Corrective Action Plan in the Summary of Finding #5 on Page 3 of your letter. <p>In their March 3, 2020 response, the Town stated:</p> <ul style="list-style-type: none"> • <i>“The policies regarding overtime were implemented in 2016, as previously stated in our original response. Please see Exhibit “C.” The formal documentation was previously submitted to the County auditors during their limited financial review. In addition, the Animal Shelter was made aware of “findings” that were presented to the Town in regards to its overtime policy and procedures and this was done verbally to the timekeepers.”</i> • <i>“Please see attached as Exhibit “D” overtime slips with all proper documentation that ties into the Attendance Enterprise hand scan system.”</i>
<p>Auditor Assessment of Progress</p>	<p>● 5.a). During fieldwork of our initial audit, the Town provided Auditors with a <i>“Town of Hempstead Animal Shelter Accounting and Financial Policy and Procedure Manual.”</i> According to an August 25, 2018 email from Town Comptroller’s staff, this manual was created in 2018. The majority of audit payroll testing was performed on information pertaining to 2015-2017. As such, these policies and procedures were not in effect during the timeframe tested.</p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Based on the Town's response, it appears our audit recommendation has been implemented.

● 5.b) Based on the Town's response, it appears our audit recommendation that overtime slips that are not accurately prepared be denied has not been fully implemented. We reiterate that overtime approval should not be given until the documentation is accurate and complete.

The Town provided examples of manually prepared overtime paperwork for 12 pay periods from July 2019 – December 2019 which contained numerous instances where all sections of the Town's overtime slips were not completed by Animal Shelter employees. However, these slips were all approved by an Animal Shelter supervisor.

It is imperative that all data on overtime slips be completed prior to the overtime being approved. The date overtime was worked, as well as the pay period, employee signature and authorized supervisor signature are all required fields.

In the Town's 6/4/19 response, it stated "we expect that the automation of certain payroll processes with the implementation of the Town's new financial system will significantly reduce to opportunity for the exceptions noted in this finding."

The Town's new financial system should include timekeeping controls which would allow for the computerized submission and approval of overtime, rather than the use of manual time slips, to address the internal control weaknesses noted in our finding.

● 5.c) The Town did not implement our recommendation that overtime slips be revised to include the Director's or supervisor's date of approval. However, based on documentation submitted by the Town, it appears overtime approval is being documented through the use of an "Inter-Departmental Memo" for payroll periods beginning July 1, 2019. Auditors have deemed this alternative to be appropriate.

● 5.d) The Town did not respond to recommendation 5.d. It appears our recommendation that the Town use separate forms for employees to request paid overtime in comparison to time owed has not been implemented.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 6 Title	Requested Overtime Does Not Match Biometric Attendance Records
<p>Finding 6 Recommendations</p>	<p>We recommend:</p> <ul style="list-style-type: none"> a) all employees, including the Shelter Director, be required to utilize the biometric hand scan procedures to track their time present at work; b) overtime slips be reviewed for accuracy and completeness prior to receiving Director or supervisor approval; c) the Animal Shelter compare all overtime slips to the hand scan in/out data recorded in Attendance Enterprise to verify if overtime hours submitted on the Overtime Slips were actually worked; d) overtime be noted for the day the overtime was actually worked on the Payroll Certification Time and Attendance Records; and e) TOHAS should ensure that they are in compliance with the FLSA by utilizing the US Department of Labor Wage and Hour Division Fact Sheets³ summarizing the recordkeeping regulations.
