



Town of Pound Ridge

Procurement and Claims Auditing

2024M-150 | August 2025

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Report Highlights

Town of Pound Ridge

Audit Objective

Determine whether the Town of Pound Ridge (Town) Board (Board) procured goods and services in accordance with Board policy and applicable statutory requirements and properly audited claims prior to payment.

Key Findings

Town officials did not procure all goods and services in accordance with Board policy and applicable statutory requirements. As a result, officials cannot support that all goods and services were procured in the most cost-effective manner, which may have resulted in higher operational costs that would be passed onto taxpayers. The Board also did not always properly audit claims before approving them for payment. When a thorough and effective claims audit is not conducted, the Board diminishes its ability to effectively monitor Town financial operations and there is an increased risk that claims could have been paid for inappropriate purposes. For example:

- Town officials did not seek competition or maintain supporting documentation for 28 purchases totaling approximately \$745,372.
- 48 claims totaling approximately \$299,716 were not properly audited by the Board before payment, including 23 credit card claims (685 purchases) totaling \$179,716.
- 226 credit card purchases totaling \$54,359 did not have supporting documentation such as receipts or itemized invoices.

Key Recommendations

Ensure compliance with New York State General Municipal Law (GML) and Town procurement policy requirements and conduct a thorough audit of all claims prior to approval for payment.

Town officials generally agreed with our findings and indicated that they plan to initiate corrective action.

Audit Period

January 1, 2022 – November 27, 2023

Background

The Town is located in Westchester County and is governed by an elected five-member Board composed of the Town Supervisor (Supervisor) and four Board members.

The Supervisor serves as the chief fiscal officer and is responsible for the day-to-day operations.

The Board is responsible for the overall management and oversight of Town financial operations including auditing and approving claims for payment. Claims are approved for payment by vote at each Board meeting. The Director of Finance (Director) is responsible for processing claims and presenting them to the Board for approval.

Quick Facts

Purchases Made in Audit Period	
Total Purchases Not Subject to Competitive Bidding	\$147,479
Total Credit Card Purchases	\$179,716
Purchases Subject to Competitive Bidding	\$2.6 million

Procurement and Claims Auditing

How Should Town Officials Procure Goods and Services?

GML Section 103 requires competitive bidding for purchase contracts exceeding \$20,000 with certain exceptions. In lieu of seeking competition, towns are also authorized to make purchases using other publicly awarded government contracts, such as those of a county or the New York State Office of General Services (State contract). In addition, the Town procurement policy states that when purchasing from a State contract, the purchaser must obtain two written requests for quotes (RFQ) from at least two other vendors to confirm that the State contract amount is the lowest price available.

GML Section 104-b also requires that goods and services not required by law to be procured pursuant to competitive bidding must be procured in a manner to assure the prudent and economical use of public money. A board shall by resolution adopt internal policies and procedures governing all procurements of goods and services, including professional services which are not required to be made pursuant to the competitive bidding requirements. For example, a good business practice would be to use some type of competitive method, such as a request for proposals (RFP) or quotations process, to obtain these services with the most favorable terms and conditions.

The Town procurement policy further requires all estimated purchases of supplies or equipment less than \$20,000 to be subjected to the following requirements (Figure 1):

Figure 1: Town Procurement Policy Requirements

Contract Type	Dollar Range	Policy Requirements
Purchase Contracts	Between \$100 - \$999	Two published price quotes
	Between \$1,000 - \$4,999	An oral RFP and two RFQs
	Between \$5,000 - \$19,999	Three written RFPs or RFQs

The Board Did Not Ensure Compliance with the Town’s Procurement Policy and Competitive Bidding Requirements

We reviewed 40 purchases totaling approximately \$2.5 million to determine whether the Board ensured Town officials obtained quotes or solicited competitive bids, as required. We determined that Town officials either did not properly seek competition or maintain supporting documentation to show they sought competition for 28 purchases totaling \$745,372.

Quotes or RFP – We reviewed 30 purchases under the bidding threshold, totaling \$147,479, to determine whether the Board ensured compliance with Town procurement policy requirements and determined that 25 purchases totaling \$120,000 were not in compliance. We found no evidence of the following:

- The required written RFP or RFQ from at least three vendors were obtained for 8 purchases between \$5,000 and \$19,999 totaling \$91,665.

