

Village of Wappingers Falls

Board Oversight

2023M-70

On behalf of the Village of Wappingers Falls, we are submitting this response to the audit report issued by the Office of the State Comptroller (OSC) titled "Village of Wappingers Falls – Board Oversight 2023M-70", dated December 2023. This Corrective Action Plan serves as our formal response to the findings and recommendations outlined in the report.

The primary purpose of this response is to address each of the findings and recommendations detailed in the OSC's audit report. We aim to provide a comprehensive overview of the actions the Village of Wappingers Falls has already taken, as well as outline our planned initiatives to further enhance our financial management practices and internal controls. Our goal is to ensure full compliance with state regulations and to uphold the highest standards of fiscal responsibility and transparency for our residents.

The Village of Wappingers Falls wishes to express our appreciation to the OSC and its auditing team for their thorough review and valuable insights. The audit process has been a constructive opportunity for our village to assess and improve our financial operations and oversight. We acknowledge the findings and recommendations presented in the report and are committed to addressing each area of concern with diligence and integrity.

Acknowledgement of Findings

The Board Should Improve Oversight of Village Operations

We have carefully reviewed the finding regarding the need for the Village Board to improve oversight of Village operations. We fully agree with this assessment and appreciate the OSC's recommendations for enhancing our governance practices. It is clear that stronger oversight mechanisms are crucial for ensuring the efficient and effective management of Village resources and for upholding the trust placed in us by our community members.

Acknowledging the significance of this finding, we are committed to implementing comprehensive measures to address the concerns identified. We understand that effective oversight is not only about monitoring but also about actively guiding and improving the Village's operational processes. To this end, we are outlining specific actions, as detailed in subsequent sections of this response, to strengthen our oversight capabilities, enhance transparency, and foster accountability within all levels of Village operations.

The Board Did Not Receive Adequate Monthly Financial Reports

We concur with the finding that the Village Board did not receive adequate monthly financial reports, a practice essential for informed decision-making and effective governance. This oversight has hindered our ability to fully understand and monitor the Village's financial position and performance on an ongoing basis.

In recognizing the importance of timely, comprehensive, and accurate financial reporting as a cornerstone of good governance, we are committed to rectifying this deficiency. We understand that such reports are not merely procedural but are critical tools for oversight, planning, and transparency that enable the Board to fulfill its fiduciary responsibilities to the Village's residents effectively.

To address this finding, we are implementing a series of measures designed to ensure the regular preparation and review of detailed financial reports. These steps will include annual workshops with the Treasurer and the board of trustees after the board's annual reorganizational meeting. The Mayor and Treasurer are establishing clear guidelines for the content and format of these reports, training for staff involved in financial reporting processes, and are memorializing a schedule for regular report generation and review by the Board.

The Board Did Not Provide Oversight or Approval for Online Bank Transfers

We accept and acknowledge the finding that the Board failed to provide necessary oversight or approval for online bank transfers. This oversight represents a significant gap in our financial control environment, potentially exposing the Village to unnecessary financial risks. We recognize the critical nature of maintaining stringent controls over all financial transactions, including those conducted online, to safeguard the Village's assets and ensure the integrity of our financial operations.

Acknowledging this deficiency, the Village is committed to establishing and enforcing procedures for the oversight and approval of online bank transfers. This has already started since July 2023 as the newly appointed Treasurer had eliminated single sign on wire transfers. Additionally, the Treasurer implemented a wire process of preparation by the Treasurer and the execution of the wire by the bank and an authorization of the mayor. Since July of 2023, the process has evolved into a check and balance and is developing into a policy that will be formalized. The second part of this process will include a monthly report to the board that isolates and identifies the debt payments and wires so that there is disclosure. This process will be included in the board's audit of these transactions to ensure compliance with established policies.

The Board Did Not Review Bank Reconciliations

We acknowledge and agree with the finding that the Village Board did not review bank reconciliations as part of its oversight responsibilities. This lack of review represents a missed opportunity for ensuring the accuracy and integrity of our financial records and for identifying any discrepancies or issues in a timely manner. Regular review of

bank reconciliations is a fundamental practice in effective financial management and oversight, serving as a critical check on the accuracy of the Village's financial transactions and balances.