<p>TOHAS’s Response to 06/04/19 Report</p>	<p><i>“Auditors’ exceptions and recommendations are noted.</i></p> <p><i>Department heads, deputies and director level employees townwide are not currently required to hand scan.</i></p> <p><i>The Town is subject to the terms of a Collective Bargaining Agreement (CBA). The recall provisions of the CBA create overtime instances where hand scan data will not match written records for payment. In addition, overtime calls to outside locations will necessarily create instances where hand scan data will not match written records. The implementation of the Town’s new financial system is expected to provide greater internal control over the management of timekeeping records.”</i></p>
<p>Auditors’ Follow-Up Comments</p>	<p>We are pleased that the Town’s new financial system is expected to provide greater internal control over the management of timekeeping records. However, the Animal Shelter needs to verify that submitted overtime was actually worked and is accurately noted on the Overtime Slips, Payroll Time and Attendance sheets and Payroll Certification records. Differences in overtime slips and time records must be reconciled and substantiated.</p>

³ <https://www.dol.gov/whd/regs/compliance/whdfs21.pdf>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p>We reiterate our recommendations that overtime slips be reviewed for accuracy and completeness prior to receiving Director or supervisor approval; the Animal Shelter should compare all overtime slips to the hand scan in/out data recorded in Attendance Enterprise to verify if overtime hours submitted on the Overtime Slips were actually worked; overtime be noted for the day the overtime was actually worked on the Payroll Certification Time and Attendance Records; and TOHAS should ensure that they are in compliance with the FLSA by utilizing the US Department of Labor Wage and Hour Division Fact Sheets summarizing the recordkeeping regulations.</p>
<p>TOHAS’s Response to Audit Follow-Up</p>	<p>6.a) <i>“The Town has taken the County's recommendation under advisement and has enhanced the existing timekeeping policies and procedures to meet the Town's payroll recordkeeping responsibilities while meeting the operational needs of the Shelter. Such updates include mandating all employees, except the Animal Shelter Director and Assistant Director, utilize the Biometric system. The Animal Shelter Director and Assistant Director provide written documentation of their bi-weekly time and attendance to the facility's timekeeper. This ensures accuracy and integrity of the calculated balances for compensated absences. Additionally, Shift Supervisors are required to evidence their approval of off-site hours worked, including contractually required "call in" minimums, by signing time records and/or updating accompanying biometric system data, prior to process of payroll.”</i></p> <p>6.b) <i>“The Town has implemented procedures to ensure proper documentation of overtime.”</i></p> <p>6.c) <i>“The Town has implemented procedures to ensure proper documentation of overtime.”</i></p> <p>6.d) <i>“The Town has implemented procedures to ensure proper documentation of overtime.”</i></p> <p>6.e) <i>“The Town will take the County's recommendation under advisement for any items where changes are necessary to be in compliance. Note: No instances were noted during the County's limited review.”</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>The Comptroller’s Office sent an email to the Town of Hempstead’s Comptroller on February 18, 2020 in response to a January 17, 2020 letter which served as the “...Town’s collective and official status report of the corrective actions taken for each recommendation.” The Comptroller’s email requested the Town provide the Comptroller’s</p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p>Office with additional information/documents to substantiate the Town's responses as noted in the letter no later than March 3, 2020.</p> <p>In regard to Finding 6, the Comptroller's Office requested the Town:</p> <ul style="list-style-type: none">• Please provide the Town's enhanced timekeeping policies and procedures and the date of their effectiveness, as referenced in the Corrective Action Plan in the Summary of Finding #6 on Page 3 of your letter. <p>In their March 3, 2020 response, the Town stated:</p> <ul style="list-style-type: none">• <i>"The formal documentation was previously submitted to the County auditors during their limited review. Additionally, the Animal Shelter was made aware of any of the "findings" that were presented to the Town in regards to its overtime policy and procedures and this was done verbally to the timekeepers. In addition, now there is a direct link between our Attendance Enterprise (hand scan system) and Oracle which is the current program being used to facilitate payroll."</i>