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- The required oral RFP or RFQ from at least two vendors were obtained for eight purchases between \$1,000 and \$4,999 totaling \$21,998.
 - The two required published price quotes were obtained for nine purchases between \$100 and \$999 totaling \$6,337.

These purchases were made without evidence of required quotes or RFP/RFQ because department heads and the Director did not ensure compliance with the Town's procurement policy. The Director told us that the purchaser, who is normally the department head, submits the oral and/or written quotes and RFPs at Board meetings. However, while reviewing the purchase documentation, there was no evidence of quotes and/or RFPs attached. The Director was unable to provide an explanation why purchase documentation was not maintained.

Competitive Bidding – We reviewed 10 purchases totaling \$2.3 million that were required to be competitively bid. Although the Town competitively bid or used NYS contract pricing on all 10 purchases, when using NYS contract pricing, the Town's procurement policy requires that the purchaser obtain two other price quotes to ensure NYS contract pricing is the best price. Three purchases totaling \$625,372 made on NYS contract pricing did not have any documentation supporting that other price quotes were sought. These purchases were for:

- 14,567 square yards of paving material (bituminous material) and 772 gallons of crack seal totaling \$367,958.
- 2,683 tons of road salt totaling \$202,729.
- One Asphalt Roller costing \$54,685.

These purchases were made without the required quotes because neither the department heads, nor the Director ensured compliance with the Town's procurement policy and GML.

The Director told us:

- The department heads check for competitive quotes when using NYS contract pricing.
- There are limited vendors that provide salt locally to Public Works Departments and the Town guarantees a set annual volume to the vendor for salt purchases to obtain bulk pricing.
- Larger paving projects are limited to specialized vendors, and said it is beneficial to use the state procurement vetting process for quality paving work.
- The vendor for the Asphalt Roller was on a bidding consortium which he said uses piggybacking and other state contracts to obtain the best pricing.

However, the Director could not provide documentation to support his claims.

We also reviewed the Town's procurement of professional services and minor discrepancies were verbally communicated to Town officials.

When Town officials do not use a competitive process to procure goods and services, there is an increased risk that goods and services may not be procured in the most cost-effective manner to ensure the most prudent and economical use of public money. By not seeking competition, the Board

has less assurance that the Town obtained the most favorable terms and conditions in the best interest of its taxpayers.

How Should Town Officials Properly Audit Claims?

A proper claims audit ensures every claim, including claims for credit card purchases, is subjected to an independent, thorough and deliberate review to determine that each claim is properly supported by itemized invoices or receipts which are mathematically correct, are approved by the proper department head and that the goods and services were received and for a legitimate town purpose. Once a board has determined that the claim satisfies these conditions, it then can approve the claim for payment.

An effective claims audit process ensures that every claim against a town is subjected to an independent, thorough and deliberate review; each claim contains enough supporting documentation to determine whether it complies with statutory requirements and town policies (e.g., procurement policy and any corresponding procedures); is supported by sufficient appropriations; and that the amounts claimed are for legitimate and necessary Town expenditures. Officials should adhere to Town Law Section 118 that requires the board to audit all claims before payment, unless an exception applies, such as the Board authorization of the payment of public utilities (electric, gas, water, sewer, telephone services and fuel oil) prior to audit.

In addition, Town procurement policy requires all claims between \$1,000 and \$19,999 receive advance Board approval and must have attached to the claim a formal purchase order with all appropriate supporting documentation.

