New York State Comptroller
THOMAS P. DiNAPOLI

Town of Galway

Salaries and Employee Benefits

August 2026 | 2026M-19
Prepared by the Division of Local Government and School Accountability

Table of Contents

Audit Results 1

Salaries and Employee Benefits: Findings and Recommendations 3

Finding 1 – The bookkeepers inaccurately calculated and paid salaried employees and paid increased rates based on verbal Board authorization. 3

Recommendations 4

Finding 2 – Officials provided health insurance benefits to employees at costs that were not in accordance with authorizations. 4

Recommendations 5

Finding 3 – The bookkeeper did not maintain adequate leave accrual records. 5

Recommendations 5

Appendix A: Profile, Criteria and Resources 6

Profile 6

Criteria 6

Additional Resources 7

Appendix B: Response From Town Officials 8

Appendix C: Audit Methodology and Standards 10

Audit Results

Town of Galway

Audit Objective

Did the Town of Galway (Town) Board (Board) properly authorize and monitor salaries paid and benefits provided?

Audit Period

January 1, 2022 – May 31, 2025

Understanding the Audit Area

A town board should properly authorize and monitor salaries and benefits to fulfil its fiscal responsibilities, maintain accountability over public funds, and help ensure compensation and benefits are accurate, reasonable and authorized. Payroll payments, including regular salaries and wages, overtime and employee benefits, represent a significant portion of a town's annual budget.

The Town's 2025 fiscal year budgeted appropriations totaled $4.3 million (including capital and special district funds), with employees' salaries, wages and benefits accounting for $1.3 million (30 percent) of the total.

Audit Summary

The Board authorized salaries and benefits through resolutions and a collective bargaining agreement (CBA). Time worked was supported by time records containing supervisory approval, all payrolls were certified by the Town Supervisor (Supervisor), and leave accruals were generally earned and used appropriately. However, the Supervisor did not adequately monitor salaries paid and benefits provided to ensure employees were paid and received benefits consistent with approved resolutions and the CBA. As a result, certain employees were paid amounts or provided benefits that were either inconsistent with the Town's approved resolutions or CBA or without documented Board approval.

Because the Board did not document authorizations to adjust salaries and the current and former Supervisor did not provide adequate oversight of payroll and benefits, the following errors totaling $27,215 went undetected during the audit period:

- Eight of the 25 salaried employees we reviewed were paid a combined total of $15,486 without documented Board approval and two salaried employees were underpaid a combined total of $922.
- Two (29 percent) of the seven hourly employees we reviewed were paid an additional $300 without documentation to support the additional payment.
- Three employees contributed $9,174 less than they should have toward their shares of health insurance premiums because the bookkeeper followed the terms of the CBA for all employees and officials regardless of whether such employees were authorized to receive such benefits pursuant to the CBA. The Board also did not establish health insurance premium shares for one appointed official and the bookkeeper did not always accurately calculate health insurance premium shares between employees or officials and the Town.
- One full-time highway employee exceeded the 2,000-hour sick leave limit during the audit period by 19.75 hours, valued at $574, because officials involved in the process did not enforce the contractual sick leave limit.
- Four of the five part-time employees (80 percent) entitled to leave accrual benefits used a total of 40 more hours than authorized by Board resolution, valued at $759.

The report includes eight recommendations that, if implemented, will improve the Town's process of authorizing and paying salaries and employee benefits. Town officials generally agreed with our recommendations and indicated they have begun to initiate corrective action.

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 (GML). Our methodology and standards are included in Appendix C.

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 GML. 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.

Salaries and Employee Benefits: Findings and Recommendations

All salaries, wages and benefits should be authorized by a board resolution, board-approved collective bargaining agreement (CBA) or employment contract. Time worked should be supported by time records containing supervisory approval and town officials should review and certify payroll registers or similar records to ensure payments are accurately calculated, based on actual work performed and at the authorized salaries and pay rates.

