

TOWN OF ISLIP

SINGLE AUDIT REPORTS

Year Ended December 31, 2010

TABLE OF CONTENTS

	<u>Page</u>
Schedule of Expenditures of Federal Awards	1-2
Notes to Schedule of Expenditures of Federal Awards	3
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4-5
Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	6-7
Schedule of Findings and Questioned Costs	8-12
Schedule of Prior Year Audit Findings	13

TOWN OF ISLIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2010

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
<u>Pass-through programs from:</u>			
New York State Department of Health: Child and Adult Care Food Program	10.558	4708	\$ 4,199
U. S. Department of Housing and Urban Development (Note B)			
<u>Direct programs:</u>			
Community Development Block Grants/ Entitlement Grants	14.218		3,716,358
ARRA – Community Development Block Grants/ Entitlement Grants	14.253		549,348
Total CDBG - Entitlement Grants Cluster			<u>4,265,706</u>
Emergency Shelter Grants Program	14.231		97,168
HOME Investment Partnerships Program	14.239		672,947
Housing Opportunities for Persons with AIDS	14.241		2,224,519
ARRA – Homelessness Prevention and Rapid Re-Housing Program	14.257		317,203
U.S. Department of Interior			
<u>Direct programs:</u>			
Payments in Lieu of Taxes	15.226		14,417
<u>Pass-through program from:</u>			
New York State Environmental Facilities Corporation: Clean Vessel Act	15.616	14-6013200	5,000
U.S. Department of Transportation			
<u>Direct program:</u>			
Federal Aviation Administration: Airport Improvement Program: Projects:	20.106		
Rehabilitate Runway 6-24 Lighting			64,683
Aviation Demand Update			31,619
Acquire Snow Broom (Replacement)			450,300
Conduct Wildlife Hazard Assessment Study			38,409
Acquire Deicing Vehicle			282,933
Underground Glycol Treatment Plant			289,441
Project Taxiway D, B, E and A Design			534,728
Bayport Aerodrome – Upgrade Perimeter Fence			<u>21,123</u>
Total Airport Improvement Program			1,713,236

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF ISLIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2010

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Energy			
<u>Direct programs:</u>			
Renewable Energy Research and Development	81.087		57,749
ARRA – Energy Efficiency and Conservation Block Grant Program	81.128		502,866
U.S. Department of Health and Human Services			
<u>Pass-through programs from:</u>			
Suffolk County Office for the Aging: Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	93.044	001-6772-4980- 95285-2808	16,202
Special Programs for the Aging – Title III, Part C – Nutrition Services	93.045	001-6790/6797/6774- 4980-95284-1831	84,375
Nutrition Service Incentive Program	93.053	001-6790-3330	<u>35,959</u>
Total Aging Cluster			136,536
U.S. Department of Homeland Security			
<u>Pass-through programs from:</u>			
New York State Emergency Management Office Program:			
Disaster Grants – Public Assistance (Presidentially Declared Disasters):			
Disaster:			
Project:	97.036	FEMA: 1692 DR NY	
Benjamin Beach			284,013
Project:	97.036	FEMA: 1899 DR NY	
Burma Road			53,965
Beach Road (Concession Building)			6,063
Debris on Right of Ways			<u>475,558</u>
Total Disaster			819,599
Total expenditures of federal awards			<u>\$ 10,831,145</u>

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF ISLIP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2010

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Islip and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B. Lead Agency

The Town provided federal awards to the lead agency as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 3,716,358
ARRA - Community Development Block Grants/Entitlement Grants	14.253	549,348
Emergency Shelter Grants Program	14.231	97,168
ARRA – Homelessness Prevention and Rapid Re-Housing Program	14.257	317,203
HOME Investment Partnerships Program	14.239	672,947
Housing Opportunities for Persons with AIDS	14.241	<u>2,224,519</u>
Total		<u>\$ 7,577,543</u>

The Town is the direct recipient of the federal awards listed above from the U.S. Department of Housing and Urban Development. The Town acts as pass-through agent for these federal awards passing them through to the Town of Islip Community Development Agency. The Agency is a separate legal entity and a component unit of the Town.