Auditor Assessment of Progress	<ul style="list-style-type: none">● 6.a) Based on the Town's response, it appears it is acceptable for the Shelter Director and Assistant Director to provide written documentation of their bi-weekly time. We reiterate that complete and accurate timekeeping records should be maintained.● 6.b) During fieldwork of our initial audit, the Town provide Auditors with a <i>"Town of Hempstead Animal Shelter Accounting and Financial Policy and Procedure Manual."</i> According to an August 25, 2018 email from Town Comptroller's staff, this manual was created in 2018. The majority of audit payroll testing was performed on information pertaining to 2015-2017. As such, these policies and procedures were not in effect during the timeframe tested. <p>Based on the Town's response, it appears our audit recommendation has been implemented.</p> <ul style="list-style-type: none">● 6.c) Based on the Town's response, it appears our audit recommendation has been implemented.● 6.d) Based on the Town's response, it appears our audit recommendation has been implemented.● 6.e) Based on the Town's response it appears our recommendation has been taken into consideration. However, we were unable to substantiate the Town's response based on the supporting information provided.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 7 Title	TOHAS Cash Receipt Process Lacks Adequate Controls, Increasing the Risk that Errors Will go Undetected
Finding 7 Recommendations	<p>We recommend:</p> <p>a) a standardized form be developed and used during the register closing process to record the specific breakdown of currency and checks received for each of the three deposit categories. The cashier performing the closeout should sign and date the form and a secondary count should be performed by another cashier to substantiate the financial information;</p> <p>b) proper segregation of duties be adhered to by requiring a clerk different than the closeout cashier to process the daily deposits;</p> <p>c) any discrepancies between cash on hand, the cash register tape and PetPoint be reconciled and documented on all Daily Deposit Breakdown forms;</p> <p>d) a supervisory review be performed to minimize potential errors including discrepancies between the register total and the PetPoint system, method of payment reported, and dates not being recorded on the Daily Deposit breakdown.</p>
TOHAS’s Response to 06/04/19 Report	<p><i>“Auditors’ exceptions noted;</i></p> <p><i>The implementation of the new point-of-sale system is expected to significantly improve the controls over cash receipts. The auditors’ recommendations will be also considered.”</i></p>
Auditors’ Follow-Up Comments	<p>We are pleased that the Animal Shelter is implementing a new point-of-sale system which is expected to significantly improve the controls over cash receipts.</p> <p>We reiterate our recommendations. The Town needs to strengthen internal controls over cash receipts and establish proper segregation of duties to ensure risk over cash collections is mitigated.</p>
TOHAS’s Response to Audit Follow-Up	<p><i>“The Town: has reviewed the recommendations and findings of the County Comptroller, the below items have been implemented prior to the completion of the limited review and the remainder have been put in place as of today's date absent the implementation of the point of sale system which is still currently being developed.”</i></p> <p><i>7.a) “The TOHAS is currently developing a point of sale system with the Town's I.T. department to alleviate any concerns with this finding.”</i></p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p>7.b) <i>“The TOHAS has already implemented a procedure whereby separation of duties addresses closing the drawer and closing the batch and making the deposit into the bank.”</i></p> <p>7.c) <i>“The Town is currently in the process of putting in place a point of sale system that will document any discrepancies and maintain a separate ledger that will be subsequently reconciled by appropriate Town staff.”</i></p> <p>7.d) <i>“The TOHAS is currently developing a point of sale system with the Town's I.T. department to alleviate any concerns with this finding.”</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>The Comptroller’s Office sent an email to the Town of Hempstead’s Comptroller on February 18, 2020 in response to a January 17, 2020 letter which served as the “...Town’s collective and official status report of the corrective actions taken for each recommendation.” The Comptroller’s email requested the Town provide the Comptroller’s Office with additional information/documents to substantiate the Town’s responses as noted in the letter no later than March 3, 2020.</p> <p>In regard to Finding 7, the Comptroller’s Office requested the Town:</p> <ul style="list-style-type: none"> • Please provide a description of the new Point of Sale system and projected implementation date for the new system as referenced in Corrective Action Plan paragraphs in the Summary of Finding #7 on Page 4 of your letter. <p>In their March 3, 2020 response, the Town stated:</p> <ul style="list-style-type: none"> • <i>“There is no set time frame for a completion date as our I.T. department is working tirelessly to complete the task.”</i>