The Board Did Not Properly Audit Claims Prior to Payment

We determined that, while all claims reviewed were for legitimate Town purposes, were mathematically correct and there was documentation the goods were received, claims submitted to the Board were not properly audited or supported with adequate documentation. Claims that did not contain sufficient documentation to allow for a proper audit were approved for payment by the Board. We reviewed 30 claims, totaling \$147,479, subject to the Town's procurement policy to determine whether they were properly audited, supported and for a legitimate Town purpose. Twenty of the 30 claims were subject to advance Board approval. We identified the following:

- 25 of the 30 (83 percent) claims totaling \$120,000 had no evidence in the form of quotes and/or RFPs that they were procured as required by the Town's procurement policy. Paying claims without evidence of competition increases the likelihood the Town will pay more than necessary for purchases.
- 20 of the 30 (67 percent) claims, totaling \$140,266, did not have purchase orders. Without purchase orders the Director cannot track expenses, control costs and ensure purchases align with the requirements of the procurement policy.
- 16 of 20 (80 percent) claims subject to advance Board approval, totaling \$113,663, did not have evidence of advance Board approval. When claims are approved without prior Board approval as

required by policy, it reduces the Board's ability to ensure the purchase complies with policy before being approved for payment and is for a necessary and legitimate Town purpose.

- 10 of 20 (50 percent) claims subject to advance Board approval, totaling \$80,427, did not have sufficient appropriations available to pay the claims. When claims are approved without sufficient appropriations, it diminishes the Board's ability to adequately monitor fiscal operations and could lead to subsequent budgetary shortfalls.
- Five of 30 (17 percent) claims, totaling \$26,233, were not sufficiently itemized. When claims are approved that are not sufficiently itemized, it increases the likelihood of approving purchases that are not for appropriate Town purposes.
- One of 20 (5 percent) claims subject to advance Board approval, totaling \$17,500, was paid prior to audit. The Director told us that this purchase consisted of supplies for their Independence Day celebration. However, when claims are paid prior to Board approvals, there is an increased risk that unauthorized purchases could occur.

These exceptions occurred because the Board, department heads and personnel in the finance office did not ensure compliance with the Town's procurement policy when reviewing and approving purchase orders or claims. Despite the procurement policy requiring that formal purchase orders must be attached to the claim form with appropriate supporting documentation, the Director stated that oral and written RFQs or RFPs are presented to the Board at the Board meetings prior to review and approval by the Board. However, the Director was unable to provide us with any of the quote or RFP documentation he said was presented to the Board. Without reviewing sufficient documentation, the Board cannot properly audit claims.

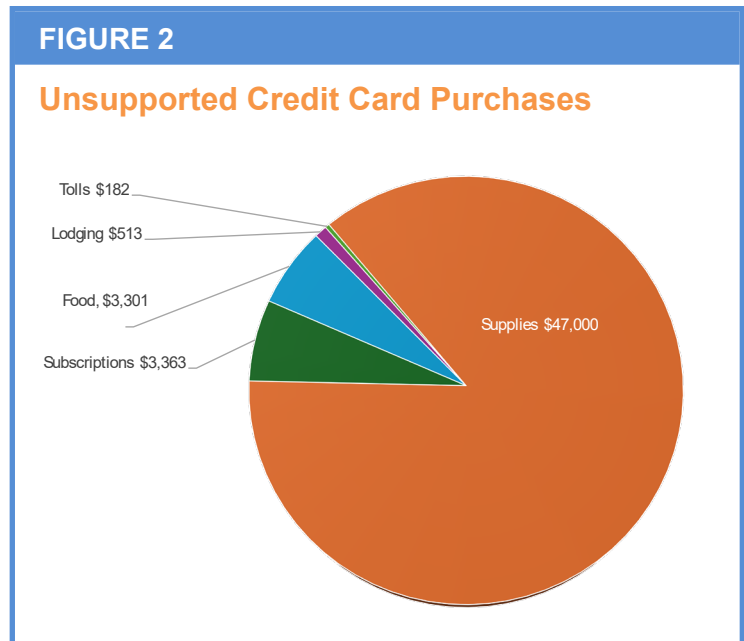
When the Board does not ensure that all claims are adequately supported and a thorough and effective audit of claims is not conducted prior to approving claims, the Board's ability to effectively monitor Town financial operations is diminished, and errors and irregularities could occur and remain undetected and uncorrected. Furthermore, when Town officials do not ensure that the Town's procurement policy is followed before purchases are made, significant cost savings may be missed, and those increased costs are passed on to taxpayers.

