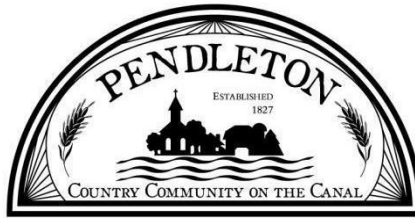


**TOWN OF PENDLETON**  
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November 12, 2024

Office of the State Comptroller  
Division of Local Government & School Accountability  
PSU - CAP Submission  
110 State Street, 12th Floor  
Albany, NY 12236

RE: Corrective Action Plan  
Town of Pendleton  
Capital Projects  
2024M-72 - September 2024

An audit of the Town of Pendleton was published by the New York State Office of the State Comptroller in September 2024 containing multiple recommendations. Below you will find a listing of recommendations included in the audit report with responses from the Town.

*Recommendation #1 - Properly plan capital projects by preparing and approving a detailed budget.*

Detailed budgets for all capital projects are now presented to the Town Board for review and approval by the Supervisor or the Supervisor's designee.

*Recommendation #2 - Improve their understanding of planning, overseeing and managing capital projects by reviewing OSC's publications regarding capital projects.*

The Town Board and supporting personnel have been provided and encouraged to review links to all relevant NYS OSC publications on capital projects.

*Recommendation #3 - Review and approve all capital project spending increases, scope modifications and timeline adjustments and document approved changes in its meeting minutes.*

Capital project monitoring documents are provided to the Town Board for review by the Supervisor or the Supervisor's designee and all project changes requiring Town Board review are presented by resolution and approvals are recorded in meeting minutes.

*Recommendation #4 - Establish written policies and procedures that provide clear and specific guidance regarding capital project planning. Also, the Board should monitor compliance with the policies and procedures.*

The Town Board will continue to review all policies and procedures, implementing modifications and additions to such procedures as necessary. Compliance with policies and procedures is a shared responsibility amongst Town Board members and occurs during any meeting with capital projects subject matter.

*Recommendation #5 - Require the Supervisor to provide up-to-date, monthly budget-to-actual reports for each project and then review the reports.*

Monthly reports for ongoing capital projects are currently provided to the TownBoard for review by the Supervisor or the Supervisor's designee.

*Recommendation #6 - Monitor project expenditures to ensure that the Town does not exceed project budgets and that the Supervisor is using appropriate account codes.*

Budget performance reports are provided to the Town Board at least monthly by the Supervisor or the Supervisor's designee. As noted in response to Recommendation #3, adjustments are made as necessary.

*Recommendation #7 - Conduct an annual audit of, or hire a CPA to annually audit, the Supervisor's records.*

The Supervisor was previously advised by the former engaged accounting firm that such annual audit requirements were being satisfied by the assigned accountant. Beginning in 2024, the annual audit is assigned to a Town Board member. The Town requested an example of such annual audit report from the OSC audit team staff as best practice; this will be provided to the responsible Town Board member once received.

*Recommendation #8 - Record capital project budgets in the accounting records; establish a separate capital projects fund for each project; maintain accurate, separate accounting records to account for each project's financial activity; and charge project expenditures to the correct appropriation account.*

Capital project accounting records are now created and maintained in the Town's accounting system by the Supervisor's Secretary, with assistance from the Town's engaged accounting firm.

*Recommendation #9 - Provide the Board with accurate, monthly, up-to-date financial reports for each project that compare project-related budget-to-actual revenues and expenditures.*

As noted in response to Recommendation #5, monthly capital project reports are provided to the Town Board for review by the Supervisor or the Supervisor's designee.

*Recommendation #10 - Monitor appropriation accounts and avoid overdrawing any account.*

Budget performance reports are provided to the Town Board at least monthly by the Supervisor or the Supervisor's designee. Additionally, the Supervisor is provided quarterly with detailed budget monitoring reports ("BMR's") from the engaged accounting firm to assist in identification of anticipated budget adjustments and other budget monitoring measures.

*Recommendation #11 - Record adjusting journal entries recommended by the CPA.*

Journal entries recommended by the Town's accountant are being recorded by the Supervisor's Secretary.

Thank you for your time and assistance.

Sincerely,

Joel Maerten