

# Town of North Hudson

## Payroll

OCTOBER 2018



OFFICE OF THE NEW YORK STATE COMPTROLLER  
Thomas P. DiNapoli, State Comptroller

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# Report Highlights

## Audit Objective

Determine whether salaries and wages were paid accurately.

## Key Findings

- Town officials have adequate procedures to ensure that salary and wages are paid accurately.
- We reviewed the annual salaries paid to all 13 elected and appointed officials totaling \$211,598 from January 2017 through May 2018 and found they were paid the correct amounts.
- We selected six payrolls totaling \$41,766 from January 2017 through May 2018 and found that except for minor deficiencies related to clerical errors, employees were paid at the approved rate and for the correct number of hours.

There were no recommendations as a result of this audit.

## Background

The Town of North Hudson (Town) is located in Essex County. The Town is governed by an elected Supervisor and Town Board (Board) which comprises four elected members.

The Board is responsible for the general management and control of the Town's financial affairs. The Town Supervisor (Supervisor) is the chief executive and chief financial officer of the Town and is responsible for the day-to-day management of the Town under the direction of the Board

The Board establishes salaries and hourly pay rates. Payroll is processed by the clerk to the Supervisor (Clerk) and reviewed by the Supervisor.

### Quick Facts

Employees and Officials	20
2017 Payroll Expenditures	\$317,327
2018 Adopted Appropriations	\$1.2 million

## Audit Period

January 1, 2017 – May 31, 2018

# Payroll

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## How Does the Board Ensure That Salaries and Wages Are Paid Accurately?

Salaries and wages paid to officials and employees are a significant portion of the Town's operating costs. The Board is responsible for establishing and approving all annual salaries and hourly wages by position. The Supervisor is responsible for reviewing each bi-weekly payroll to ensure employees are paid the authorized salaries and wages to which they are entitled. Detailed time records should be prepared by employees and reviewed by supervisory personnel who have direct oversight of the employee. The department heads should sign or initial the employee's time records to evidence their review and approval of hours worked. Finally, before checks are distributed, payroll registers or similar records should be reviewed and independently certified (signed) by the Supervisor to provide oversight of the payroll process.

## Salaries and Wages Are Paid Accurately

Town officials have an adequate process to ensure that salaries and wages are paid accurately. Annually, the Board approves the salaries for elected and appointed officials, sets the pay rates for hourly employees and authorizes the work hours for certain hourly employees (eg., Court Clerk). The Clerk processes payroll every two weeks by entering the hours worked from the timesheets approved by department heads. The Clerk generates a payroll report which calculates gross salary for employees and officials, and prints payroll checks and direct deposit advices along with payroll registers for the Supervisor's review and approval. The Supervisor signs timesheets and paychecks after comparing them to the payroll register to ensure salaries and wages are calculated accurately.

We reviewed the salary payments for all 13 of the Town's elected and appointed officials from January 2017 through May 2018 totaling \$211,958.<sup>1</sup> We compared the approved salary amounts to the annual payroll summary to determine if officials were paid the correct salary. We traced officials' salary payments from the payroll registers to cancelled checks and compared amounts that should have been paid to the amounts actually paid. All elected and appointed officials were paid the correct rates.

We also judgmentally selected four pay periods in 2017 with total hourly payroll of \$27,001 and two pay periods in 2018 with total hourly payroll of \$14,765 to determine if all seven hourly paid employees on the four payrolls<sup>2</sup> and all eight hourly paid employees on the two payrolls<sup>3</sup> were paid the Board approved rate

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1 2017 annual salary for officials was \$148,240. Salary for officials from January through May 2018 was \$63,718.

2 These four payrolls were: January 5, 2017, May 11, 2017, December 21, 2017, and January 18, 2018.

3 These two payrolls were: July 20, 2017 and April 12, 2018.

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and for the correct number of hours. We compared the approved pay rates to pay rates on the payroll registers and recalculated gross pay based on pay rate and number of hours worked from timesheets. The timesheet hours were traced to payroll registers and we determined that the net pay calculated agreed to cancelled payroll checks. Except for minor deficiencies related to clerical errors which we discussed with Town officials, employees were paid at the approved rate and for the correct number of hours.

# Appendix A: Response From Town Officials

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## TOWN OF NORTH HUDSON

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*Town Council*  
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**"HUB OF THE ADIRONDACKS"**

*Founded 1848*

October 5, 2018

[REDACTED]  
[REDACTED]  
NYS Office of the State Comptroller  
Division of Local Government and School Accountability  
One Broad Street Plaza  
Glens Falls, NY 12801

Dear [REDACTED]

The Town of North Hudson is in receipt of the Draft Report of Examination 2018M-166. This letter serves as our audit response and as there were no recommendations as a result of this audit, there is no Corrective Action Plan (CAP) required.

I would like to extend my appreciation to you and [REDACTED] for the highly professional job in conducting the audit, and thank you for the assistance, training and recommendations that you provided to us, especially to our Court Clerk and to the Clerk to the Supervisor.

Sincerely,



Ronald Moore, Supervisor  
Town of North Hudson

## Appendix B: Audit Methodology and Standards

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We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed Town officials and employees to gain an understanding of the Town's procedures related to the payroll process.
- We reviewed Board adopted budgets, meeting minutes and employee handbook for approved salaries and hourly rates.
- We selected all 13 elected and appointed officials and reviewed salaries paid for the entire 2017 fiscal year and the first five months of 2018. We compared the approved salary amounts to the payroll summary and payments from the payroll registers to cancelled checks.
- We selected six pay periods (four from 2017 and two from 2018) from the 37 pay periods within our scope period, representing 16 percent of pay periods during our audit period. The two pay periods in 2018 were judgmentally selected to include payrolls processed by a new Clerk who was hired in March 2018 to replace the prior one that retired. For the six pay periods we compared all the hourly paid employees approved pay rates to the rates on the payroll registers and recalculated gross pay based on the approved rates and number of hours worked and recorded on timesheets.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

# Appendix C: Resources and Services

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## **Regional Office Directory**

[www.osc.state.ny.us/localgov/regional\\_directory.pdf](http://www.osc.state.ny.us/localgov/regional_directory.pdf)

## **Cost-Saving Ideas** – Resources, advice and assistance on cost-saving ideas

[www.osc.state.ny.us/localgov/costsavings/index.htm](http://www.osc.state.ny.us/localgov/costsavings/index.htm)

## **Fiscal Stress Monitoring** – Resources for local government officials experiencing fiscal problems

[www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm](http://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm)

## **Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management

[www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm](http://www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm)

## **Planning and Budgeting Guides** – Resources for developing multiyear financial, capital, strategic and other plans

[www.osc.state.ny.us/localgov/planbudget/index.htm](http://www.osc.state.ny.us/localgov/planbudget/index.htm)

## **Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders

[www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf](http://www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf)

## **Required Reporting** – Information and resources for reports and forms that are filed with the Office of the State Comptroller

[www.osc.state.ny.us/localgov/finreporting/index.htm](http://www.osc.state.ny.us/localgov/finreporting/index.htm)

## **Research Reports/Publications** – Reports on major policy issues facing local governments and State policy-makers

[www.osc.state.ny.us/localgov/researchpubs/index.htm](http://www.osc.state.ny.us/localgov/researchpubs/index.htm)

## **Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

[www.osc.state.ny.us/localgov/academy/index.htm](http://www.osc.state.ny.us/localgov/academy/index.htm)



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