Credit Card Claims Were Not Audited or Adequately Supported

The Town has 11 credit cards, one for each department head's use. We reviewed all 23 credit card statements issued to the Town during the audit period totaling \$179,716 to determine whether the purchases were properly supported and audited prior to payment. We identified the following:

- None of the 23 (100 percent) credit card statements were audited before payment. These 23 statements had 685 purchases totaling \$179,716.
- 20 of 23 statements (579 transactions totaling \$147,844) were never audited. The remaining three credit card statements (106 transactions totaling \$31,872) were audited after payment.

- 22 of 23 (96 percent) credit card statements containing 226 transactions totaling \$54,359 did not have supporting documentation attached, such as detailed invoices or receipts. These purchases included supplies¹ totaling approximately \$47,000, subscriptions totaling \$3,363, food totaling \$3,301, hotels totaling \$513 and tolls totaling \$182 (Figure 2).
- The Town paid \$156 in late fees, \$209 in credit card interest and \$182 in sales tax.



These exceptions occurred because the Board did not adopt a credit card policy and procedures to ensure credit card claims were for legitimate Town purposes, adequately supported and audited before payment. In addition, the Board improperly adopted a resolution authorizing the Supervisor to pay credit card statements in advance of audit to avoid late and penalty fees. However, the resolution to pay credit card payments in advance of audit is not an allowable exception to Town Law Section 118, unless the payments made are for public utilities. The Director and a member of the Board told us that this was done because Board meetings are held the first Monday and second Tuesday of each month, and credit card payments are usually due before the meetings.

We reviewed the 23 credit card statement due dates and the dates when the finance department paid the credit card statements, and compared them to the dates of the Board meeting minutes listed on the Town website. Twenty-one of the 23 credit card statements and the corresponding supporting documentation could have been presented to the Board at the respective month's Board meeting, which would have allowed for audit prior to payment and no late and penalty fees being incurred. We determined eight of the 23 credit card statements totaling \$59,348 were paid after their due dates. This resulted in \$156 in late fees and \$209 of interest being incurred and paid.

We asked the Director to provide supporting documentation for the 226 unsupported purchases (transactions) totaling \$54,359. He said that the \$3,363 of subscriptions are purchased annually and there are no monthly invoices, but while reviewing the credit card statements, we identified monthly subscription invoices attached to the credit card statements. While the Director was able to support a purchase for Town function party rentals, he could not provide an explanation for most of the

¹ Examples of supplies purchased included mobile think pads, playground toys and equipment, fitness equipment, pool repair supplies, signs and banners.

unsupported purchases of supplies, nor could he provide an explanation for the purchases of \$3,301 in food, \$513 for hotels and \$182 for tolls.

The Board's failure to adopt a credit card policy and procedures, as well as the general lack of an audit of the corresponding credit card claims before payment, resulted in charges paid that were not adequately supported. Because these charges were not adequately supported, the Board has no assurance that they were actual and necessary Town expenses.

What Do We Recommend?

The Board should:

1. Perform a thorough and deliberate audit of all claims, including credit card claims, ensuring they comply with the Town's procurement policy and GML, and are supported by adequate documentation and sufficient appropriations, prior to payment and Board audit approval.
2. Develop and adopt a written credit card policy and procedures to ensure credit card claims are for legitimate Town purposes, adequately supported, and audited before payment.
3. Ensure that the Town does not incur credit card late fees and interest charges.
4. Ensure that the Town does not pay sales tax.
5. Modify the prepayment resolution so that it only includes prepayments allowed by law.

The Director and department heads should:

6. Ensure all necessary quotes and proposals required by Town procurement policy are obtained and all relevant documentation is retained and attached to claims.

Appendix A: Response From Town Officials

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Supervisor

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Chief of Staff



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Town Council
Alison Boak
Diane Briggs, *Deputy Supervisor*
Daniel S. Paschkes
Namasha Schelling

July 15, 2025

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor
Albany, NY 12236

Dear Comptroller DiNapoli and Audit Team,

Thank you for the opportunity to respond to your draft audit report titled "*Town of Pound Ridge – Procurement and Claims Auditing (2024M-150)*." We appreciate the professionalism and courtesy your audit staff demonstrated during their review of our Town's financial operations.

We are pleased that the audit found no misuse, misappropriation, or fraudulent use of Town funds, which we believe is a direct reflection of the exceptional professionalism and dedication of our Town of Pound Ridge employees. At the same time, we fully acknowledge the areas identified for improvement regarding procurement procedures, claims auditing, and credit card administration, and we are committed to addressing them promptly.