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Supervisor and Town Board
Town of Islip
Islip, New York

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Islip, New York, as of and for the year ended December 31, 2010, which collectively comprise the Town of Islip, New York's basic financial statements and have issued our report thereon dated September 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

We did not audit the financial statements of the Town of Islip Foreign Trade Zone Authority, and the Islip Resource Recovery Agency, whose statements collectively reflect 97.74%, 92.69% and 99.98%, respectively, of the assets, net assets and revenues of the business-type activities. We did not audit the financial statements of the Town of Islip Community Development Agency and Islip's Housing Development Fund Company, Inc., whose statements collectively reflect 100% of the assets, net assets, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities, and the discretely presented component units, is based solely on the report of the other auditors. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Islip, New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Islip, New York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Islip, New York's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

PERSONAL SERVICE. TRUSTED ADVICE. 

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Internal Control Over Financial Reporting (continued)

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town of Islip, New York's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2010-01 through 2010-03 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2010-04 through 2010-06 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Islip, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town of Islip, New York's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Islip, New York's responses and, accordingly, we express no opinion on it.

We noted certain other matters that we reported to management of the Town of Islip, New York in a separate letter dated September 29, 2011.

This report is intended solely for the information and use of management, the Town Board, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Albrecht, Vignone, Zwick + Co., P.C.

Hauppauge, New York
September 29, 2011



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Supervisor and Town Board
Town of Islip
Islip, New York

Compliance

We have audited the Town of Islip, New York's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Islip, New York's major federal programs for the year ended December 31, 2010. The Town of Islip, New York's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Islip, New York's management. Our responsibility is to express an opinion on the Town of Islip, New York's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Islip, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of Islip, New York's compliance with those requirements.

In our opinion, the Town of Islip, New York, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Controls Over Compliance

Management of the Town of Islip, New York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Islip, New York's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Islip, New York's internal control over compliance.

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Internal Control Over Compliance (continued)

A *deficiency internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Islip, New York, as of and for the year ended December 31, 2010, and have issued our report thereon dated September 29, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Islip, New York's basic financial statements. We did not audit the financial statements of the Town of Islip Foreign Trade Zone Authority, and the Islip Resource Recovery Agency, whose statements collectively reflect 97.74%, 92.69% and 99.98%, respectively, of the assets, net assets and revenues of the business-type activities. We did not audit the financial statements of the Town of Islip Community Development Agency and Islip's Housing Development Fund Company, Inc., whose statements collectively reflect 100% of the assets, net assets, and revenues of the discretely presented component units as described in our report on the Town of Islip, New York's basic financial statements. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities, and the discretely presented component units, is based solely on the report of the other auditors. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Town Board, management, others within the entity, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Albrecht, Veggiaro, Zimet & Co., P.C.

Hauppauge, New York
September 29, 2011

TOWN OF ISLIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements of the Town of Islip, New York.
2. There are six control deficiencies disclosed during the audit of the basic financial statements reported in the "INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS." Three of these conditions are reported as material weaknesses.
3. No instances of noncompliance material to the basic financial statements of the Town of Islip, New York, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No control deficiencies relating to the audit of the major federal award programs reported in the "INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133."
5. The independent auditors' report on compliance for the major federal awards programs for the Town of Islip, New York expresses an unqualified opinion on all major federal programs.
6. There was no audit findings that were required to be reported in accordance with Section 510(a) of OMB Circular A-133 reported in this Schedule.
7. The programs tested as major programs included:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218, 14.253	ARRA – Community Development Block Grants/Entitlement Grants Cluster
14.241	Housing Opportunities for Persons with AIDS Program
14.257	ARRA – Homelessness Prevention and Rapid Re-Housing Program
81.128	ARRA – Energy Efficiency and Conservation Block Grant Program
8. The threshold used for distinguishing Types A and B programs was \$324,934.
9. The Town of Islip, New York was not determined to be a low-risk auditee.

