



Town of Erin

Town Clerk and Justice Operations

Report of Examination

Period Covered:

January 1, 2015 – June 17, 2016

2016M-315



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

February 2017

Dear Town Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Board governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of the Town of Erin, entitled Town Clerk and Justice Operations. This audit was conducted 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.

This audit's results and recommendations are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Town of Erin (Town) is located in Chemung County (County) and has approximately 2,000 residents. The Town provides a variety of services to its residents, including street maintenance and improvements, snow removal, fire protection and general government support. The Town derives the majority of the money to finance these services from real property taxes and State aid. The Town's 2016 budgeted appropriations for the general and highway funds were \$360,414 and \$603,301, respectively.

The Town is governed by an elected Town Board (Board), which consists of the Town Supervisor (Supervisor) and four council members. The Board has the power to impose taxes on real property located within the Town and is responsible for the general management and control of Town finances, including the oversight of collections by the various Town departments.

The elected Town Clerk (Clerk) collects fees for conservation, dog and marriage licenses, special permits, hall rental, copies, faxes and code books. The fees are required to be remitted to the appropriate State agencies and the Supervisor. The Clerk reported collections of \$5,265 in 2015. Also, the Clerk is authorized and directed by the tax warrant to collect taxes on the tax roll. Town and County real property taxes collected are remitted to either the Supervisor or the County Treasurer. The Clerk collected and remitted \$371,163 in Town taxes and \$802,976 in County taxes for 2016.

The Town has one elected Justice who is responsible for hearing certain types of civil and criminal cases and adjudicating misdemeanors, minor violations and traffic infractions. The Justice is responsible for imposing, collecting, depositing and remitting fines, fees and bail money and reporting on adjudicated cases. The Justice is required to report monthly to the Office of the State Comptroller's Justice Court Fund (JCF) the financial activities of the preceding month and must report traffic ticket dispositions to the New York State Department of Motor Vehicles (DMV). The Justice reported \$20,334 in fines and fees to the JCF for 2015. In addition, the Justice has appointed a Court clerk to assist with administrative duties.

Objective

The objective of our audit was to review the financial operations of the Town Clerk and Justice. Our audit addressed the following related question:

- Did the Town Clerk and Justice record, deposit, disburse and report all money collected in a timely and accurate manner?

Scope and Methodology

We examined the financial operations of the Town Clerk and Justice for the period January 1, 2015 through June 17, 2016.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix C of this report. 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.

Comments of Town Officials and Corrective Action

The results of our audit and recommendations have been discussed with Town officials, and their comments, which appear in Appendix A, have been considered in preparing this report. Town officials generally agreed with our recommendations and indicated they have taken corrective action. Appendix B includes our comments on issues raised in the Town's response.

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 forwarded 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 this plan available for public review in the Clerk's office.

Town Clerk and Justice Operations

The Town Clerk is responsible for the timely and accurate collection, recording, depositing, reporting and disbursement of moneys. The Clerk has three separate bank accounts: one for Clerk fees, one for New York State Department of Environmental Conservation sporting licenses and one for tax collections. The Justice is responsible for adjudicating cases brought before him, accounting for all moneys received by his Court, reporting all Court-related financial activities to JCF and DMV and disbursing fees collected to the Supervisor. The Justice appointed a court clerk to assist with these duties. The Board is responsible for providing adequate oversight of Town officials' collection and disbursement activities by performing an annual audit.

The Clerk and the Justice did not maintain complete and accurate accounting records. As of April 11, 2016 we identified shortages of \$106 and \$471 for the Clerk and Justice, respectively. Because the Board did not perform an annual audit of the Clerk or Justice, these shortages were not detected.