The Board authorized salaries and pay rates, including stipends for using personal cellphones for Town duties or for compensation for additional job duties, through Board resolutions (including resolutions for budget adoption and the annual administrative and personnel policy and procedures), and a CBA which expired on December 31, 2024 (2024 rates continued through negotiations during the audit period). Health insurance benefits were authorized for highway employees through a CBA (employee shares ranging from 20 to 25 percent), for part-time and seasonal employees through a Board-adopted employee handbook (employee shares of 100 percent) and for one appointed official through Board resolution (employee shares not established). There was no documentation, however, to indicate that elected officials were eligible to receive health insurance benefits. The Board annually adopted an administrative personnel policies and procedures manual which states that all Town Hall personnel have and will use personal time off (PTO). However, the manual did not document how personnel would earn and use PTO. A resolution from 2016 authorized vacation, sick and holiday pay for part-time employees and a CBA authorized leave benefits for regular full-time highway employees.

More details on the criteria used in this report, as well as resources we make available to local officials that can help improve operations, are included in Appendix A.

Finding 1 – The bookkeepers inaccurately calculated and paid salaried employees and paid increased rates based on verbal Board authorization.

We reviewed $1.2 million paid to 25 salaried employees during the audit period and compared amounts paid to Board-authorized salaries. Ten of the 25 salaried employees (40 percent) were paid inaccurately. Eight employees were paid a combined total of $15,486 without documented Board approval while two employees were underpaid a combined total of $922.

The bookkeepers inaccurately calculated and paid these employees unauthorized salary amounts due to:

- Mathematical errors,
- Overpayments of cellphone and other stipends, or
- Paying health insurance buyouts to employees who were not authorized to receive a buyout.

For example, one employee was paid $10,154 more than the amounts authorized by the Board in 2023. In addition, the Highway Superintendent was paid $4,244 during the audit period for an annual health insurance buyout. However, officials could not provide evidence that elected officials were authorized to receive an annual payment in lieu of receiving health insurance coverage. Officials did not know why these errors occurred and the former Supervisor and bookkeeper were not available to provide an explanation.

We also reviewed $37,954 paid to seven hourly employees, across eight pay dates, and compared amounts paid to the Board-authorized rates. Although time worked was supported by time records containing supervisory approval and all payrolls were certified by the Supervisor, two hourly employees were paid almost $300 more than authorized by the CBA. Specifically, in 2024 and 2025, the bookkeeper used pay rates for full-time highway employees that were 4 percent higher than the 2023 rates set forth in the CBA. The bookkeeper, Town Supervisor and a Board member told us this occurred because the Board verbally authorized an additional increase, as opposed to amending the terms of the CBA to reflect this increased pay rate.

Therefore, although annual rate increases were included in the CBA for 2024 and continued for 2025, the additional increase was paid without evidence documenting the authorization.

Because the Board did not document authorizations to adjust salaries and the current and former Supervisor did not provide adequate oversight of payroll, employees were paid more than authorized amounts and for benefits they may not have been entitled to.

Recommendations

1. The bookkeeper should ensure salaries paid are mathematically accurate and authorized by the Board.
2. The Supervisor should provide adequate oversight of payroll, ensuring salaries are paid in accordance with authorizations.
3. The Board should properly authorize and approve all salaries and pay rates including adjustments and modifications.

Finding 2 – Officials provided health insurance benefits to employees at costs that were not in accordance with authorizations.

We reviewed eight months of health insurance premiums totaling $83,772 for 12 employees and officials to determine whether the bookkeeper accurately calculated and deducted contributions from employees in accordance with authorized shares of premiums. The Town's contributions of premiums paid during these eight months totaled $64,771, while employees contributed $19,001. Based on language set forth in the Town's CBA, employee handbook and Board resolution, the Town and employee contributions should have been $55,597 and $28,175, respectively. The bookkeeper applied $9,174 more in premiums paid for health insurance costs to the Town than he should have, as follows:

- One elected official received health insurance benefits although we were not provided with documentation, such as a Board resolution, to support that the Board had authorized elected officials to participate in the Town's health insurance plans. The Town contributed $5,173 (80 percent) toward the $6,466 premium paid for the seven months of participation during the eight months we reviewed.
- One part-time employee, responsible for contributing 100 percent of the employee's health insurance costs, contributed $2,996 less than she should have for four of the eight months we reviewed. In addition, for one of the eight months we reviewed, she received health insurance benefits as a full-time employee without Board authorization, resulting in the Town contributing $835 (80 percent) toward the $1,044 premium paid.
- One employee contributed $170 less than he should have for four of the months we reviewed because the former bookkeeper used 20 percent instead of the authorized 25 percent set forth in the CBA to calculate his contributions.
- One appointed official, while authorized, received health insurance benefits without established premium shares for four months of participation during the eight months we reviewed.

This occurred because the bookkeeper followed the terms of the CBA for all employees and officials regardless of whether such employees were authorized to receive such benefits pursuant to the CBA. The Board also did not establish health insurance premium shares for an appointed official, and the bookkeeper did not always accurately calculate health insurance premium shares between employees or officials and the Town. The Supervisor and one Board member told us the lack of established premium shares for the appointed official was an oversight and that they follow the CBA. However, the calculated shares for the appointed official did not follow the CBA and the appointed official is not covered by the CBA.

Overall, the Supervisor and Board did not provide adequate oversight to ensure health insurance benefits were provided as authorized pursuant to the Town's policies and resolutions.

Recommendations

4. The Board should clearly authorize the health insurance benefits it intends to offer and establish how the costs will be shared between employees or officials and the Town.
5. The bookkeeper should accurately calculate and deduct Town and employee or official shares for the cost of health insurance premiums based on authorizations.
6. The Supervisor should oversee the bookkeeper's duties and ensure health insurance benefits are provided in accordance with authorizations.

Finding 3 – The bookkeeper did not maintain adequate leave accrual records.

We reviewed leave accrual benefits earned and used for four highway employees, comparing the records maintained by the highway clerk and bookkeeper to CBA authorizations. Although leave accrual benefits were generally earned and used appropriately, one employee exceeded the 2,000-hour sick leave limit during the audit period. Had the Supervisor and bookkeeper enforced the limit, the employee would have forfeited up to 19.75 hours, valued at $574. The Highway Superintendent told us that although he reviews the records the highway clerk uses to track and maintain balances for all highway employees, this was overlooked. The bookkeeper told us he relied on the highway clerk to inform him of leave accrual earnings and limits. However, all officials and employees involved in the process should be familiar with the authorized benefit terms and conditions.

We also reviewed the leave accrual benefits earned and used for five part-time employees to determine whether employees earned and used leave accrual benefits as authorized by Board resolution. Four of the employees used a total of 40 more hours than authorized, valued at $759. This occurred because the bookkeeper did not maintain adequate leave accrual records, there was little oversight and no one reconciled leave accrual records with authorizations and time records. The bookkeeper's records included beginning balances with carry-over amounts which were not authorized by the resolution, and he recorded time earned when it was used, which meant an accurate balance was not maintained. The bookkeeper and Supervisor told us that they were unaware of the resolution and relied on employees to inform them of what they earned based on past practices. However, they should be aware of authorized benefits.

Recommendations

7. The bookkeeper should maintain accurate leave accrual records and award leave accrual benefits in accordance with authorizations.
8. The Supervisor should periodically review leave accrual records or assign an independent reviewer to ensure records are accurate and reconciled with authorizations and time records.

Appendix A: Profile, Criteria and Resources

Profile

The Town, located in Saratoga County, is governed by the elected five-member Board composed of the Supervisor and four Board members. The Board is responsible for the general management of the Town's operations and finances.

During the audit period there were three different bookkeepers and two Supervisors. The current bookkeeper was appointed in January 2024 and the current Supervisor, who served as a Board member for four years, was appointed to fill the vacating Supervisor's term for 2024 and was elected to finish out the term ending December 31, 2025. The bookkeeper is responsible for processing payroll and maintaining leave accrual records within the payroll application and the Supervisor is responsible for certifying payroll. The highway clerk also maintained leave accrual records, independent of the payroll application, for the highway employees, herself and another employee who earned leave accruals under the 2016 resolution.