TOWN OF ISLIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

FINDINGS – FINANCIAL STATEMENTS AUDIT

2010-01 CAPITAL PROJECTS - MATERIAL WEAKNESS

Criteria

Complete and accurate accounting records for capital projects are necessary for proper financial reporting and monitoring. Financial records for each capital project should contain sufficient information to document the project's complete financial history and establish accountability for resources provided for a particular purpose. Maintenance of individual capital project records assists officials in monitoring the status of each project and provides the Board with the information necessary to ensure that expenditures are within the amounts authorized and funding sources are used in accordance with the approved plan of financing.

Condition

The Town's capital projects fund at December 31, 2010 reflects deficits in several capital projects dating back to the 1990's. In addition, the Town is not maintaining schedules for grant revenues and expenditures in order to determine amounts owed to the capital projects fund from various grant agencies, including any applicable matching share from the Town. This condition was first communicated in the 2008 audit.

Recommendation

The Town needs to eliminate the deficits in their capital projects. In addition, grant related expenditures accounted for in the capital projects fund should be compared to revenues collected and grant agreements to verify that all revenues are properly recorded on the books of the Town and amounts are collected in a timely manner. Reconciliations should be performed using information obtained by the grantor agency for payments made to the Town during the year and subsequent to year end to ensure completeness of the books and records.

Management Response

The Comptroller's office has been working with the various commissioners and department heads to obtain all grant information. This information will enable the Town to properly allocate the revenues between granting agencies and also to determine what amounts are still owed to the Town. Once obtained, this information will allow the Town to better record and track the capital projects. Additionally, the Comptroller's office is looking into the various capital project deficits. Once all items are identified, the funding of these projects will be completed in such a manner so that all deficits will be eliminated.

2010-02 REVENUES AND RECEIVABLES - MATERIAL WEAKNESS

Criteria

The Town's accounts receivable and revenues balance at December 31, 2010 should include all amounts determined to be measurable and available at December 31, 2010.

Condition

During our audit, we noted several instances where certain revenues and receivables were not properly recorded in the books and records of the Town at December 31, 2010. Audit adjustments were proposed to correct revenues and receivables in the general fund, the town outside village fund, the airport fund, and the capital projects fund. This condition was first communicated in the 2008 audit.

Recommendation

We recommend that the Town review receipts collected after year end and accrue amounts as necessary to ensure proper classification of receivables and revenues.

TOWN OF ISLIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2010-02 REVENUES AND RECEIVABLES - MATERIAL WEAKNESS (continued)

Management Response

In 2009, the Town installed a new accounting system, which makes the posting and recording of activity easier. The new system affords the opportunity for the Town to record activity to the proper period. The Town will continue to refine its procedures in order to correct this issue.

2010-03 ESTIMATED LIABILITIES FOR INCURRED BUT NOT REPORTED CLAIMS - MATERIAL WEAKNESS

Criteria

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 30, *Risk Financing Omnibus - an amendment of GASB Statement No. 10*, governmental entities must evaluate their exposure to liabilities related to unpaid claim costs, including claims that have been reported and claims that have been incurred but not reported. The liability for unpaid claims should be based on the following factors:

- Total ultimate costs of settling a claim, including provisions for inflation and other societal and economic factors,
- Past experience of settling claims, and
- Factors needed to make past experience trends consistent with current conditions.

Condition

Currently, the Town does not include, in its estimate of judgment and claims for general liability and workers' compensation liability, an estimate of the incurred but not reported claims. This condition was first communicated in the 2008 audit.

Recommendation

We recommend that the Town utilize the services of an actuary to calculate the estimate of incurred but not reported claims for the general liability and workers' compensation liability.

Management Response

The Town has determined that the need for an actuary to calculate the estimate of incurred but not reported claims would not be financially beneficial to the Town. Currently, the Town utilizes third party administrators to manage its self insurance fund, and relies on their expertise in the industry to ensure that the proper amount of estimates for both judgments and claims as well as workers' compensation liability are reported in the financial statements.

2010-04 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Criteria

The Town's accounts payable and accrued liabilities balance at December 31, 2010 should reflect all amounts payable to vendors for goods and services billed and amounts accrued for services provided through year end.