Town Clerk

The Clerk is responsible for collecting, recording, depositing, disbursing and reporting all fees received in the Clerk's office, such as sporting, dog and marriage licenses, in an accurate and timely manner. Specifically, the Clerk is required to issue a duplicate receipt¹ to payers, record the form of payment (i.e., cash or check) for every transaction where no other evidence of receipt is available and deposit all money collected intact² so that specific cash receipts can be traced through the accounting records to the bank statements. New York State Town Law (Town Law) requires that Clerk receipts be deposited within three business days after the total exceeds \$250, and good business practices dictate that all receipts that do not exceed \$250 be deposited on a weekly basis to reduce the risk of loss. Generally, all fees received by the Clerk are the property of the Town, County or State and must be promptly remitted to the appropriate agency each month. Town Law requires the Clerk to remit the Town's portion of receipts to the Supervisor by the 15th of the month following receipt. To remit the fees to the appropriate agency, the Clerk must maintain complete and accurate accounting records, ensure that all money received is safeguarded and promptly deposit receipts into the Clerk's bank accounts. The Clerk should also prepare monthly accountabilities that compare cash on hand and deposited to detailed

¹ One copy is given to the person remitting payment and the other is retained by the Town.

² Money deposited in the same amount and form (cash or check) in which it was received

lists of liabilities and reconcile funds collected with the entities to which they are due, leaving a reconciled balance of zero each month.

The Clerk is also the Town's Tax Collector, whose responsibilities include collecting Town and County real property taxes and penalties pursuant to a warrant.³ Tax collections must be deposited within 24 hours of receipt, and all deposits must be remitted to the Supervisor at least once each week until the Town's portion of the tax levy is satisfied. As Tax Collector, the Clerk remits the balance of the taxes collected to the County. At the end of the collection period, the Clerk is required by New York State Real Property Tax Law to reconcile the tax roll with the amount collected and the amount remaining unpaid and settle with the County Treasurer. At the time of settlement, the Clerk must account for the taxes collected, amounts remitted to the Supervisor, amounts previously remitted to the County Treasurer, any adjustments to the tax roll, and the taxes that remain unpaid. A list of unpaid taxes is returned to the County Treasurer for collection and enforcement proceedings.

The Clerk performs every aspect of the accounting function — including collecting receipts, recording transactions, making deposits and disbursing moneys to the appropriate parties — with no oversight. The Clerk has a Deputy Clerk who assists during tax collection and in the Clerk's absence. The Clerk retained a portion of the real property tax notice to confirm receipt of tax collections but did not retain a copy of the computer-generated receipt for every transaction where no evidence of receipt was available. Because the Clerk's computerized accounting program allows the payer's name to be edited after a receipt is generated and for the voiding of receipts, there is no assurance that the computerized records are accurate without an independent review. In addition, the Clerk did not record cash receipts and cash disbursements in a check register and did not perform monthly bank reconciliations or accountabilities. As a result, errors and irregularities occurred that went undetected and uncorrected.

Clerk Fees – We reviewed the Clerk's monthly reports for the period January 1, 2015 through March 31, 2016 and found they do not provide adequate accountability of her activity because they do not include a reconciliation of liabilities with cash assets on hand and in the bank. The Clerk also did not report or remit fees collected in April 2015, totaling \$429, to the Supervisor and other agencies.⁴ Had the Clerk maintained a check register or prepared a bank reconciliation,

³ The warrant is a summary document that states the total tax amounts due to the Town and to the County.

⁴ Upon our notification the Clerk made the necessary corrections and remittances.

she could have realized this error. Without bank reconciliations and accountabilities, Town officials cannot readily determine whether all collections are accounted for.

We conducted a cash count as of April 11, 2016 to establish cash on hand in the Clerk's office, obtained bank deposit compositions for all deposits from January 1, 2015 through April 11, 2016 and performed an accountability comparing assets to known liabilities. The Clerk received 546 fees totaling \$9,402 during this period. Although she generally deposited fees once a week, the Clerk did not record all transactions or make deposits intact. In some instances, checks for dog licenses were not recorded in the payers' names, yet were deposited, and cash payments were recorded but not deposited. Due to these errors or irregularities, the Clerk had a shortage of \$106 to meet known liabilities. Furthermore, during our audit period, the Clerk voided seven receipts, of which six were subsequently reissued using new receipt numbers with corrections, and one was for a hall rental deposit that was returned.

