

# Town of North Greenbush

## Town Clerk

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APRIL 2022

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

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# Report Highlights

## Town of North Greenbush

### Audit Objective

Determine whether the Town of North Greenbush (Town) Town Clerk (Clerk) recorded, deposited, disbursed, and reported all money collected in a timely and accurate manner.

### Key Findings

The Clerk did not record, deposit, disburse or report all money collected in a timely and accurate manner.

- Collections were not deposited in a timely manner or intact. As of December 31, 2015, more than \$16,000 in cash was collected but not deposited. In 2016, over \$13,500 in cash was deposited but not recorded.
- Remittances to the Supervisor were late ranging from one to four months after due.
- The Clerk did not perform monthly accountabilities to ensure sufficient assets to cover liabilities.

### Key Recommendations

- The Town Board should take appropriate action to recover any remaining money due the Town.
- The Clerk should report and remit funds in a timely manner to the Supervisor.

Town officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

### Background

The Town is located in Rensselaer County and has a population of approximately 12,000 residents.

The Clerk is an elected official responsible for collecting money from the sale of various licenses, permits and other miscellaneous fees. The Clerk must record all money received and remit to the Supervisor and other entities. The Clerk appoints a Deputy Town Clerk who works under her direction and performs the Clerk's duties in her absence.<sup>1</sup>

#### Quick Facts

Annual Budget	\$11.7 Million
Population (2010 Census)	12,075
Town Clerk Annual Receipts	\$109,600

### Audit Period

January 1, 2014 – October 31, 2016

The release of this report was delayed while the matter was under review by other agencies.

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<sup>1</sup> The previous Deputy Town Clerk was appointed on January 3, 2006 and left Town employment on September 20, 2016. A Deputy Town Clerk was appointed effective September 12, 2016.

# Town Clerk Operations

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## How Should the Clerk Handle Collected Money?

Collections should be deposited as soon as possible to limit the risk of collections being misplaced or stolen. Furthermore, the clerk is required to deposit all money collected by her office within three business days after total collections exceed \$250. Collections should be deposited for the same amount and in the same form (i.e., cash, check or money order) as received (intact), and the clerk's records should contain sufficient documentation to identify the person making the payment and the purpose, amount and date of the payment. The clerk's records should also document the date and amount of deposits and this record should agree with the deposits listed on the bank statements. New York State Town Law (Town Law) requires the clerk to remit money collected during the month to the supervisor by the 15th of the following month and to remit collections to other applicable agencies by the respective due dates.

## Collections Were Not Deposited in a Timely Manner or Intact

During our audit period the Clerk recorded collections totaling \$109,612 of which \$32,653 was recorded as cash collections. We traced all the collections recorded in the Clerk's records to bank deposits made from January 1, 2014 through October 31, 2016 and found that deposits were not made in a timely manner. We also obtained detailed deposit compositions from the bank, which show images of the checks deposited and the amount of cash included in the deposit, and compared the composition information to the collections recorded in the Clerk's records. We found that not all deposits were made intact.

The Clerk routinely did not deposit collections in a timely manner. We examined all 335 deposits of collections recorded during our audit period and found that 108 were not made in a timely manner. Also, the duplicate receipts related to 107 of these were not issued in chronological order. For example, \$420 of a \$530 deposit made on September 1, 2015 was composed of collections from August 5 to August 17, 2015. Other collections totaling \$270 made during the same date range were not deposited until August 28.

During 2014, cash collections recorded in the computerized system<sup>2</sup> totaled \$11,374; however, bank deposit records showed \$2,290 in cash deposits for 2014. Furthermore, during the first eight months of 2014, \$240 in cash was deposited whereas \$5,476 was recorded as being collected. We compared collections recorded in the Clerk's records to the bank compositions to determine whether the deposits included checks that may have been incorrectly recorded as

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<sup>2</sup> During our testing period there were 3,742 collections recorded in the computer system. The system identified the user entering the collections as the Clerk for 58 collections and the Deputy Town Clerk for 3,684 collections.

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cash collections, and did not find any instances of deposited checks that agreed with collections recorded as cash. However, 59 checks deposited into the Clerk's bank account from January through December 2014, totaling \$7,265, were not recorded as collections in her records. For example, in March 2014, three checks totaling \$4,520 payable to the Town and one \$15 check payable to the Clerk were deposited but not recorded in the Clerk's records, including two checks received for waste hauler fees totaling \$4,500. These unrecorded check deposits were substituted for cash collections that were recorded and reported to the Supervisor but not deposited.

During 2015 no cash was deposited in the Clerk's bank account from January through July. Only checks were deposited during this period, although \$3,455 in cash collections was recorded in the Clerk's system. For 2015, the Clerk and Deputy recorded cash collections totaling \$10,681, but the bank deposit records showed only \$3,745 of cash deposits for the entire year. We also identified 23 checks totaling \$10,523 that were deposited in 2015 but not recorded in the Clerk's records, including two checks totaling \$5,300 for waste hauler fees deposited in January 2015.

