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January 8, 2019

Honorable John Borst
Mayor
Village of Schoharie
P.O. Box 219
Schoharie, New York 12157-0219

Dear Mayor Borst:

We understand that your response to our Report of Examination 2018M-184 entitled Board Oversight also serves as the Village's corrective action plan to the findings and recommendations contained in that report. This is to acknowledge the receipt of that corrective action plan.

Very truly yours,

A handwritten signature in cursive script that reads "Pamela T. Matthews".

Pamela T. Matthews
Principal Examiner, Report Development Unit
Division of Local Government and School Accountability

cc: Ms. Leslie J. Price, Clerk-Treasurer

JOHN J. BALLIETT, TRUSTEE
LAWRENCE J. CAZA, TRUSTEE
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JOHN J. BORST, MAYOR

LESLIE J. PRICE
CLERK AND TREASURER

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December 6, 2018

Anne Singer, Chief Examiner
Office of the State Comptroller
State Office Building, Room 1702
44 Hawley Street
Binghamton, NY 13901-4417

Re: Response to draft audit findings

Dear Ms. Singer,

The Village of Schoharie has reviewed the draft audit findings prepared by the Office of the State Comptroller. We generally concur with those findings except for the magnitude and validity of the outstanding balance of accumulated compensatory time for the Clerk-Treasurer. The three (3) key findings and recommendations resulting from the audit generally include: implement compensating controls to provide better oversight of financial transactions; perform, or have performed, an annual audit (in conformance with NYS Village Law) of the treasurer's annual financial report; and monitor and enforce compensatory time policies.

The Board routinely reviews abstracts and underlying bills at each monthly meeting and did not realize that, for the audit period, the Deputy Clerk included only a portion of the actual monthly bills on the abstract. That deficiency was corrected immediately and abstracts now include all expenditures for the entire period between meetings. In addition, compensating controls were implemented when the Board adopted a procedure whereby at each monthly meeting we routinely review and initial all bank statements, cancelled check images; cash receipts records and bank reconciliations.

With regard to the legal requirement for the Village Board to audit, or have audited, the treasurer's annual financial report, we agree to implement such a procedure in compliance with NYS Village Law.

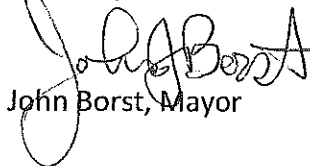
The audit's draft report includes recommendations to monitor and enforce policies governing comp time leave accrual and to adjust employee's time records so that they are in compliance with the comp time policy. The Board is in the process of reviewing current employee-related policies and procedures and is in the early development of a new employee manual which, among other things, will also address comp time issues.

With regard to the audit's quantification of the Clerk-Treasurer's accrued comp time hours and valuation, the Village wishes to verify the nature and validity of such comp time hours and thus, the amount of any appropriate compensation. It appears the comp time amount represents an accumulation over 12 years of employment. We know that the Clerk worked many hours in excess of her regular work hours when she was first hired as the financial, utility billing and many other functions were converted from a manual to computer-based format. In addition, the workload in excess of regular hours following Hurricane Irene in 2011 was tremendous and, in many aspects, continues today. We do believe the Clerk's quantification of comp time accumulation has certain validity but we are not sure of the appropriate amount. The Board, in conjunction with the Clerk-Treasurer, will conduct a review and analysis of her accumulated comp time and determine an appropriate amount and the associated compensation. We will also review and adjust all employee time records to bring them into compliance with the Village's comp time policy.

We want to thank the Office of the State Comptroller's audit team for their formal recommendations in the draft audit and also for their insight and informal suggestions for improving some financial functions in the Village office.

If you have any questions or need additional information please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "John Borst", with a long horizontal line extending to the right from the end of the signature.

John Borst, Mayor