Tax Collection – We reviewed real property tax deposits totaling \$2,271,031 and compared them to recorded receipts in the computerized tax program which totaled \$2,380,910 during our audit period. The deposits were different from the recorded receipts because the Clerk, in her capacity as Tax Collector, recorded tax payments totaling \$109,916 that the County collected and did not record the overpayments totaling \$37 made by two taxpayers.⁵ The Clerk did not keep adequate documentation to support the date a payment was received, such as a postmark on the taxpayer's envelope.⁶ As a result, we were unable to determine if 17 payments were timely or if penalties up to \$305 should have been incurred. Generally, tax payments were deposited in a timely manner, with the exception of two cash payments totaling \$23 which the Clerk did not record upon receipt. The Clerk subsequently recorded and deposited the \$23 in payments when the taxpayers provided proof of payment after receiving delinquency notices from her.

In addition, the Clerk did not remit taxes to the Supervisor on a weekly basis as required by statute but instead waited until she had collected the entire portion of the Town's tax warrant before making the payment. The Clerk stated she was instructed by the previous Supervisor to make the payment once she received the Town's portion and was not aware of the law. The Clerk paid the Supervisor on February 10, 2015 for 2015 and February 4, 2016 for 2016, after

⁵ The Town Clerk stated the tax software does not allow for the recording of overpayments.

⁶ According to Real Property Tax Law, payments by mail are considered paid based on the postmark date.

all Town taxes had been collected starting January 1. When funds are not deposited and remitted to the appropriate party in a timely manner, there is a risk of loss through theft or misuse.

Town Justice

The Justice must maintain complete, timely and accurate accounting records and safeguard all moneys collected by the Court. The Justice is also responsible for depositing all money collected intact and in a timely manner,⁷ issuing appropriate receipts, reconciling Court collections to corresponding liabilities, disbursing fees collected to the Supervisor and reporting transactions to the JCF and DMV. Routinely performing an accountability analysis for all money held by the Court and reconciling bank accounts enables the Justice to verify the accuracy of the Court's financial records.

Vehicle and Traffic Enforcement – One of the responsibilities of the Justice Court is to adjudicate vehicle and traffic violations. Uniform Traffic Tickets (UTT) are issued for vehicle and traffic infractions, and their usage is administered by DMV. After UTTs are issued, pertinent information is added to the DMV's Traffic Safety Law Enforcement and Disposition (TSLED) database, which serves as a traffic ticket management and accountability system. Upon adjudication, when all fines are paid, the Court must upload the tickets' dispositions to the TSLED database for the ticket information to be removed from the pending-ticket database. Best practices indicate that such uploads must be done, at a minimum, on a monthly basis. The TSLED database produces reports that are electronically available to each local court on a monthly basis. These reports can be used to verify the accuracy of the Court's records against the information in the State's database; they include a list of all pending UTT cases, which can help the Justice process tickets in a timely manner. This report can also be used to identify individuals who either have not appeared in court to answer their ticket or have not paid their fine. The Court may refer these drivers to the DMV Scofflaw Program⁸ to enforce the payment of fines.

There are no formal procedures in place for notifying TSLED of disposed cases or for the Court to refer individuals to the Scofflaw Program. We compared data recorded in the Justice's accounting software to DMV and JCF data for the period January 1, 2015 through April 10, 2016 and found that the Justice was not properly reporting disposed tickets to DMV and JCF. Specifically:

⁷ New York Codes, Rules and Regulations require all receipts to be deposited as soon as possible but no later than 72 hours, excluding Sundays and holidays, from the date of receipt.

⁸ The DMV Scofflaw Program allows local justice courts to notify DMV when an individual has an unresolved traffic ticket (failure to pay the fine or failure to appear on the court date) for a 60-day period. When this occurs, DMV gives the individual 30 additional days to address the issue. If the individual has not taken action, DMV suspends their license until they address the outstanding ticket.

- Thirty-six tickets listed on the DMV pending-ticket list had been disposed either by payment or dismissal but were not reported to DMV, and two of these were also not reported to JCF;
- Nine tickets were paid and disposed, but not reported to DMV;
- Six tickets were dismissed and reported to DMV, but not reported to JCF; and
- Two unpaid tickets were incorrectly reported to DMV as disposed.