Recognizing the importance of this practice, the Village has started correcting this finding. The finance office has initiated bank reconciliations that had been halted and is compiling reports to the board for their review in April 2024. The mayor and the board of trustees are committed to immediately rectifying this finding. The Village is working on establishing a formal process for the monthly review of bank reconciliations by the Board or a designated committee. This process will include training for Board members on how to effectively review these reconciliations and understand their significance in maintaining the financial health of the Village.

The Board Did Not Ensure the Annual Financial Report Was Filed Timely or Accurately

We acknowledge the finding that the Board did not ensure the Annual Financial Report (AFR) was filed in a timely or accurate manner. This oversight undermines the transparency and accountability that form the foundation of our financial governance. The timely and accurate filing of the AFR is crucial for providing a clear and comprehensive view of the Village's financial status, ensuring compliance with regulatory requirements, and maintaining the trust of our residents and stakeholders.

Unfortunately, this situation occurred due to the continuous turn over and empty Treasurer's office the last couple of years. However, the Village understands the seriousness of this finding and is committed to continuing rectifying this issue and to ensure that future AFRs are filed accurately and within the required deadlines. The plan is to implement a detailed review process for the preparation and filing of the AFR, involving key personnel in finance and oversight roles. Currently the Treasurer's office is working on the outstanding AFRs so that a process can be put in motion. Additionally, procedures are being created which will include a timeline for each step of the preparation and review, ensuring ample time for thorough checks and corrections before submission.

Additionally, we will work directly with the Office of the State Comptroller (OSC) to improve our financial reporting practices. Our goal is to enhance the accuracy, reliability, and timeliness of our financial reporting, thereby strengthening our financial management and restoring confidence in our fiscal operations.

The Board Did Not Conduct an Annual Audit of the Treasurer's Records

Once again, the Village acknowledges the finding regarding the absence of an annual audit of the Treasurer's records by the Board. This oversight detracts from our commitment to ensuring the highest standards of financial integrity and accountability within the Village's operations. Conducting an annual audit of the Treasurer's records is essential for verifying the accuracy of our financial information and for identifying any

potential discrepancies or areas for improvement in our financial management practices.

We recognize the critical importance of this audit as a tool for maintaining transparency, safeguarding public funds, and reinforcing the confidence of our constituents in the Village's financial oversight capabilities. In response to this finding, we are committed to instituting a formal process for the annual audit of the Treasurer's records. This process will initially involve the finance committee, then the board as a whole. The finance committee has already started working on developing a structured audit plan to ensure a comprehensive and effective review of financial records on a yearly basis.

Furthermore, we will ensure that the findings and recommendations from these audits are fully addressed, implementing corrective actions as required and enhancing our financial policies and procedures to prevent future oversights.

The Board Did Not Adopt a Multiyear Plan

We acknowledge the audit finding that the Village Board did not adopt a multiyear plan for capital projects, a crucial tool for strategic financial planning and ensuring the efficient allocation of resources. This oversight limits our ability to effectively prioritize, finance, and manage capital projects in alignment with the Village's long-term objectives and financial capacity.

Recognizing the importance of a multiyear capital planning process, we are committed to updating our 2018 capital plan, one that outlines our capital project goals, funding strategies, and timelines. This plan will enable us to forecast financial needs, identify funding sources, and ensure that capital projects are aligned with the Village's strategic priorities and financial sustainability principles.

To address this finding, we will work alongside the finance office and engage with relevant departments, stakeholders, and possibly external advisors to gather input and expertise in the development of the multiyear capital plan. This collaborative approach will ensure that the plan is realistic, and reflective of the community's needs and priorities. Our goal is to enhance our fiscal management practices, promote responsible investment in the Village's infrastructure, all while maintaining the trust of our residents through improved planning and oversight of capital projects.

The Board Did Not Have Adequate Capital Project Records or Written Agreements

We acknowledge the finding that there were missing records regarding Capital projects. The board further agrees that there should be original records maintained within the Records Management Department. In reviewing the audit, the board understands that while this finding was due to prior administrations, it is ultimately the responsibility of the board to maintain written agreements and project documentation.

This deficiency compromises our ability to effectively manage, monitor, and report on the progress and financial status of these projects.

Understanding the critical nature of this issue, the Village intends on providing a process for records retention and work with the Clerk's office to ensure that the process is seamless. These procedures will ensure that all relevant information, including contracts, financial transactions, progress reports, and any modifications to project scope or budget, are accurately recorded and easily accessible.

