

Town of Canandaigua

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townofcanandaigua.org
Established 1789

CORRECTIVE ACTION PLAN

FUND BALANCE:

Item # 1:

Audit Recommendation:

The Town Board should amend and adopt policies and procedures to govern budget development and monitoring practices and explanations for the level of unrestricted funds to maintain.

Implementation Plan of Action(s):

The Town Board of the Town of Canandaigua adopted a fund balance policy on August 17, 2015, and again on January 9, 2017. From the policy, “finances will be managed so as to maintain balances of the various funds at levels sufficient to mitigate current and future risks, and protect the Town’s creditworthiness.” It is our understanding that your finding is due to your opinion that the policy should establish a maximum fund balance, in addition to the already established minimum fund balance for the general fund. It is also our understanding that your opinion is the policy should include other funds governed by the Town Board.

Implementation Date:

The Town Board adopted an amendment to the Town’s Fund Balance Policy on September 18, 2017 detailing minimum and maximum percentages for all funds.

Person Responsible for Implementation

Town Manager is responsible to make a recommendation to the Town Board for consideration. Once policy is adopted, the Town Manager is responsible for the policy implementation.

UPDATE (09/28/2017): Town Board Adopted Amended Fund Balance Policy September 18, 2017. A copy of the updated fund balance policy is available.

Item # 2:

Audit Recommendation:

The Town Board should adopt budgets with realistic estimates of revenues, expenditures and the amount of fund balance to be used to fund operations.

Implementation Plan of Action(s):

Each year the annual budget does include expenditures relating to fund balance and the use of funds to offset expenditures from unassigned fund balance. It is our understanding this finding was in part due to the fund balance level deemed excessive by the Comptroller's office. However, the Town Board already had a plan for the use of \$ 1,000,000.00 from unassigned fund balance to go towards the construction of a new highway facility.

The tentative 2018 budget includes estimated revenues and expenditures in keeping with actual data from recent expenditures or estimates. As you are aware, the largest revenue for the Town of Canandaigua is sales tax which can be hard to predict.

Implementation Date:

Estimated October 2017

Person Responsible for Implementation

Town Manager (Budget Officer) is responsible to make a recommendation to the Town Board for consideration. Once policy is adopted, the Town Manager is responsible for the policy implementation.

UPDATE (09/28/2017): Town Board is intending to hold public hearing on 2018 Town Budget on October 16, 2017. The Town Board and Finance Committee have reviewed revenue and expenditure projections in the proposed 2018 Town of Canandaigua budget, and believe them to be accurate based on prior history.

Item # 3

Audit Recommendation:

The Town Board should implement plans to address and properly utilize excess fund balance.

Implementation Plan of Action(s):

The use of fund balance is reflected in the Town of Canandaigua's 15 year capital plan, and will be further noted throughout the plan as recommended by the Comptroller's office. Improvements to the Capital Plan will more closely detail the use of fund balance and anticipated level of fund balance in keeping with the fund balance policy.

Implementation Date:

Estimated December 2017

Person Responsible for Implementation

Town Manager (Budget Officer) is responsible to make a recommendation to the Town Board for consideration. Once policy is adopted, the Town Manager is responsible for the policy implementation.

UPDATE (09/28/2017): The Town Board adopted an amended fund balance policy on September 18, 2017. Additionally, the Town Manager will be presenting a multi-year financial plan for the Town Board to consider in the coming months.

Item # 4

Audit Recommendation:

The Town Board should develop and adopt comprehensive multiyear financial and capital plans and plan for reserves. These plans should be monitored and updated on an ongoing basis.

Implementation Plan of Action(s):

Plan was adopted June 19, 2017 by Resolution # 2017-220. The plan will be updated to reflect 2018 budget, and future projected fund balance appropriations as previously noted.

Implementation Date:

Estimated December 2017

Person Responsible for Implementation

Town Manager (Budget Officer) is responsible to make a recommendation to the Town Board for consideration. Once policy is adopted, the Town Manager is responsible for the policy implementation.

UPDATE (09/28/2017): The Town Board routinely reviews the financial status of the Town including the monthly financial statements. The Town Board will consider a more comprehensive multi-year financial plan, as suggested by the NYS Comptroller, in the near future. Meanwhile, the Town Board adopted a comprehensive capital plan that details capital improvements for the next 15 years on June 19, 2017.

Item # 5

Audit Recommendation:

The Supervisor should prepare fund balance and monthly cash flow projections and provide them to the Board to assist in making informed financial decisions.