Although the Justice stated that he provides the Court clerk with DMV error reports, he does not follow up to determine whether the errors were corrected. Furthermore, these errors occurred and went undetected because both the Justice and Court clerk did not sufficiently understand the software program. The Justice did not obtain the pending-cases report from DMV and the Court clerk said he did not have sufficient time to refer individuals whose cases were not adjudicated within 60 days to the Scofflaw Program.

As of April 10, 2016, there were 35 pending cases before the Court that could have been referred. The Court clerk recorded eight of those cases in the Court software as having been referred; however, when uploading pending-case information to DMV for processing, the Justice did not set the necessary date parameters in the Court software (indicating the time period covered in each upload). Further, the Justice did not upload information to DMV at least monthly. As a result, the referral requests were not correctly sent to DMV and the eight defendants' licenses were not suspended. Furthermore, because the remaining 27 defendants were not referred to the Scofflaw Program, the Court's adjudication of UTTs was not timely and cash flow was negatively affected.

The failure to submit accurate information to both DMV and JCF increases the overall risk that errors or irregularities could occur and remain undetected.

Pending Bail and Accountability Analysis – The Justice is required to account for cash receipts and disbursements monthly and should also determine accountability by preparing a list of Court liabilities and comparing it with reconciled bank balances on a monthly basis. Furthermore, when cash bail is imposed, justices are responsible for keeping track of it. Bail for pending cases is posted by defendants (or by others on their behalf) generally to guarantee appearance in court to answer charges, after which the bail money is returned. Therefore, it is essential that the Justice maintains an accurate accounting of bail. The Justice is personally responsible for money received by the Court and may be liable for money paid to the Court that was lost or stolen.

The Justice maintained one bank account for bail, fines, fees and surcharges. The Justice and Court clerk accessed the computer program to track cases, issue receipts and record financial transactions by using the same username and password, which compromises accountability. The Justice reported Court transactions to JCF on a monthly basis but to DMV only sporadically. Although the Justice maintained a spreadsheet as a check register, he did not perform monthly reconciliations of his bank account. Instead, the Justice told us he compared the information on his monthly reports to his bank statements to ensure that the money deposited matched what he reported.

We performed a cash count of undeposited Court funds and prepared an accountability analysis as of April 11, 2016, as follows:

Figure 1: Court Accountability Analysis	
Court Assets as of April 11, 2016:	
Bank Account Balance as of April 11, 2016	\$3,762
Less: Outstanding Check	\$1,871
Add: Cash On Hand	\$130
Add: Due from JCF (overpayment)	\$150
Total Court Assets	\$2,171
Known Court Liabilities as of April 11, 2016:	
Pending Bail	\$2,001
Collections Not Reported to JCF	\$641
Total Known Court Liabilities	\$2,642
Total Shortage	\$471

We found that the Justice had a shortage of \$471, after accounting for \$150 due from JCF because of duplicate reporting and payment to JCF.

Finally, we identified eight errors on the Justice’s report of pending bail:

- The report included three defendants whose bail in the amount of \$4,880 was returned but which the Justice did not record.
- The report included two defendants whose activity was prior to the Justice’s start date and whose bail had been returned. For one of the two defendants, two pending-bail amounts that netted to zero were listed on the report even though the bail had been returned, because a former Justice had recorded the returned bail against the wrong case number.
- The report included two defendants’ bail that had been applied to fines and fees but which the Justice did not record as such; therefore, the bail was still listed as pending.

Due to these errors, as of April 11, 2016 the Justice's pending-bail report totaled \$7,164; however, we calculated the bail balance as \$2,001.

Our analysis determined that the shortage existed before the beginning of our audit period.

These errors, possible irregularities or both occurred because bank reconciliations and accountabilities of Court cash assets and known liabilities were not performed. In addition, without sufficient controls and monitoring of bail money received and an accurate pending-bail list, the Justice is not aware of the Court's current liabilities and is at risk of making errors in disbursing bail money. Further, the Court's financial duties were not adequately segregated and the Board did not provide adequate oversight, such as an annual audit of departments that collect cash.