See Note 1 Page 10

We take the audit's findings seriously and have already taken or initiated the following actions to strengthen our internal controls and financial oversight:

- **Procurement Compliance:**
Based on feedback during the audit period, the Board adopted a revised procurement policy in January 2024 to strengthen our procurements, and we are continuing to revise internal procedures to ensure that all required quotes, RFPs, and supporting documentation are consistently obtained and retained with purchase records. Department heads and the Director of Finance have been reminded of these obligations under both the Town's procurement policy and GML.

Town House

179 Westchester Avenue

Pound Ridge, NY 10576

- **Claims Auditing:**

The Board has reinforced its process for thoroughly reviewing all claims prior to payment, ensuring that claims contain complete supporting documentation, purchase orders where required, and evidence of proper authorization.

- **Credit Card Use:**

Based on feedback during the audit, the Board adopted a new credit card policy in January 2024 that clearly defines permissible uses, documentation requirements, and approval protocols. Additionally, we have adjusted our scheduling to better align Board meetings with billing cycles to eliminate late fees and interest charges.

- **Prepayment Resolution:**

Based on feedback during the audit, the Board modified our prepayment resolution in January 2024 to comply strictly with Town Law Section 118, limiting prepayments to allowable exceptions such as utilities.

We are committed to addressing each of the audit's recommendations in more detail through a formal Corrective Action Plan (CAP), which we will submit within the required 90-day period. Furthermore, we will make this CAP available for public review in the Town Clerk's office, reflecting our dedication to transparency and sound fiscal management.

Once again, we thank your office for its thorough review and constructive recommendations. We look forward to continuing to enhance the Town of Pound Ridge's financial practices for the benefit of our residents.

Sincerely,

Kevin C. Hansan
Supervisor, Town of Pound Ridge

Appendix B: OSC's Comment on the Town's Response

Note 1

The audit objective focused on procurement and claims auditing. The audit team assessed the risk of fraud occurring that is significant within the context of this audit objective, as required by generally accepted government auditing standards. Therefore, these audit results cannot be used to conclude there is no fraud, theft or professional misconduct in the Town's operations.

Appendix C: Audit Methodology and Standards

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. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We reviewed the Town procurement policy, Board meeting minutes, interviewed Town officials and Board members and reviewed applicable laws to gain an understanding of the claims auditing process and determine whether claims were audited properly.
- We interviewed the Director to determine whether the Town uses credit cards and to gain an understanding of the credit card approval process. We selected all credit card statements totaling \$179,716. We then reviewed the bank statements for the amount paid, date of payment, reviewed all vouchers and attached receipts to determine whether claims were audited prior to payment, receipts were attached for all charges and all charges were for Town purposes.
- We reviewed the cash disbursements journal and used our professional judgment to select and review 30 claims for purchases totaling \$147,479 that were subject to the Town's procurement policy requirements. We reviewed the claim packages for any logs of verbal quotes, written quotes, advance Board approvals, use of formal purchase orders, and RFPs to determine whether goods and services were purchased as per the procurement policy requirements.
- We reviewed the cash disbursements journal to determine the population of purchases subject to GML bid requirements over \$20,000 and public works over \$35,000. From a population of \$3 million in purchases subject to GML competitive bidding, we used our professional judgement to choose 10 purchases totaling \$2.3 million to determine whether they were competitively bid, properly advertised, a State contract was used, and quotes were sought to ensure State contract pricing was the lowest.
- We reviewed cash disbursements to determine the professional services population. We identified 14 professional services providers that were paid \$730,132. We used our professional judgement to select five of the providers totaling \$303,805 in purchases. We then reviewed Board meeting minutes, vouchers and invoices to determine whether RFPs were issued in the selection method for professional service providers.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make the CAP available for public review in the Town Clerk's office.

Appendix D: Resources and Services

Regional Office Directory

www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/fiscal-monitoring

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/resources/planning-resources

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

www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf

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

www.osc.ny.gov/local-government/required-reporting

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

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

www.osc.ny.gov/local-government/academy

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