Condition

During our audit, we noted several invoices that were not recorded at December 31, 2010 by the Town. Audit adjustments were proposed to correct accounts payable and accrued liabilities in the general fund, the capital projects fund and the water district fund. This condition was first communicated in the 2008 audit.

TOWN OF ISLIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

FINDINGS – FINANCIAL STATEMENTS AUDIT

2010-04 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)

Recommendation

We recommend that the Town review all cash disbursements made subsequent to year-end through April 30th. This review should concentrate on the identification of payments made for goods and services pertaining to the year-end under audit (e.g. December 31, 2010). In addition, a second level review should take place to ensure the accuracy of this process. This review could focus only on payments exceeding certain materiality thresholds, established by the Town.

Management Response

In 2009, the Town installed a new accounting system, which makes the posting and recording of activity easier. The Comptroller's office will be more diligent in subsequent years to ensure that all activities are recorded in the proper period.

2010-05 UNRECORDED BANK ACCOUNTS

Criteria

In order to provide information about the Town of Islip as a whole, the general ledger should be reflective of all the Town's activities, including those relating to the Town Clerk's Office and the Office of the Receiver of Taxes.

Condition

During our audit, we noted that the Town did not maintain an agency fund to reflect the assets and liabilities of the Town Clerk's Office and the Office of the Receiver of Taxes. As a result, audit adjustments were proposed at December 31, 2010 to reflect the assets and liabilities of the Town Clerk's Office and the Office of the Receiver of Taxes. This condition was first communicated in the 2008 audit.

Recommendation

We recommend that the Town establish accounts for the Town Clerk's Office and the Office of the Receiver of Taxes. Additionally, procedures should be implemented prospectively to ensure that the general ledger of the Town is complete and reflective of all Town activities.

Management Response

The Comptroller's office will receive copies of all bank reconciliations from these offices and record the activity on its books and records.

2010-06 PROCUREMENT

Criteria

New York State General Municipal Law, Section 104-b, requires the Town Board to adopt a procurement policy in accordance with the States recommended model policy. The objective of the policy is to assure the prudent and economical use of public monies, facilitating the acquisition of goods and services of maximum quality at the lowest possible cost and to guard against favoritism, improvidence, extravagance, fraud and corruption. The policy must encompass all legal requirements for competitive bidding and must address any procurement of goods and services that are not subject to competitive bidding by law. New York State Municipal Law requires that according to certain dollar thresholds established by the Town, verbal and written quotations must be obtained and documented. In addition, this policy establishes the procedures to be followed to ensure that only goods and services properly authorized are purchased. This policy is to be reviewed and adopted at least annually by the Town Board.

TOWN OF ISLIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

FINDINGS – FINANCIAL STATEMENTS AUDIT (continued)

2010-06 PROCUREMENT (continued)

Condition

During our audit we noted that the Town did not follow their procurement policy, including not obtaining proper bids and quotes as required, obtaining purchase orders subsequent to the invoice date, and maintaining proper supporting documentation.

Recommendation

The Board should remind all Town department heads and employees involved in purchasing and claims approval processes of the Town's procurement policy and bidding laws, and periodically determine that procurement policies and laws are being adhered to. Also support for purchases under other governmental bids should be maintained for examination.

Management Response

The Comptroller's office has, and will continue to meet with the Purchasing Department, Town Attorney's office and all department heads to discuss the rules for procurement as established by both the State and the Town.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None Noted

QUESTIONED COST

None Noted

TOWN OF ISLIP
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended December 31, 2010

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2009-12 FILING DEADLINE FOR AUDITED FINANCIAL STATEMENTS

Criteria

OMB Circular A-133 at Section 320(a) states that the reporting package (which includes the audit reports) must be submitted no later than 30 days after the reports are received from the independent auditors but no later than nine months after the end of the audit period. The Federal Audit Clearinghouse considers the submission requirement complete when it has received both the data collection form and the reporting package electronically.

Condition

The Town did not meet the required September 30, 2010 filing deadline for the audited financial statements. This delay was attributable to additional time needed in order to comply with the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

Current Status

The Town met the required filing deadline of September 30, 2011 for the 2010 audited financial statements.