Annual Audit

Town Law requires the Board, by January 20th of each year, to conduct an annual audit of the records and reports of the Clerk and Justice from the prior year. In addition, the State's Uniform Justice Court Act requires the Justice to present his records and dockets to the Board for audit at least once a year. An annual audit helps ensure that justices and clerks are maintaining accurate and proper accounting records and properly accounting for and disbursing money. In addition, when there are insufficient employees to properly segregate duties, the annual audit provides some mitigation to the risk. The Board can conduct the audit or contract with a certified public accountant to conduct the audit. The audit should be entered in the minutes of the Board's proceedings, and documentation should be filed with the New York State Office of Court Administration detailing the records reviewed and audit results for the Justice.

The Board did not conduct an annual audit of the Clerk's and Justice's books and records during our audit period. The Supervisor stated that she requested the Justice's records for annual audit, but the Justice would not provide them, stating that the monthly report was all the Board needed. The Justice stated that the Board had not requested his books and records for an annual audit (two Board members confirmed this statement). The Clerk and Supervisor both stated that the Clerk gave the Board a year-end report but the Board members did not review the Clerk's books and records. Two Board members also confirmed this statement.

Without an annual audit, Town officials cannot be sure that all financial transactions are properly recorded and reported and that all money is accounted for properly. Had the Board conducted an annual audit of the records, it might have identified the shortage in the Justice's bank account and the inaccuracy of his bail report.

Recommendations

The Clerk should:

1. Issue and retain duplicate receipts where no other evidence of receipts is available.
2. Deposit collections in a timely manner and intact.
3. Prepare check registers for Clerk bank accounts.
4. Prepare monthly bank reconciliations and accountabilities.
5. Maintain complete and accurate accounting records.
6. Ensure tax payments received are recorded accurately and supported.
7. Deposit and remit tax collections to the Supervisor in accordance with statute.

The Justice should:

8. Accurately report the dispositions and dismissals of all tickets to JCF and DMV.
9. Perform monthly accountabilities and promptly investigate and resolve any discrepancies.
10. Update the pending-bail report and adjust the JCF report for the \$150 overpayment.
11. Determine the reason for the shortage in his bank account and resolve the discrepancy.
12. Obtain training on the computerized software program for the Court clerk and himself.
13. Segregate the Court's duties so that one individual does not control all aspects of financial transactions.

The Board should:

14. Conduct an independent review of the software for voided receipts and determine they are voided for an appropriate reason.
15. Perform a thorough audit of the Clerk's and Justice's records on an annual basis and document evidence of the audit in

the minutes of Board proceedings, indicating the audit tests performed, the records reviewed and the results of the audit. To assist in the performance of its audit function, the Board should review the OSC publications entitled *Fiscal Oversight Responsibilities of the Governing Board* and *Handbook for Town and Village Justices and Court Clerks*.⁹

⁹ These publications are available on our website at https://osc.state.ny.us/localgov/pubs/lmg/fiscal_oversight.pdf and <http://www.osc.state.ny.us/localgov/pubs/jch.pdf>.

APPENDIX A
RESPONSE FROM TOWN OFFICIALS

The Town officials' response to this audit can be found on the following pages.

Town of Erin
1138 Breesport Road
Erin, New York 14838

January 31, 2017

Edward V. Grant, Jr.
Chief Examiner
Division of Local Government
And School Accountability
Office of The State Comptroller
The Powers Building
16 West Main Street – Suite 522
Rochester, New York 14614

Dear Edward,

After a detailed review meeting with [REDACTED] and [REDACTED] [REDACTED] from your office on the 2016M-315, Town of Erin Town Clerk and Justice Operations Report of Examination period covered January 1, 2015 – June 17, 2016; I have a better understanding of the findings of the report and have no issues with the report reviewed or recommendations presented.

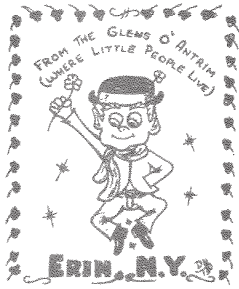
The Town Clerk will be responding under separate cover to the Town Clerk portion of the Audit. The Justice communicated that he will not be responding the Audit since he is no longer the Town Justice. The Town Board will be taking action to address the annual audit of both the Town Clerk and the Town Justice going forward via a contract with a certified public account on an annual basis. Further details of the changes will be presented in the Board approved CAP after the February Board meeting.

