

Town of Lyndon

Town Clerk's Collections

SEPTEMBER 2021



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Town of Lyndon

Audit Objective

Determine whether the Town of Lyndon (Town) Clerk (Clerk) recorded, deposited, remitted and reported collections in a timely and accurate manner.

Key Findings

The Clerk generally recorded, remitted and reported collections accurately and in a timely manner. Collections were deposited accurately but the clerk did not always make deposits in a timely manner.

- Collections totaling \$7,050 or 49 percent of the collections recorded from January 1, 2020 through May 6, 2021 were not deposited within three days, as required.
- The Board did not perform an annual audit of 2020 records, as required.

Key Recommendations

- Deposit all collections within the required timeframe, or as soon as possible.
- Conduct an annual audit when it resumes meetings in person.

Town officials agreed with our recommendations and indicated they will take corrective action.

Background

The Town, located in Cattaraugus County (County), is governed by an elected Town Board (Board) composed of a Town Supervisor (Supervisor) and four Board members.

The Board is responsible for overseeing the Town's operations and finances, including overseeing the Clerk's cash collection activities.

The Clerk is responsible for collecting fees for birth and death certificates, County transfer station tickets, building permits and dog, hunting and marriage licenses.

Generally, all fees collected are the property of the Town, County or State and must be remitted promptly to the appropriate parties.

Quick Facts

2020 Town Clerk Fees	\$10,797
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Population	707
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Audit Period

January 1, 2020 – June 29, 2021

Town Clerk's Collections

How Should the Clerk Record, Deposit, Remit and Report Collections?

The clerk must properly account for all transactions by promptly and accurately recording the amounts collected in a cash receipts journal, depositing receipts intact (in the same amount and form (cash or check) as received) and remitting money to the appropriate parties. The clerk is required to deposit collections within three business days after the total exceeds \$250 and to remit such money to the supervisor and other agencies by the 15th day of the following month.

The clerk should prepare accurate monthly bank reconciliations and accountability analyses. These are critical procedures that serve to document the status of money held by the clerk. They enable the clerk to verify the accuracy of financial records and ensure that assets are sufficient to meet liabilities.

The clerk must submit an annual accounting to the board, on or before January 20, for all money received and disbursed during the preceding year, unless an independent accountant has been hired to audit the clerk's records within 60 days after the close of the fiscal year. The annual accounting helps the board fulfill its overall fiscal oversight responsibilities by providing the board with an opportunity to assess the reliability of the books, records and supporting documents. The annual accounting also serves to identify conditions that need improvement and provides useful information to help the board oversee the town's financial operations.

Receipts Were Generally Recorded Accurately and in a Timely Manner, but Deposits Were Not Made in a Timely Manner

From January 1, 2020 through May 6, 2021, 229 receipts totaling approximately \$14,300 were recorded. We reviewed all of them and found that receipts were generally recorded accurately and in a timely manner. However, four collections totaling \$228 were incorrectly recorded in the Clerk's cash receipts journal as being received in cash when they had been received as checks. This occurred because the Clerk recorded daily hunting license receipts as a lump sum cash receipt in his cash receipts records. According to the Clerk, he did not know that he needed to record each individual hunting license receipt in the cash receipts journal since the hunting license system itemized them. However, maintaining this detail in both the cash receipts journal and the hunting license system allows for proper reconciliation of collections and deposits and enhances accountability over cash collections. If receipts are not itemized or recorded in the form received (cash or check), there is an increased risk that errors or misappropriation could occur and not be detected in a timely manner.

We also found that collections totaling \$7,050 (49 percent) were not deposited in a timely manner. Collections totaling \$3,300 were deposited between 11 and

If receipts are not itemized or recorded in the form received (cash or check), there is an increased risk that errors or misappropriation could occur and not be detected in a timely manner.

...[C]ollections totaling \$7,050 (49 percent) were not deposited in a timely manner.

17 days late. The Clerk told us that the delays occurred because the Town's bank was closed in April 2020 due to the COVID-19 pandemic and he had been working limited hours due to the state of emergency declared by the Board in March 2020.

However, the majority of late deposits totaling \$5,665 were received after the Board's state of emergency expired on June 17, 2020, and a deposit of \$307 made prior to the state of emergency was made five days late. Additionally, the bank manager told us that even when the bank's lobby had been closed during April 2020, deposits could still be made through the drive-thru or overnight deposit options such as drop-boxes. The Clerk stated that he did not use the drive-thru because he was working limited hours and the bank's drive-thru hours did not fit into his schedule. He also was not aware that he could make overnight deposits. We found that the Clerk began making timely deposits in the 2021 fiscal year.

While the statutory deadline is the latest point in time at which deposits may be made, from an internal control perspective, the best approach is to deposit money as soon as possible. The longer money remains undeposited, the greater the risk that loss or theft can occur.