<p>Auditor Assessment of Progress</p>	<ul style="list-style-type: none"> ● 7.a) Based on the Town’s response, it appears our recommendation will be implemented when the new point of sale system is put into operation. ● 7.b) Based on the Town’s response, it appears our audit recommendation has been implemented ● 7.c) Based on the Town’s response, it appears our recommendation will be implemented when the new point of sale system is put into operation. ● 7.d) Based on the Town’s response, it appears our recommendation will be implemented when the new point of sale system is put into operation.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 8 Title	Shelter Run Rabies Vaccine Clinics May Not have been Properly Sanctioned
Finding 8 Recommendations	<p>We recommend that:</p> <p>a) revenue be recorded in full and the amount given to the veterinarian should be recorded as an offsetting cost;</p> <p>b) TOHAS discuss with Town officials to determine if this event has been properly sanctioned; and</p> <p>c) if no formal agreement exists, the Town should follow their procurement procedures to obtain veterinary assistance and document in a written agreement that includes the discounted fee to be charged for rabies vaccines and the rate for the veterinarian.</p>
TOHAS’s Response to 06/04/19 Report	<i>“Auditors’ exceptions and recommendations are noted. The Town will eliminate this practice.”</i>
Auditors’ Follow-Up Comments	<p>We concur with the Town’s response to eliminate this practice.</p> <p>If the Town later decides to continue this practice, we reiterate our recommendation that the Town follow their procurement procedures to obtain veterinary assistance and document in a written agreement that includes the discounted fee to be charged for rabies vaccines and the rate for the veterinarian. Any revenue received or expenses incurred should be recorded in full.</p>
TOHAS’s Response to Audit Follow-Up	<p>8.a) <i>“The Town has reviewed the County Comptroller’s recommendations and the Town has immediately discontinued this practice. The Town has implemented the County’s recommendations and will continue with this practice going forward.”</i></p> <p>8.b) <i>“All offsite rabies clinics will now be presented to the Town board.”</i></p> <p>8.c) <i>“Using the Town procurement policy, the Shelter shall identify at least one (1) qualified veterinarian. for off-site event(s), approved by town board resolution. At least on an annual basis, tentative event date(s) including rain dates) shall be identified for the purpose of planning off-site events and ensuring availability of the selected veterinarian and with the assistance of the Town Attorney’s office, an event agreement shall be executed with the selected veterinarian prior to the event. Payment to the veterinarian shall follow the town wide payment protocol.”</i></p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

<p>Post Audit Follow-Up Analysis</p>	<p>The Comptroller’s Office sent an email to the Town of Hempstead’s Comptroller on February 18, 2020 in response to a January 17, 2020 letter which served as the “...Town’s collective and official status report of the corrective actions taken for each recommendation.” The Comptroller’s email requested the Town provide the Comptroller’s Office with additional information/documents to substantiate the Town’s responses as noted in the letter no later than March 3, 2020.</p> <p>In regard to Finding 8, the Comptroller’s Office requested the Town:</p> <ul style="list-style-type: none"> • Please provide documentation of the Town Board’s approval of a qualified veterinarian for off-site events as referenced in the Corrective Action Plan in the Summary of Finding #8 on Page 4 of your letter, including documents supporting selection of the veterinarian. • Please provide documentation of the Town Board’s approval of a qualified veterinarian for off-site events as referenced in the Corrective Action Plan in the Summary of Finding #8 on Page 4 of your letter, including documents supporting selection of the veterinarian. <p>In their March 3, 2020 response, the Town stated:</p> <ul style="list-style-type: none"> • <i>“When the Comptroller's department re-inquired of the Shelter of this past practice, the Comptrollers department was informed that this practice has been stopped, as previously stated in our original response.</i> <p><i>In the future when the Town is going to operate an offsite vet clinic we are doing so with all Town staff including the Town Veterinarian. There is therefore no need for a resolution to hire an outside vet.”</i></p> <ul style="list-style-type: none"> • <i>“Same as stated in paragraph (a) above.”</i>