Should you have any question please contact me.

Sincerely,

Dawn H. Schmidt
Town of Erin Supervisor

cc: Tim Bocek, Town Council



TOWN OF ERIN

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FAX (607) 739-9396



January 26, 2017

Edward V. Grant Jr.
Chief Examiner
Division of Local Government
And School Accountability

Re: 2016M-315

Chief Examiner Edward V. Grant Jr.,

The first thing I would like to address. All of my banking is considered by myself an open book I am to understand these are public funds and the Town Board, Supervisor or Bookkeeper may, can and will spot check these anytime they wish. The fees collected and not remitted to the proper agencies in April 2015 was an error and was corrected as soon as it was brought to my attention. Explanations on all documents were written by myself and signed and checks and the documentation was shown to the Town Supervisor and Auditors and sent to the proper agencies.

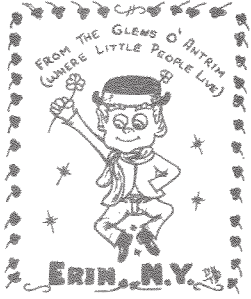
This year 2017 tax collecting I tried to enter the payee of a tax bill in the wife's name as the husband is deceased. My program did not save or change this information when printed out I then referred to the Assessor to make the changes, so they will be correct for the next tax year.

You refer to keeping deposits intact and this term was used so much I asked you the Auditors exactly what is meant by that term. I have adopted this change immediately and have found this to be a great process for the deposits for Clerk and Decals accounts. Also I do keep a computer check register and after working with the Auditors I have changed the way I was doing this to the way the Auditors say they want to see it done when during the Audit this came up, reconciliations are also kept with original bank statements.

You said there was a shortage of \$106.00 this I am not aware of, as I have not seen this. Payments come in cash or check and go out for deposit. I do have parents paying for the licensing of their adult son, daughters dog, it's not unusual for a mom to come in and pay for daughters family dog license as they are on vacation or they need it paid as it's close to months end and they don't want to take time from their job to come in. My Town Clerk program does preform a void to correct an error, all copies are stapled together and I check the proper box, write what the error was and sign my name I also include the new corrected copy, I did provide the copies to the Auditors. This is my computers software program way to correct an error.

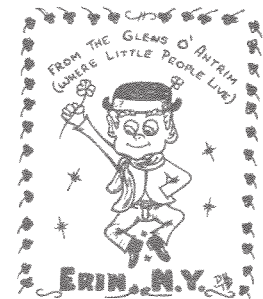
See
Note 1
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My tax software program doesn't show or allow for overpayment with checks, in this instance I manually enter into the banking register and enter the overpayment with the taxpayer info for my deposit so I balance



TOWN OF ERIN

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See
Note 2
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with my tax receipt journal payments and daily bank deposit and to the bank statement. I do however wait a few days to make sure the funds clear my tax bank account then write an overpayment check to the resident. The Post Offices have shortened their hours of operation a few years ago and I have and do receive mail with no post mark, nothing at all. I have stopped by their office to explain how important that the postmark is to my determining when the bill is paid with or without penalty. I do stamp all incoming mail with my stamper that says received with the date. I have enclosed some of 2017 envelopes as the post mark makes no difference in the middle of the month during my tax collection as you can see the mail goes to various departments, it's not just taxes. The Auditors scanned 2015 and 2016 so you already have that information.

When I receive the tax warrant from my County as a courtesy they pull some of the entities bills from all the Towns in the County and bill directly to those entities so that the County may receive the funds directly for the taxes and those funds are not received by the individual Towns all funds collected from these entities are collected by and belong to the County. In turn the County then sends a memo bill to the Town Clerks to put in the payments on the dates that the County received the funds. When I receive this memo bill in February or March I mark the entities paid and the date as indicated by the County I do this as a separate tax receipt journal entry so all paperwork can be followed and matched. All payments are entered into a consecutively numbered tax receipt journal. My Tax Warrant is met and balanced, checks written and the unpaid roll is returned to the County and signed off as closed by the County Treasurer by the second Wednesday of the month so I may report at the Town Board Meeting that evening said information to the public and the Board. I was instructed by a past Supervisor that he wanted no funds unless it was in full for the Town, Highway and Light District one check for this that matched to Tax Warrant and then one check for the Fire District to match directly to the Tax Warrant. When a new Supervisor was in that position it was decided that this was acceptable as soon as the funds collected have cleared the bank this is done and then I start paying collected funds to the County.