Two of the checks deposited in 2015 were recorded in the Clerk's records more than a year later, one for \$3,550 in February 2016 and another for \$1,750 in April of 2016. A \$4,500 check for waste hauling fees was deposited in the Clerk's account on December 17, 2015 and not recorded in the Clerk's records until January 14, 2016. We did not find any of the other 20 checks recorded in the Clerk's records at a later date. Similar to 2014, the unrecorded checks that were deposited were substituted for the cash collections that were recorded but not deposited.

In 2014 and 2015, a total of \$16,020 in cash collections recorded in the Clerk's records could not be traced to cash deposits in the Clerk's bank account. These undeposited cash collections represent 73 percent of the total \$22,055 cash collections recorded for the two years.

Conversely, from January 1 through October 31, 2016, \$10,598 of cash collections was recorded in the Clerk's records, but \$24,160 in cash was deposited during this period, leaving \$13,562 in cash deposits for which the sources are unidentifiable. For example, of two cash deposits in January 2016 totaling \$3,040, a total of \$242 in cash collections was recorded in the Clerk's records. Similarly, in February 2016 there were 11 cash deposits totaling \$5,730 but \$253 recorded as cash collections. The remaining \$5,447 of February deposits of unrecorded cash collections consisted of six deposits ranging from \$20 to \$2,575. The unrecorded cash collection deposits continued through September 2016, when the former Deputy Clerk left Town service. Also in 2016, all recorded checks were deposited.

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In 2014 and 2015, a total of \$16,020 in cash collections recorded in the Clerk's records could not be traced to cash deposits in the Clerk's bank account.

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**Figure 1: Recorded Cash Collections Compared to Cash Deposits**

	2014	2015	2016 <sup>a</sup>
Recorded Cash Collections	\$11,374	\$10,681	\$10,598
Cash Deposited	\$2,290	\$3,745	\$24,160
Recorded Cash Collections Not Deposited (Unrecorded Cash Deposits)	\$9,084	\$6,936	(\$13,562)

a January 1 through October 31

When receipts are not accurately and promptly recorded or deposited intact and in a timely manner, Town officials do not have assurance that all collections are accounted for. As a result, there is an increased risk that money could be lost or misappropriated.

### **Monthly Reports and Remittances Were Not Made in a Timely Manner and the Reports Were Inaccurate**

Throughout our audit period, monthly remittances to the Supervisor and other entities were not made in a timely manner. We reviewed the remittance date for all 12 months of 2014 and found 11 monthly payments to the Supervisor were not made in a timely manner, ranging from a month to over four months late. For example, payments for May through August were made to the Supervisor on December 3, 15, 18 and 29, respectively. The September, October and November 2014 payments were not made until January 13, 2015.

Similarly, 11 of the 12 monthly remittances in 2015 were not made in a timely manner. For example, collections for July and August 2015 were remitted on December 2, 2015; September collections on December 8; and October and November collections on December 21. Further, the Clerk made no disbursements from her account during the months of May through August, October and November of 2015 other than the New York State Department of Environmental Conservation (DEC) monthly payments which are automatically withdrawn from her account. Payments to the Supervisor were not in a timely manner because there was usually insufficient money in the Clerk's bank account as a result of collections not being deposited in a timely manner and intact.

We identified monthly amounts due to the Supervisor by reviewing both the Clerk's records and deposit information provided by the bank and comparing it to the monthly reports the Clerk filed with the Supervisor. The Clerk filed inaccurate reports for 31 of the 34 months<sup>3</sup> in our audit period. Of the 24 months from January 2014 through December 2015, 19 months included checks deposited that

<sup>3</sup> For the other three months, the amount of collections recorded and reported to the Supervisor equaled the amount deposited.

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the Clerk did not record; however, she remitted the money from these checks to the Supervisor with monthly reports that identified other cash collections that were recorded but not deposited in that period. For example, the March 2014 bank statement showed \$9,477 was disbursed for liabilities accumulated for the period December 2013 through February 2014. We identified \$4,535 of deposits that were not recorded for this time period and were used to cover the payments due from prior months. In March 2014, \$1,165 was recorded as received, but \$986 due to the Supervisor was not paid until June 2014 and \$79 due to other agencies was not paid until December 2014. Only the \$94 DEC automatic withdrawal was made in a timely manner.

The failure to prepare accurate reports and make timely monthly remittances compromises the accountability of monthly collections and remittances due to the Supervisor and increases the risk of theft and fraud associated with the Clerk's operations.

### **Why Should the Town Clerk Prepare Monthly Bank Account Reconciliations and Accountabilities?**

The Clerk is responsible and accountable for all money received by her office. The Clerk's account should reconcile to any outstanding checks and collections received but not yet remitted. Routine bank reconciliations and accountability analyses document the status of money held by the Clerk and enable her to check for and correct errors or identify cash shortages. To help ensure collections are adequately accounted for and the Clerk's cash balance records are accurate, the Clerk should prepare monthly accountabilities of liabilities (unremitted collections not yet remitted to various agencies and the Supervisor) and cash (on hand and on deposit at the bank). At any point in time, the Clerk's liabilities should equal her available cash. Any discrepancies between the liabilities and available cash should be immediately investigated and resolved.