Criteria

All salaries, wages and benefits should be authorized by a board resolution, board-approved CBA or employment contract. Time worked should be supported by time records containing supervisory approval and town officials should review and certify payroll registers or similar records to ensure payments are accurately calculated, based on actual work performed and at the authorized salaries and pay rates. New York State Town Law Section 120 requires the town officer, or a direct supervisor of the payee, to provide assurance that services indicated on the payroll were performed.

The Board authorized salaries and pay rates, including stipends for using personal cellphones for Town duties or for compensation for additional job duties, through Board resolutions (including resolutions for budget adoption and the annual administrative and personnel policy and procedures), and a CBA which expired on December 31, 2024 (2024 rates continued through negotiations during the audit period). Health insurance benefits were authorized for highway employees through a CBA (employee shares ranging from 20 to 25 percent), for part-time and seasonal employees through a Board-adopted employee handbook (employee shares of 100 percent) and for other appointed officials through Board resolutions (employee shares not established). The Board annually adopted an administrative personnel policies and procedures manual which states that all Town Hall personnel have and will use personal time off (PTO). However, the manual did not document how personnel would earn and use PTO. A resolution from 2016 authorized vacation, sick and holiday pay for part-time employees and a CBA authorized leave benefits for regular full-time highway employees.

The terms and conditions of salary, wage and benefit authorizations (e.g., resolutions, individual contracts or CBAs) should be clearly communicated to those responsible for payroll processing and sufficient leave accrual records should be maintained and reviewed to ensure that such records are accurate. A reconciliation of leave accrual records should be performed to ensure that employee leave balances are correct and do not exceed authorized limits and employees use only the leave benefits they are entitled to.

Additional Resources

OSC *Local Government Management Guides* and other informational resources that are available on our website to help officials understand and perform their responsibilities include:

- *The Practice of Internal Controls:* www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf

In addition, local officials can use our website to search for audits, resources, publications and training for officials at: https://www.osc.ny.gov/local-government

Appendix B: Response From Town Officials

The content below is a reproduced copy of the original response letter issued by Town officials and is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*,[1] and may have included changes to spelling and grammar. The substance of the content was not changed.

Town of Galway

Office of the State Comptroller
Gary G. Gifford, Chief of Municipal Audits
One Broad Street Plaza
Glens Falls, NY 12801

August 21, 2026

Dear OSC,

The Town of Galway appreciates the Office of the State Comptroller's assistance in conducting this audit at the Town's request. The audit has provided valuable guidance to help the Town strengthen its financial oversight, administrative practices, and overall operations.

The auditors assigned to this project were professional, helpful, and responsive throughout the process. The audit team maintained regular communication with the Town Supervisor and Bookkeeper regarding preliminary findings and provided opportunities for them to explain practices that were in place before they assumed office.

The Town Board agrees with the findings in the draft audit and will submit its Corrective Action Plan with this response. The plan identifies the steps the Town will take to address the audit recommendations and improve its procedures going forward.

Many of the issues identified in the audit appear to have resulted from practices that predated the current Supervisor and Bookkeeper. The Town recognizes the need to correct those practices and is committed to implementing improvements that promote accountability, consistency, and compliance.

We appreciate OSC's guidance and the constructive manner in which the audit was conducted. The Town will use the audit recommendations as a practical framework to strengthen operations and better serve the residents of Galway.

Corrective Action Plan

Finding 1 Recommendations

The Town Supervisor and Bookkeeper have verified that all salaries are mathematically correct. When salaries are adjusted during the next budget cycle, they will be verified before the first payroll of the new year.

When salaries are adjusted or modified outside the budget process or the Highway Department collective bargaining agreement, the changes will be approved by Town Board resolution.