<p>Auditor Assessment of Progress</p>	<ul style="list-style-type: none"> ● 8.a) Based on the Town’s response, it appears our audit recommendation has been implemented. ● 8.b) Based on the Town’s response, it appears our audit recommendation has been implemented. ● 8.c) Based on the Town’s response, it appears our audit recommendation has been implemented.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 9 Title	Shelter Staff Waived or Discounted Fees to Shelter Patrons Without Authorization on a Case By Case Basis, Which Could Impact Fees Collected
Finding 9 Recommendations	<p>We recommend that the TOHAS Develop policies and procedures which detail:</p> <p>a) which fees can be adjusted (waived or discounted) and under what conditions/timeframes;</p> <p>b) the requirements and procedures for the processing of any fee adjustments; and</p> <p>c) who is authorized to approve a fee adjustment.</p>
TOHAS’s Response to 06/04/19 Report	<p><i>“Auditors’ exceptions noted.</i></p> <p><i>The finding does not reflect the authority of Section 152-5 of the Town Code which grants the Commissioner of DGS “the discretion to waive fees associated with this chapter upon a showing of good cause. The Commissioner may delegate such authority to the Director.” Within this context, we believe that the exceptions noted in the finding were “properly” waived.</i></p> <p><i>Notwithstanding the previous paragraph and to enhance internal controls over cash receipts we will require documented evidence of the Commissioner’s approval of exceptions waiver or discounted fees be kept with the cash receipts and register reconciliation paperwork. Additionally, appropriate signage for Town Council authorized waiver periods will be prominently posted at the Shelter.</i></p>
Auditors’ Follow-Up Comments	<p>While we acknowledge that Section 152-5 of the Town Code grants the Commissioner of DGS and/or the Shelter Director the authority to discount fees, we reiterate this practice should be properly documented.</p> <p>We are pleased the Town will enhance internal controls over cash receipts and require documented evidence of the Commissioner’s approval of exceptions waiver or discounted fees be kept with the cash receipts and register reconciliation paperwork and that appropriate signage for Town Council authorized waiver periods will be prominently posted at the Shelter.</p>
TOHAS’s Response to Audit Follow-Up	<p><i>9.a) “The Town Board, in support of the TOHAS efforts to encourage and promote various services at the Shelter, as and will continue, from time to time, authorize reduction and/or waiver of certain fees. These</i></p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p><i>various fees are waived throughout the year. The authority to do so arises from resolutions approved by the Town Board. In addition, in accordance with the Town Code, the Commissioner of the Department, the Director and/or his/her designee can waive fees on a case by case basis in order to get the animal adopted. There were several Town Board Resolutions provided to the County auditors showing the various adoption waiving programs the Shelter offers throughout the year.”</i></p> <p><i>9.b) “All other fee reductions and/or waivers must follow the fee change guidance established by the Town.”</i></p> <p><i>9.c) “In accordance with the Town Code and Town Board Resolutions, the Commissioner, Shelter Director or his designee may approve a fee adjustment.”</i></p>
Post Audit Follow-Up Analysis	<p>Auditors previously acknowledged that Section 152-5 of the Town Code grants the Commissioner of DGS and/or the Shelter Director the authority to discount fees. We reiterated that this practice should be properly documented.</p> <p>The Comptroller’s Office sent an email to the Town of Hempstead’s Comptroller on February 18, 2020 in response to a January 17, 2020 letter which served as the “...Town’s collective and official status report of the corrective actions taken for each recommendation.” The Comptroller’s email requested the Town provide the Comptroller’s Office with additional information/documents to substantiate the Town’s responses as noted in the letter no later than March 3, 2020.</p> <p>In regard to Finding 9, the Comptroller’s Office requested the Town:</p> <ul style="list-style-type: none">• Please provide the “fee change guidance” established by the Town referenced in Corrective Action Plan b) in Summary of Finding #9 on Page 5 of your letter. <p>In their March 3, 2020 response, the Town stated:</p> <ul style="list-style-type: none">• <i>“The Town is waiving fees in accordance with Town Board Resolution 52-2019, attached hereto as Exhibit “E.” Further, please find attached the Fee Waiver Form utilized by the Shelter, as Exhibit “F.”</i>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Auditor Assessment of Progress

- 9.a) Based on the Town's response, it appears our audit recommendation has been implemented.