### **The Clerk Did Not Prepare Monthly Accountabilities or Bank Account Reconciliations**

The Clerk did not prepare monthly accountabilities and bank account reconciliations. For all 34 months of our audit period we performed accountability analyses to identify the Clerk's liabilities and monthly bank reconciliations to determine adjusted bank account balances for the Clerk's available cash to pay the outstanding liabilities. There was no month that we reviewed in which the known liabilities equaled the available cash.

We compared the monthly collections and monthly reports provided to the Supervisor to the adjusted bank balances and found that each month's available cash was less than the amounts due. Monthly liabilities exceeded monthly cash

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on deposit by amounts ranging from \$339 as of February 28, 2014 to \$19,226 as of January 31, 2016. The monthly discrepancy increased from approximately \$8,626 as of December 31, 2014 to \$15,668 as of December 31, 2015. The discrepancies were primarily caused by the Clerk not depositing cash collections during the first two years of our audit period, until 2016. Because unrecorded cash was subsequently deposited throughout 2016, but not recorded – unlike the previous two years – it was not identified as a liability and, therefore, the cash shortfall in relation to liabilities appeared to decrease to \$2,458 as of October 31, 2016. Further, without a record of the purpose and source of the unrecorded collections, any corresponding liabilities cannot be identified.

The Clerk could not provide a reason for not performing accountability analyses and bank account reconciliations. The lack of monthly bank account reconciliations and accountabilities increases the risk of improper activity occurring with the money under the Clerk's control and responsibility. Without comparing a verified adjusted bank balance (i.e., available cash) to the known liabilities each month, there is no assurance money is properly accounted for. This increases the risk of inaccurate or late reporting and undetected theft.

### **What Do We Recommend?**

The Board should:

1. Take appropriate action to recover any remaining money due the Town that may not have been properly recorded and deposited.

The Clerk should:

2. Record, report and remit all money that she collects each month.
3. Perform bank reconciliations every month.
4. Perform an accountability each month.
5. Ensure Town Clerk records are complete and accurate, and show all money collected, from what source, for what purpose, when they were deposited and how they were disbursed.



# Appendix A: Response From Town Officials

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**Town of North Greenbush**  
**Joseph H. Bott, III**  
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March 29, 2022

Mr. Garry Gifford  
Chief Examiner  
NYS Office of the State Comptroller  
Division of Local Government and School Accountability  
One Broad Street Plaza  
Glens Falls, New York 12801

Dear Mr. Gifford:

The North Greenbush Town Board appreciates the time and effort spent by you and your staff during the onsite review of the former Town Clerk's records for the period January 1, 2014 to October 31, 2016 which resulted in your issuance of Report of Examination 2017M-132.

As you are aware, during your on-site examination, the Town Board was immediately informed that the former Town Clerk's records were not properly recorded and deposited during the audit period and directed the Town Comptroller to work with the then Town Clerk to implement necessary corrective measures. Accordingly, in October 2016, the following corrective measures, which were provided to your Auditor, were immediately implemented and remain in-place today for the Town Clerk Operation:

- Monies received are deposited timely in accordance with law and deposit slips contain copies of checks and receipts for cash.
- Maintain a "day book" of all checks issued.
- Monthly reports and payments to Supervisor will be timely.
- Monthly report will be submitted to the Town Board.
- Monthly bank reconciliations will be performed.
- Ensure that monies collected and due to the Town are properly recorded and deposited.
- Town Clerk will consult with Comptroller immediately with any matter (pre-payment, wire transfer, etc.) or discrepancy that may arise.
- Town Comptroller will notify the Town Clerk in writing, with copy to the Supervisor, if a required monthly report and remittance is not provided by the 15<sup>th</sup> of each month.

On behalf of the Town, I thank you and your staff for the professional manner in which this examination was conducted and the assistance provided throughout the process.

Sincerely,

Joseph H. Bott, III  
Supervisor

cc: Town Board

## Appendix B: Audit Methodology and Standards

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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, we performed the following audit procedures:

- For each month in our scope period we compared the Clerk's monthly reports to her recorded collections. We then compared her records to the bank statements in order to reconcile the bank statements and prepare monthly accountabilities. To verify the receipt and deposit of collections received by the Clerk we examined bank deposit compositions provided by the bank.
- To determine whether records were accurate, we compared the money collected and recorded in the receipt records to the deposits posted to the bank statements and deposit compositions provided by the bank.
- We examined the monthly reports and recorded check dates, check amounts and the date the checks cleared the bank to determine lateness of payment. We also compared the checks prepared by the Clerk to a record of receipts prepared by the Town Comptroller to aid us in this determination.

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 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

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### **Regional Office Directory**

[www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf](http://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](http://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](http://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](http://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](http://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](http://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](http://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](http://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](http://www.osc.state.ny.us/local-government/academy)

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