Collections Were Remitted Accurately and in a Timely Manner but the Board Did Not Audit the Clerk's Records

We reviewed 59 disbursements totaling approximately \$14,300 and found that all Clerk fees were remitted to the appropriate parties in a timely and accurate manner. We also found that the Clerk prepared monthly reports, monthly accountabilities, and performed proper bank reconciliations.

The Clerk made his 2020 records available for Board audit, but the Board decided not to audit the records because Board members did not want to get together due to the COVID-19 pandemic. Because the Board did not perform the annual audit, its ability to effectively monitor financial operations was diminished. A thorough annual audit may have identified the deficiencies noted in the report.

What Do We Recommend?

The Clerk should:

1. Properly record the correct method of payment (cash or check) for all collections in the cash receipts journal.
2. Deposit collections within the required timeframe, or as soon as possible.

The Board should:

3. Conduct an annual audit when it resumes meetings in person.

Appendix A: Response From Town Officials

Town Supervisor- Barbara Montante
Councilman – Paul Knapic
Councilman – Leonard Kaluzny
Councilman – E. Paul Smith
Councilman – Colette Schoening

Town of Lyndon
852 Lyndon Center Rd.
Cuba, NY 14727
Phone: (716) 676-9928
Fax: (716) 676-2077

Town Clerk – Frank Puglisi
Town Justice – Wayne Holden
Highway Supt. – George Schneider
Assessor- Bobbi Elderkin
Dog Control Officer – James Morgan

September 16, 2021

Town of Lyndon
Town Clerk's Collections
2021M-117

Please let this document serve as an Audit Response and Corrective Action Plan.

Audit Response:

Please let the records show that the audit samples were taken from January 1, 2020 through May 6, 2021. This was during a Pandemic and the Town of Lyndon was operating under a Federal, State and Local State of Emergencies. The Local State of Emergency was from March 17, 2020 to June 17, 2020. The Town was shut down on several occasions due to Covid contact and quarantine and the Town from June 2020 to September 2020 was at limited office hours and staff due to covid-19. At this time, we agree with the audit findings.

Audit Recommendation:

- 1.) Properly record the correct method of payment (cash or check) for all collections in the cash receipts journal.
- 2.) Deposit collections within the required timeframe, or as soon as possible.
- 3.) Conduct an Annual Audit when it resumes meetings in person.

Implementation Plan of Action:

- 1.) The Town Clerk will not record the collection of Hunting License fees as a lump sum in the clerk software program. The town clerk will itemize the cash and the checks that are received in the clerk software program as well as in the Hunting License system. This system has already been implemented by the town clerk.
- 2.) The Town has established a Night Drop Agreement with their local bank to be able to deposit after hours. This will ensure that the deposits will be processed on the next business day.
- 3.) Two Members of the Town Board on September 10, 2021 performed the annual audit for the town clerk. They also performed an audit of the current records of 2021. They found that in 2020 deposits were late due to covid-19. They further found that the problem has been corrected as of 2021 and there were no late deposits in 2021. Further the board would like to point out that it has audited all town records by January 19 for the last 7 years prior to 2021 and covid-19.

Further the board at the January 12, 2021 meeting passed a resolution to suspend doing the audit until it was safe to gather due to covid-19 and was unable to do the audit until after this audit was done.

Person Responsible for Implementation:

- 1.) The Town Clerk is the responsible party.
- 2.) The Town Clerk and the Town Supervisor
- 3.) The Town Board

Signed: Barbara Montante Supervisor Date: 9-16-2021

Signed: Frank Puglisi Town Clerk Date: 9/16/2021

Appendix B: Audit Methodology and Standards

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. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed Town officials, and reviewed Board minutes to gain an understanding of policies and procedures, and controls over Clerk collections and to determine whether the Clerk submitted his records for audit.
- We reviewed the January 1, 2020 through May 6, 2021 cash receipts journal and compared it to source documents to determine whether all collections were recorded in an accurate and timely manner.
- We reviewed the January 1, 2020 through May 6, 2021 cash receipts journal and compared it to bank statements and deposit compositions to determine whether deposits were made in a timely manner and intact.
- We reviewed January 1, 2020 through May 6, 2021 canceled check images, and traced all remittances to the Clerk's monthly reports to determine whether collections were remitted accurately, to the appropriate parties, and in a timely manner.
- We performed a cash count to establish a cutoff point for testing, reviewed and performed monthly accountabilities for the period of January 2020 through April 2021, and reviewed bank reconciliations to determine whether they were performed properly and in a timely manner.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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 size of the relevant population and the sample selected for examination.

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 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 the CAP available for public review in the Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/local-government/publications

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/local-government/publications

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/local-government/publications

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/local-government/academy

Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

www.osc.state.ny.us/local-government

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BUFFALO REGIONAL OFFICE – Jeffrey D. Mazula, Chief Examiner

295 Main Street, Suite 1032 • Buffalo, New York 14203-2510

Tel (716) 847-3647 • Fax (716) 847-3643 • Email: Muni-Bufferalo@osc.ny.gov

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