- 9.b) Based on the Town's response, it appears our audit recommendation has been implemented.
- 9.c) Based on the Town's response, it appears our audit recommendation has been implemented.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 10 Title	The Animal Shelter Director Did Not Certify All Payroll Records and Many Manual Payroll Documents Were Not Completed
Finding 10 Recommendations	We recommend the Animal Shelter Director, or in his absence an Assistant Director, certify all Animal Shelter payroll records by signing the payroll certification forms only after he has verified that they are complete with the correct hours worked and the payroll dates for all listed employees.
TOHAS’s Response to 06/04/19 Report	<i>“Auditors’ exceptions and recommendations are noted. The implementation of the Town’s new financial system is expected to significantly streamline the approval process and reduce the opportunity for the exceptions noted in this finding.”</i>
Auditors’ Follow-Up Comments	We are pleased the Town will be implementing a new financial system to address many of the payroll issues. We reiterate the need for controls to ensure all payroll certification forms are properly reviewed and certified by the Shelter Director or in his absence by the new Assistant Shelter Director.
TOHAS’s Response to Audit Follow-Up	<i>“The Town analyzed this finding and investigated the issue further. During the County’s limited review it noted some records maintained at the Shelter that seemed incomplete. This issue was clarified later when the County was shown completed documentation from our payroll department. The Town is vigilant in ensuring it meets its obligations with proper payroll recordkeeping responsibilities and has enhanced its existing timekeeping polies and procedures in order to meet those responsibilities.”</i>
Post Audit Follow-Up Analysis	<p>The Town’s statements that “During the County’s limited review it noted some records maintained at the Shelter that seemed incomplete. This issue was clarified later when the County was shown completed documentation from our payroll department” are untrue.</p> <p>During the May 15, 2019 Exit Conference, Auditors explained that some of the Town of Hempstead’s paper Payroll Certifications given to Auditors for review were incomplete and/or unsigned by the Animal Shelter Director. These issues were documented in Finding 10 of our report. Auditors were not provided with completed/updated paperwork after the Exit Conference.</p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Auditor Assessment of Progress

● The Town's response did not directly address our recommendation. However, based on their response it appears the implementation of the Town's new financial system is expected to significantly streamline the approval process and reduce the opportunity for the exceptions noted in this finding.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 11 Title	Employees Were Excessively Working Through Lunch Which May Be a Violation of New York State Labor Law
Finding 11 Recommendations	We recommend the Animal Shelter develop policies for allowing employees to work through their lunch break which comply with Section 162 of the New York State Labor Law and that Animal Shelter employees only be permitted to work through their lunch break on an exception basis.
TOHAS’s Response to 06/04/19 Report	<i>“Auditors’ exceptions noted; The Town asserts that it is aware of and is compliant with Section 162 of the New York State Labor Law. The noted exceptions occurred in the past as supported by the data trend in this finding. Corrective processes have been put in place to curb this practice.”</i>
Auditors’ Follow-Up Comments	We commend the Animal Shelter on the steady reduction of employees working through lunch and are pleased that corrective processes have been put in place to limit this practice.