Furthermore, we will ensure that written agreements clearly define the roles, responsibilities, and expectations of all parties involved in capital projects. These agreements will serve as a basis for accountability and will be instrumental in managing relationships with contractors and other stakeholders.

We are dedicated to addressing this finding by enhancing our practices around the documentation and management of capital projects. Our goal is to strengthen our governance and oversight capabilities, thereby fostering greater confidence in our ability to manage public resources effectively and responsibly.

Current & Planned Remediation

Since being appointed in April 2023, the current treasurer has worked day to day alongside of the Mayor in remedying the lack of internal controls. Additionally, the Treasurer meets regularly with the Finance Committee and provides the Board of Trustees with financial reports. Many of the report findings have already been addressed and procedures have been implemented. Many of the findings have been addressed in the following:

- Since May 2023, the Board has created internal controls for segregation of duties for billing and the collections of receivables addressing finding number 1. **The Board Should Improve Oversight of Village Operations.**
- Since the Treasurer has been appointed to the position, there are no longer unilateral bank wires being conducted. Additionally, when inter transfers need to be done to distribute funds for payroll and for payable, the Treasurer prints transfer reports from the accounting system and are signed by both the Mayor and the Treasurer. Copies of the reports with the supporting documentation are filed and maintained in both the Treasurer's and Mayor's offices. This practice is listed on the Board's audit of financial records checklist. This action addresses findings number 1. **The Board Should Improve Oversight of Village Operations**, 3. **The Board Did Not Provide Oversight or Approval for Online Bank Transfers** and number 6. **The Board Did Not Conduct an Annual Audit of the Treasurer's Records.**
- Since July 2023, the Treasurer provides a copy of all debt payment paperwork and bank-issued wires to the mayor for review. Both the Mayor and the Treasurer maintain the supporting documents attached to the bank paperwork in their respective offices. Additionally, this implemented process is a component of the Board's audit of the financial records. This action addresses findings number 1. **The Board Should Improve Oversight of Village Operations**, number 3. **The Board**

Did Not Provide Oversight or Approval for Online Bank Transfers and number 6. **The Board Did Not Conduct an Annual Audit of the Treasurer's Records.**

- Since May 2023, the Treasurer sends email notifications of any debt management transactions to the Mayor, Finance Committee, and Village Board for their information. This procedure is also included in the Board's audit of the Treasurer's records. This process addresses audit finding number 2; **The Board Did Not Receive Adequate Monthly Financial Reports**, number 3; **The Board Did Not Provide Oversight or Approval for Online Bank Transfers**, and number 6. **The Board Did Not Conduct an Annual Audit of the Treasurer's Records.**
- Since May 2023, any transfers to be made within the allowable budget fund are voted on by the Board and not transferred until the minutes are certified. The Treasurer keeps a file of the certified minutes and documents the transfers in the accounting software when they occur. The reconciliation of this procedure is a part of the Board's audit of the Treasurer's records. This action addresses findings number 1. **The Board Should Improve Oversight of Village Operations**, 3. **The Board Did Not Provide Oversight or Approval for Online Bank Transfers** and number 6. **The Board Did Not Conduct an Annual Audit of the Treasurer's Records.**
- Since May 2023, at least monthly, if not bi-weekly, the Finance Committee reviews a warrant prepared by the Treasurer's office. The warrant is a compilation of vouchers that have been prepared and signed off of by the appropriate department head. The finance committee scrutinizes each invoice and exams that the vouchers are properly prepared, ensures that there are no taxes being paid, makes sure that the request has a budget allocation and that request for payment is within the procurement guidelines. Once the vouchers have been reviewed and approved by the finance committee, the board as a whole approves the warrant which includes the accounts payable vouchers. Once this process is completed, the Treasurer then can pay the bills that are approved. This procedure is a part of the Board's annual audit of the Treasurer. The Board will spot check vouchers and warrants to ensure there are proper signatures on vouchers. These actions address findings number 1. **The Board Should Improve Oversight of Village Operations** & 6. and number 6. **The Board Did Not Conduct an Annual Audit of the Treasurer's Records.**
- Since June 2023, the Treasurer provides reports of finances including actual budget expenditures and revenues to the mayor on a weekly basis and to the board on a monthly basis. This action addresses findings number 1. **The Board Should Improve Oversight of Village Operations** and 2. **The Board Did Not Receive Adequate Monthly Financial Reports.**
- Since May 2023, the Treasurer provides a monthly report to the Commissioners of the Water Board, including a breakdown of water fund account balances, outstanding accounts payable, and debt payments. These action addresses findings number 1. **The Board Should Improve Oversight of Village Operations** and 2. **The Board Did Not Receive Adequate Monthly Financial Reports.**
- Since September 2023, the Treasurer worked with the board to close out six bank accounts that were no longer needed. In conjunction with the process, the