Implementation Plan of Action(s):

Update monthly financial summary report to more clearly define fund balance projections. Continue to have Town Board adopt Resolution that includes review of monthly financial statements.

Implementation Date:

The Town Board was presented with their first Monthly Fund Balance Report for review at their meeting on September 18, 2017. The report will be further refined to include comments from Town Board members.

Person Responsible for Implementation

Town Supervisor, working with Town Manager.

UPDATE (09/28/2017): The Town Board reviews monthly financial reports including the fund balance of Town reserves, and unassigned fund balance. The Town Board reviewed the fund balance of every fund during their meeting on September 18, 2017. The Town Manager will make fund balance projections as part of his monthly report to the Town Board.

WATER OPERATIONS

Item # 6

Audit Recommendation:

The Town Board should adopt a policy for water district accounting to ensure properties are properly charged and charges are equitably distributed.

Implementation Plan of Action(s):

The Town Board has recently authorized the use of new water accounting software system to address potential issues relating to accounting. The Town Manager working collaboratively with the Town Water Superintendent will propose a policy to the Town Board for consideration.

Implementation Date:

Estimated December 2017

Person Responsible for Implementation

Town Water Superintendent is responsible to make a recommendation to the Town Board for consideration. Once policy is adopted, the Town Water Superintendent is responsible for the policy implementation.

UPDATE (09/28/2017): The Town is in the process of implementing a new water software accounting system. The program should be operational for the 4th quarter water bills of 2017. The Water Superintendent will be proposing a policy for the Town Board to consider.

Item # 7

Audit Recommendation:

The Town Board should adopt a policy for water adjustments to ensure that there is a process in place to document the purpose for and approval of adjustments.

Implementation Plan of Action(s):

Town Water Superintendent to recommend a policy for Town Board consideration.

Implementation Date:

Estimated December 2017

Person Responsible for Implementation

Town Water Superintendent is responsible to make a recommendation to the Town Board for consideration. Once policy is adopted, the Town Water Superintendent is responsible for the policy implementation.

UPDATE (09/28/2017): The Town is in the process of implementing a new water software accounting system. The new system is anticipated to include a mechanism for the Water Superintendent to be able to authorize adjustments. The program should be operational for the 4th quarter water bills of 2017. The Water Superintendent will be proposing a policy for the Town Board to consider.

Item # 8

Audit Recommendation:

Town officials should establish appropriate accounting records and account for each water fund as a separate entity.

Implementation Plan of Action(s):

The Comptroller's Office has instructed us to eliminate the F (Water Fund) as a separate fund. During the 2018 budget preparation the budget preparation module has been set to eliminate the F Fund and combine it with an existing debt free special district (SW Fund). It is the goal to combine all debt free special districts into a single special district fund. All districts with existing debt service will have their own accounting fund as currently organized.

Implementation Date:

Estimated March 2018

Person Responsible for Implementation

Town Manager is responsible to make any needed recommendations to the Town Board for consideration. The Town Manager is then responsible for implementation as directed.

UPDATE (09/28/2017): The Water Superintendent, Town Manager, and Bookkeeper have identified every water district as a separate entity. The 2018 proposed budget includes the accounting of each district separately. Additionally, operations and maintenance charges are identified separately along with debt service (if any). Town Officials at numerous levels are working with legal counsel to propose consolidation of debt free districts for

simplification of accounting procedures. Additionally, the proposed 2018 budget includes the elimination of the F Fund as directed by the NYS Comptroller.

Item # 9

Audit Recommendation:

Town officials should ensure penalties are charged for all late payments, as appropriate.

Implementation Plan of Action(s):

This finding was in reference to a software problem through a previous accounting software. The Town of Canandaigua is in the process of converting to a new software system. The Town Board has already authorized the purchase and conversion to the new software system.

Implementation Date:

Estimated January 2018

Person Responsible for Implementation

Town Water Superintendent

UPDATE (09/28/2017): The Town is in the process of implementing a new water software accounting system. This was believed to be a software error with the old system. The new program should be operational for the 4th quarter water bills of 2017.

Item # 10

Audit Recommendation:

Town officials should perform and document reconciliations to ensure that all properties in each district/extension are paying the appropriate amounts.

Implementation Plan of Action(s):

During the 2018 budget preparation the Town Manager, Bookkeeper, Water Superintendent, and Assessor all evaluated water districts to ensure the correct evaluations, costs, and records were associated with the corresponding accounting lines. Additionally, the Town Manager, Bookkeeper, Water Superintendent, and Assessor will prepare a full analysis and reconciliation report for the review of the Town Board in accordance with the finding.