TOHAS’s Response to Audit Follow-Up	<i>“This was noted mostly during the 2015 year under review. The Town, in 2016 subsequently developed a policy eliminating Shelter staff from working through lunch. The Town will continue to ensure that the policies are followed and the employees do not work through lunch.”</i>
Post Audit Follow-Up Analysis	<p>The Comptroller’s Office sent an email to the Town of Hempstead’s Comptroller on February 18, 2020 in regard to Finding 11. The Comptroller’s Office requested the Town:</p> <ul style="list-style-type: none"> • Please provide the Town policy which eliminated Shelter staff from working through lunch, as referenced in Corrective Action Plan paragraph in Summary of Finding #11 on Page 5 of your letter. <p>In their March 3, 2020 response, the Town stated:</p> <ul style="list-style-type: none"> • <i>“Please see exhibit “C” which is the memorandum sent in 2016 to stop the practice of working through lunch within the Department. However, the Animal Shelter was made aware of “findings” that were presented to the Town in regards to its working through lunch policy. When the Comptroller’s department re-inquired of the Shelter the Comptroller’s department was informed that during emergency situations Vet Techs and Animal Control Officers may work through lunch. This practice is only allowed because it is putting the health and welfare of the animal first which is the utmost priority of all animal shelter staff. Currently, an employee shall “flex” their time and either take lunch at the end of the day</i>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<i>or be allowed to use that extra time during the same pay period to avoid any comp time or overtime authorization.”</i>
Auditor Assessment of Progress	● Based on the Town’s response, it appears our audit recommendation has been implemented.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 12 Title	Animal Shelter Employees were Not Receiving Overtime or Accruing Compensatory Time in Accordance with the Town’s Collective Bargaining Agreement
Finding 12 Recommendations	<p>We recommend that:</p> <p>a) the Town and Animal Shelter adhere to the terms of the collective bargaining agreements between the Town and CSEA Local 880;</p> <p>b) all Animal Shelter employees properly complete all sections of the Town’s overtime slips; and</p> <p>c) the Animal Shelter implement a procedure requiring supervisory reviews of their internally maintained Attendance Records to verify the accrual and usage of any compensatory time.</p>
TOHAS’s Response to 06/04/19 Report	<p><i>“The Town’s intent is always to be compliant with and faithful to the terms of its agreements.</i></p> <p><i>The auditors’ observation identifies an inherent weakness with the current de-centralized, manual tracking of time and attendance and entitlement information. The Town will look into a townwide process to improve controls in this area. Additionally, we expect that the automation of certain payroll processes, with the implementation of the Town’s new financial system, will significantly reduce the opportunity for the exceptions noted in this finding.”</i></p>
Auditor’s Follow-Up Comments	<p>We are pleased the Town will look into a Town-wide process to improve controls in this area and that the Town’s new financial system will significantly reduce the opportunity for the exceptions noted in this finding. However, the Town is subjecting itself to potential liability for the accrual of compensatory time by not following the terms of the CBA.</p> <p>We reiterate our recommendations that the Town and Animal Shelter adhere to the terms of the collective bargaining agreements between the Town and CSEA Local 880; all Animal Shelter employees properly complete all sections of the Town’s overtime slips; and the Animal Shelter implement a procedure requiring supervisory reviews of their internally maintained Attendance Records to verify the accrual and usage of any compensatory time.</p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

<p>TOHAS’s Response to Audit Follow-Up</p>	<p>12.a) <i>“The Town is within its rights to provide for fiscal stability and cost savings by providing options without detrimentally affecting its employees.”</i></p> <p>12.b) <i>“There are currently manual records being maintained. As of January 1, 2020 the Town is going to be releasing the use of its Oracle program in regards to Human Capital Management. This will track all employees accrued regular and compensatory time where applicable and will alleviate any concerns the County may have with this comment. In the case noted, policies and procedures were followed and accruals were correctly accounted for as per the collective bargaining agreement in place at the time.”</i></p> <p>12.c) <i>“Please see response above in paragraph (b) in this section.”</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>The Comptroller’s Office sent an email to the Town of Hempstead’s Comptroller on February 18, 2020 in regard to Finding 12. The Comptroller’s Office requested the Town:</p> <ul style="list-style-type: none"> • Please specify if the Town’s new Oracle program has been implemented regarding its Human Capital Management, as referenced in Corrective Action Plan b) in Summary of Finding #12 on Page 5 of your letter. <p>In their March 3, 2020 response, the Town stated:</p> <ul style="list-style-type: none"> • <i>“As of December 23, 2019, ahead of its originally scheduled timeframe, the Town has implemented its new Oracle ERP system to track all accumulated time.”</i>
<p>Auditor Assessment of Progress</p>	<p>● 12.a) Based on the Town’s response, it is unclear if this recommendation has been implemented. The Town has not provided any written documentation to support their decision to act in a way that differs from the CBA contract terms, such as evidence of custom and practices or documents to support managerial actions.</p> <p>● 12.b) Based on the Town’s response, it appears our audit recommendation that all Animal Shelter employees properly complete all sections of the Town’s overtime slips has not been implemented. The Town provided examples of manually prepared overtime paperwork for 12 pay periods from July 2019 – December 2019 which contained numerous instances where <u>all</u> sections of the Town’s overtime slips were <u>not completed</u> by Animal Shelter employees. It is imperative that all data on overtime slips be completed prior to the overtime being approved. The date overtime was worked, as well as the pay period, employee signature and authorized supervisor signature are all required fields.</p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Additionally, we respectfully disagree with the Town's response that "In the case noted, policies and procedures were followed and accruals were correctly accounted for as per the collective bargaining agreement in place at the time." During our initial review the Auditors noted instances whereby overtime and compensatory time was not accrued according to the terms of the CBA.