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1 https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule

Finding 2 Recommendations

By resolution, the Town Board has clearly identified which employees are eligible for health insurance benefits or the insurance buyout stipend. The Bookkeeper has verified that all eligible employees are making the required contributions for Town health insurance coverage. When approving biweekly payroll, the Supervisor will continue to verify that employee contributions are accurate.

Finding 3 Recommendations

By resolution, the Town Board has clearly identified which employees are entitled to leave accruals. Leave balances are tracked monthly, and the Bookkeeper and Town Supervisor review those balances each month.

Implementation

At its January 2026 Reorganization Meeting, the Town Board updated the Policies and Procedures Manual to address part-time employee benefits and clarify eligibility for health insurance benefits or the stipend for not participating. All other recommendations were implemented as the audit team brought them to the Town's attention; however, the related implementation dates were not recorded.

Sincerely,

James D. Arnold, Jr
Town of Galway
Town Supervisor

Appendix C: Audit Methodology and Standards

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 interviewed Town officials and employees and reviewed the CBA, employment policies, Employee Handbook, Board resolutions and Board meeting minutes to gain an understanding of the Town's payroll and leave accrual process and the authorized salaries, wages and benefits.
- We reviewed salaries totaling $1.2 million paid to all 25 salaried employees during the audit period. We also used our professional judgment to select a sample of seven of the 35 hourly employees and reviewed $37,954 paid to these employees over eight pay periods to determine whether they were paid accurately, time records included evidence of supervisory approval and the Supervisor certified the payroll. We selected two employees based on title and hire date and we used a computerized random number generator to select the remaining five employees.
- We used our professional judgment to select eight of the 41 months of health insurance premiums paid by 12 participating officials and employees during the audit period to determine whether benefits were provided as authorized, at the approved and accurate rates (i.e., shares of premiums paid were accurately calculated and contributions deducted from employees). We selected January 2022 to include the start of the audit period, October and December 2022 and November and December 2024 to include points during the audit period with premium rate changes and we used a computerized random number generator to select the remaining three months of June 2023, October 2023 and February 2025.
- We used our professional judgment to select four of the 10 highway employees and reviewed leave accrual records to determine whether leave accruals were appropriately credited for time earned, deducted for time used and balances were maintained within established limits of the CBA. We selected employees based on hire dates and separation or retirement dates. We also reviewed the leave accrual records for all five employees entitled to leave accrual benefits under the 2016 resolution to determine whether leave accruals were appropriately tracked and employees earned and used time they were entitled to.

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 relevant population size and the sample selected for examination.

Questions?

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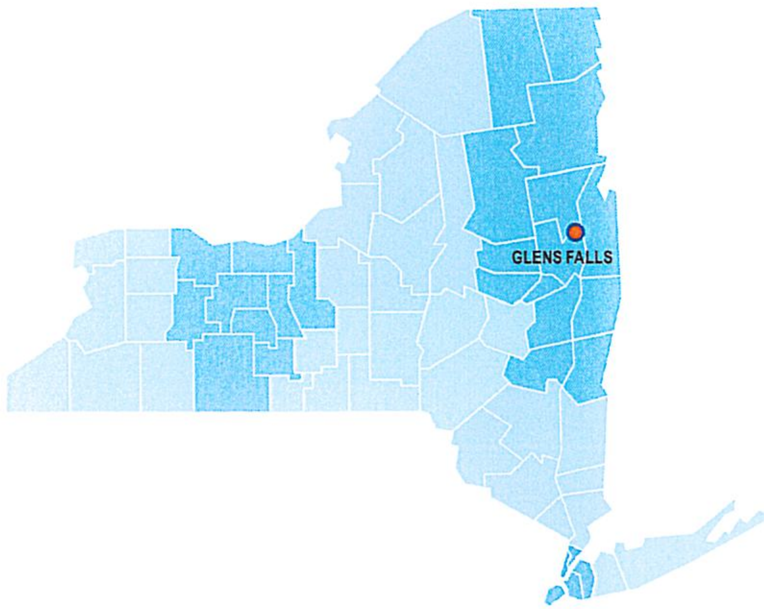

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