Implementation Date:

Estimated May 2018

Person Responsible for Implementation

Town Manager, Town Water Superintendent, and Bookkeeper are responsible to prepare an analysis for review by the Town Board.

UPDATE (09/28/2017): This is complete; the proposed 2018 budget includes the appropriate level of revenue collection for each district. Ongoing review and reconciliation opportunities will be reviewed to ensure the continued compliance.

Item # 11

Audit Recommendation:

Town officials should adopt procedures to monitor and identify the cause of water loss, including performing periodic reconciliations of water purchased to water sold.

Implementation Plan of Action(s):

The Town Water Superintendent to identify a procedure to monitor and identify water loss, and make quarterly reconciliation reports directly to the Town Board for water purchased comparing to water sold.

Implementation Date:

Estimated February 2018

Person Responsible for Implementation

Town Water Superintendent

UPDATE (09/28/2017): Water Superintendent to complete

Item # 12

Audit Recommendation:

Town officials should ensure that Board-adopted billing rates are updated in the software.

Implementation Plan of Action(s):

As previously noted, the Town Board of the Town of Canandaigua recently authorized the purchase of new water billing software. The Town Water Superintendent is responsible to ensure the Town Board adopted rates are being correctly charged in the new water billing software. The new system is anticipated to be live by November 2017.

Implementation Date:

Estimated November 2017

Person Responsible for Implementation

Town Water Superintendent

UPDATE (09/28/2017): The Town is in the process of implementing a new water software accounting system. This was believed to be a software error with the old system. The new program should be operational for the 4th quarter water bills of 2017.

INFORMATION TECHNOLOGY

Item # 13

Audit Recommendation:

The Town Board should adopt comprehensive IT-related policies for data backup, the sanitation and disposal of hardware and electronic media, online banking, user accounts, access rights, passwords, remote access, PPSI, mobile devices, connecting personally owned devices to the network, adjustments, audit trail, exception and change reports, hardware and software inventories, use of electronic signatures, and breach notification. The Town Board also should ensure adopted IT policies are enforced and monitored.

Implementation Plan of Action(s):

The Town Board made a decision in March 2017 to hire a Town Manager responsible for day to day operations, and charge that person with the implementation of Town Board policies. The Town Manager, working collaboratively with the Town Clerk – Records Management Officer, will prepare draft policies for the Town Board’s consideration relating to these matters. The Town Board in September 2017 adopted an IT use policy. The Town Manager and Town Clerk will review the IT use policy for compliance with the recommendation, and additionally make any recommendations directly to the Town Board. The Town Manager is also in the process of identifying opportunities working with surrounding municipalities relating to IT staffing and support to address items identified in the recommendation, and ongoing IT support needs.

Implementation Date:

Estimated May 2018

Person Responsible for Implementation

Town Manager and Town Clerk are responsible to make any needed recommendations to the Town Board for consideration. The Town Manager is then responsible for implementation as directed.

UPDATE (09/28/2017): The Town Board adopted an IT use policy on September 18, 2017.

Item # 14

Audit Recommendation:

The Town Board should ensure that officials and employees receive adequate Internet security awareness training and training on the Town’s IT policies.

Implementation Plan of Action(s):

The Town Manager’s office, through the Personnel Officer/ Finance Clerk II, will develop an internet security awareness training and hold regular annual training sessions with employees. The Personnel Officer already provides training and guidance relating to all Town policies. The

Personnel Officer, through direction of the Town Manager, will provide assistance as needed to employees relating to internet use and all other policies of the Town of Canandaigua.

Implementation Date:

Estimated December 2017

Person Responsible for Implementation

Town Manager and Personnel Officer / Finance Clerk II

UPDATE (09/28/2017): The Town Manager and the Personnel Officer are reviewing options for IT security and awareness training.

Item # 15

Audit Recommendation:

The Town Board should revise the agreement with the IT service provider to reflect current service provisions and provisions for confidentiality and protection of PPSI.

Implementation Plan of Action(s):

As the Chief Administrative Officer, the Town Manager is already exploring opportunities for efficiency improvements in all departments of the Town of Canandaigua. The Town Manager is exploring shared services opportunities relating to IT, which will result in changes to the way the current IT service provider is utilized. The Town Manager will be making recommendations to the Town Board for any approvals needed.