Treasurer's office began doing the outstanding bank reconciliations. The Finance office has commenced bank reconciliations. Upon completion of bank reconciliations, the Treasurer's office will have them available for the board to review at any time. These actions address finding 1. **The Board Should Improve Oversight of Village Operations** and 4. **The Board Did Not Review Bank Reconciliations**

In addition, the Treasurer and Finance Committee are continuing to work on correcting outstanding deficiencies and improving internal controls, including:

- The outstanding AFRs will be completed in conjunction with the assistance of the OSC as the Treasurer's office is still rectifying the historical financial transactions of 2022 and the beginning of 2023. [Estimated completion: August 2024] This action will address finding number 5. **The Board Did Not Ensure the Annual Financial Report Was Filed Timely or Accurately.**
- Updating the 2018 Capital Infrastructure Plan will encompass short term and long-term projects. [The Village intends to have this addressed by October 2024] This will satisfy finding number 7. **The Board Did Not Adopt a Multiyear Plan.**
- The adoption of the policy disclosures (Fund Balance, Continuing Disclosure, and Debt Management) will be put before the Board for adoption [April 2024] These policies will be another process for the board that improves oversight and involvement in the financial stability. This action addresses finding number 1. **The Board Should Improve Oversight of Village Operations.**
- A board workshop will be held with the Treasurer and financial advisors to review outstanding debt service, including fixed bonds, bond anticipation notes and possibilities of consolidation of debts, to reduce the financial burden to the taxpayers. [Anticipated to hold this workshop in May 2024] This action addresses finding number 1. **The Board Should Improve Oversight of Village Operations**, as well as number 7. **The Board Did Not Adopt a Multiyear Plan.**
- Regular bank reconciliations will continue on accounts and provided to the board for continuous review made available in the Treasurer's office. [this will be established starting in May 2024. This action addresses number 1. **The Board Should Improve Oversight of Village Operations** and 4. **The Board Did Not Review Bank Reconciliations**
- The Treasurer will work with Moodys and Standard & Poor's to improve the Village's credit rating so that existing debt can potentially be refinanced at lower interest rates. This will not only improve debt management, transparency and accountability, it will address; 7. **The Board Did Not Adopt a Multiyear Plan.**
- Beginning August 2024, after the close of the 2023 fiscal year, the Board will commence an annual audit of the Treasurer's records. 1. **The Board Should Improve Oversight of Village Operations** and 6. **The Board Did Not Conduct an Annual Audit of the Treasurer's Records.**

In conclusion, the Board of Trustees under the current administration fully acknowledges and accepts the findings of the audit conducted for the period of 2015 to 2021. We recognize the challenges identified and are aware that some of these issues stem from past practices and a culture that contributed to the audit findings. It is important to us that our response is not merely a formality but a reflection of our genuine commitment to transformation and improvement. We have not only considered the recommendations provided by the audit but have actively embraced them, initiating a comprehensive plan aimed at rectifying past oversights and ensuring compliance with all regulatory requirements. Significant steps have already been taken towards this goal, demonstrating our dedication to fostering a new era of financial management within the Village. The partnership with the Office of the State Comptroller (OSC) is invaluable towards financial stability and compliance. We are optimistic that, through continued collaboration and shared expertise, the Village will emerge from this period stronger and more financially sound than ever before. As the old saying goes, "it takes a Village," and we are committed to leveraging the collective strength, wisdom, and dedication of our community to rise above these challenges. We extend our gratitude to the OSC for its guidance and support, and to the residents of our Village for their patience and trust as we work diligently to make the necessary improvements. Together, we will ensure a future for our Village that is not only compliant but exemplifies the highest standards of financial integrity and responsibility. This conclusion effectively encapsulates a commitment to addressing the audit findings, acknowledges the importance of collaborative efforts for improvement, and looks forward to a stronger, more compliant future for the Village.



Kevin D. Huber, Mayor **Date:**



Lori A. Jiava, Village Treasurer **Date:**