● 12.c) The Town's response did not directly address our recommendation. However, based on their response it appears the implementation of the Town's new financial system is expected to improve internal controls and alleviate any concerns initially noted in this finding.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 13 Title	Internal Control Weaknesses with Animal Shelter Cash Disbursements Were Identified Which Could Lead to Unauthorized Payments or Misappropriation of Funds
Finding 13 Recommendations	<p>We recommend the Town of Hempstead Animal Shelter:</p> <p>a) require purchase orders to be completed before purchasing goods and/or services from vendors;</p> <p>b) require all approval signatures be obtained prior to the payment of a claim; and</p> <p>c) require all claims to be accompanied by supporting documentation including any applicable price lists and/or excerpts from contracts stating the agreed upon prices to easily verify if prices paid are in agreement with Town contracts.</p>
TOHAS’s Response to 06/04/19 Report	<p><i>“Auditors’ exceptions and recommendations are noted.</i></p> <p><i>With the implementation of the Town’s new financial system our townwide invoice processing and approval is expected to be significantly streamlined and improved reducing the opportunity for the exceptions identified in this finding.”</i></p>
Auditor’s Follow-Up Comments	<p>We are pleased the implementation of the Town’s new financial system is expected to reduce the opportunity for the exceptions we have identified and significantly streamline Town-wide invoice processing/approval.</p>
TOHAS’s Response to Audit Follow-Up	<p><i>13.a) “The Town has reviewed the County’s findings and recommendations. The Town adheres to the policies and procedures in place regarding emergency purchases of goods and services. There are rare circumstances where a confirming purchase order is issued due to the fact that an emergency situation exists. There are guidelines in the Town’s purchasing policies that lay out these scenarios which were presented to County staff during their limited review.”</i></p> <p><i>13.b) “This is already a practice. The Town has accounts payable procedures for internal audit processes which includes a series of checks and balances to ensure these expenses are not paid without proper signatures.”</i></p> <p><i>13.c) “The Town adheres to all policies and procedures in regards to cash disbursements and ensures that proper documentation is attached to the claim forms for payments. The Town is always reviewing its policies and procedures in an effort to make improvements to ensure</i></p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<i>the proper safeguards are in place to ensure that monies being paid are being paid properly with the proper documentation.”</i>
Post Audit Follow-Up Analysis	The exceptions identified in our findings are the results of internal control weaknesses which exists in a manually intensive, paper-based work environment. The implementation of a new financial system, if appropriately set up, should decrease the risk that the issues we identified can reoccur.
Auditor Assessment of Progress	<ul style="list-style-type: none"> ● 13.a) Based on the Town’s response, it appears our audit recommendation has been implemented as documented in the guidelines for the Town’s purchasing policies. ● 13.b) Based on the Town’s response, it appears our audit recommendation has been implemented. ● 13.c) While the Town’s response states that they are adhering to all policies and procedures in regards to cash disbursement and ensuring that proper documentation is attached to the claim forms for payment, we did not see documentation that supports this. It therefore appears that our audit recommendation that the Town require all claims to be accompanied by supporting documentation including any applicable price lists and/or excerpts from contracts stating the agreed upon prices to easily verify if prices paid are in agreement with Town contracts may not have been fully implemented.