Implementation Date:

Estimated February 2018

Person Responsible for Implementation

Town Manager

UPDATE (09/28/2017): In process, IT has been identified as a potential shared service with other municipalities in Ontario County.

Item # 16

Audit Recommendation:

The Town Board should ensure that the Town has a sufficient written online banking agreement.

Implementation Plan of Action(s):

The Town Manager will review the current online banking controls with the Town's bank of record. The Town Manager will make a recommendation to the Town Board in keeping with this recommendation.

Implementation Date:
Estimated March 2018

Person Responsible for Implementation

Town Manager is responsible to make any needed recommendations to the Town Board for consideration. The Town Manager is then responsible for implementation as directed.

UPDATE (09/28/2017): The Town Manager and the Bookkeeper met with the Town's financial institution on September 28, 2017 to verify this was complete. An online banking agreement was executed by the former Town Supervisor on May 2, 2012. A copy of the agreement is available.

Item # 17

Audit Recommendation:

The Town Board should ensure notifications and other security measures available from the Town's bank are utilized, including e-mail notifications that advise Town officials every time an online transaction occurs.

Implementation Plan of Action(s):

The Town Manager has reorganized the Office of the Town Manager and Finance Office utilizing existing human resources to create a greater separation of duties among officials of the Town. An accounting finance responsibility chart now clearly defines roles and responsibilities for each individual. The reorganization allows for responsibilities to be separated among four individuals and the Town's independent accounting firm, allowing for both separation of duties and back up succession planning. Additionally, the Town Manager is in the process of reviewing security measure email notification options with the Town's bank. The Town's Bookkeeper is responsible for budget and wire transfers, and the Town Manager will be notified of all online transactions as available from the financial institution.

Implementation Date:
Estimated October 2017

Person Responsible for Implementation
Town Manager

UPDATE (09/28/2017): The Town Manager and the Bookkeeper met with the Town's financial institution on September 28, 2017 to verify this was complete. Notifications will be sent to the Town Manager when the Bookkeeper makes these transactions.

Item # 18

Audit Recommendation:

The Town Board should adopt a comprehensive disaster recovery plan and ensure the plan is distributed to all essential personnel.

Implementation Plan of Action(s):

As the Chief Administrative Officer, the Town Manager is charged with making recommendations to the Town Board relating to all functions and activities including long term and disaster recovery planning. The Personnel Officer, working with the Town Manager, will take the lead on proposing a disaster recovery plan to the Town Board for adoption, and identification of steps to be taken in response to a disaster by essential personnel.

Implementation Date:

Estimated June 2018

Person Responsible for Implementation

Personnel Officer and the Town Manager are responsible to make any needed recommendations to the Town Board for consideration. The Town Manager is then responsible for implementation as directed.

UPDATE (09/28/2017): In process - The Town Manager and the Personnel Officer are working on a proposed disaster recovery plan.

Item # 19

Audit Recommendation:

Town officials should periodically generate and review audit trails, exception reports and change reports.

Implementation Plan of Action(s):

As previously noted, reorganization of the Town Manager and Finance Office will result in additional review and separation of responsibilities. Audit trails, exception reports, and change reports associated with financial information are part of the changes.

Implementation Date:

Estimated October 2017

Person Responsible for Implementation

Town Manager

UPDATE (09/28/2017): In process - The Town Manager has reorganized the Town Manager's Office to create greater separation of responsibilities among existing employees. These changes have enabled further review, without adding staff, to monitor reports. Periodic updates will be presented to the Town Board for review.

Item # 20

Audit Recommendation:

Town officials should designate a computer to be used only for online banking transactions.

Implementation Plan of Action(s):

The Town Manager will review this recommendation with IT experts, along with representatives from the Town of Canandaigua's bank to see if this item is needed.

Implementation Date:

Estimate January 2018

Person Responsible for Implementation

Town Manager

UPDATE (09/28/2017): In process - The Town Manager is exploring internal and external options for this item.

Item # 21

Audit Recommendation:

Town officials should monitor computer usage to ensure compliance with the Town's acceptable use policy.

Implementation Plan of Action(s):

The Town Manager is exploring IT related opportunities for efficiency improvement. The Town Manager as the Chief Administrative Officer will implement procedures to ensure compliance.

Implementation Date:

Estimated February 2018

Person Responsible for Implementation:

Town Manager

UPDATE (09/28/2017): In process - The Town Manager and the Personnel Officer are working on this item.