Overall this audit was a learning experience and any suggested changes were adopted immediately.

Respectfully,

Linda M. Burlew
Erin Town Clerk/Tax Collector
Town of Erin
1138 Breesport Road
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607-739-8681 X1
etownclerk@stny.rr.com

Attachments

APPENDIX B

OSC COMMENTS ON THE TOWN'S RESPONSE

Note 1

On June 20, 2016, we discussed in detail the composition of the \$106 shortage with the Town Clerk by showing how the receipts in the deposit compositions did not match her records.

Note 2

The Clerk did not maintain postmarked or stamped envelopes for all 2015 and 2016 receipts.

APPENDIX C

AUDIT METHODOLOGY AND STANDARDS

The objective of our audit was to examine the Clerk's and Justice's operations. To achieve our audit objective and obtain valid audit evidence, we performed the following audit procedures:

- We interviewed Board members and Town officials and reviewed Board minutes to gain an understanding of the Board's oversight of the Clerk and Justice.
- We interviewed Town officials to determine what procedures were performed.
- We performed a cash count of the Clerk's and Justice's cash on hand on April 11, 2016.
- We obtained the Clerk's transactions for the period January 1, 2015 through April 11, 2016. As receipts were unavailable, we obtained deposit compositions for the Clerk's bank accounts. We traced all deposit compositions to supporting documentation and to the Clerk's monthly reports to determine if money was recorded and reported. We also compared the deposit dates to the recorded dates to determine if receipts were deposited in a timely manner.
- We traced disbursements to the Supervisor and other agencies to ensure the Clerk recorded them accurately.
- We performed an accountability comparing assets to known liabilities of the Clerk's office for the period January 1, 2015 through April 11, 2016.
- We sent out confirmations to 11 dog owners who were issued a dog license from January 1, 2015 through April 11, 2016 asking them to provide proof of payment. We judgmentally selected the dog owners based on risk identified when tracing deposit compositions to the Clerk's record. We received six confirmations and documented what each stated.
- We obtained deposit compositions for the Clerk's tax collector bank account for the period January 1, 2015 through April 11, 2016. We also obtained a report of all receipts from the computerized tax program for the same period, which included payments received by the County. We traced all copies of checks to reports to determine whether the Clerk recorded them accurately. We also reviewed disbursements made by the Clerk to the Supervisor and the County for timeliness and accuracy.
- We requested a backup of the Justice's automated data, reviewed the backup and sent it to the OSC Applied Technology Unit to be used for analysis against the JCF and DMV data; we selected only the records from our scope period of January 1, 2015 through April 11, 2016. We then reviewed the tickets to determine what the fees were, reviewed the checkbook register to determine what amounts were collected, reviewed the bank statements to ensure the amounts collected were deposited and reviewed the case files if necessary for more detail.

- We traced the DMV pending data to the Justice’s charges and checkbook to determine if pending-ticket data was accurate. We determined if the Justice was reporting pending-ticket cases to DMV by reviewing the DMV pending-ticket court date and checkbook data to determine if payment was made within the last 60 days. We then went through the list of pending tickets that were not reported to DMV and the pending tickets that were not referred to the Scofflaw Program with the Court clerk to determine if the information was in the Justice’s system.
- We obtained the Justice’s pending-bail report as of April 11, 2016 and traced all the cases listed on the pending-bail report to determine if the report was accurate.
- We obtained deposit compositions, receipts, automated checkbook reports, monthly reports and bank statements for the Justice from January 1, 2015 through April 11, 2016 to determine if all money collected was properly receipted, recorded, deposited and disbursed.
- We prepared a bank reconciliation for the Justice and compared it to the Justice’s check register for accuracy. We performed an accountability for the Justice for the period January 1, 2015 through April 11, 2016.

We conducted this performance audit in accordance with 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.

APPENDIX D

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