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February 2022

Patrick Schmitt
Wayne County Treasurer
16 William Street
Lyons, NY 14489

Report Number: 2022-C&T-1

Dear Mr. Schmitt:

County officials are responsible for safeguarding court and trust funds in their care. This responsibility includes establishing and maintaining an internal control structure to provide reasonable assurance that resources are safeguarded against loss from unauthorized use or disposition, transactions are executed in accordance with court orders and/or statutory authorization and are properly recorded, appropriate reports are prepared and appropriate corrective action is taken in response to audit findings.

Pursuant to the State Constitution, Article V, Section 1 and further authority vested in the Office of the State Comptroller by Articles 2 and 12 of New York State Finance Law and Section 42 of New York State Executive Law, we examined certain records and reports for court and trust funds of Wayne County (County) for the period January 1, 2018 through October 31, 2021.

Background and Methodology

Pursuant to a court order, certain assets may be provided to the court and then delivered to the County Treasurer (Treasurer) for safekeeping. Payments made pursuant to court orders commonly involve surplus money from foreclosures and contract disputes resulting in a mechanic's lien.[1] These actions are recorded in the County Clerk's office when payments are deposited as required by court order. Additionally, in certain circumstances,[2] funds from estates are entrusted to the Treasurer for safekeeping by order of the Surrogate's Court. Together, the Treasurer, County Clerk and Surrogate's Court must develop sound procedures and processes which, when implemented properly and consistently, provide a system of internal controls to account for and safeguard these funds.

Our objective was to determine whether County officials have established appropriate controls to safeguard and account for court and trust funds. We examined records maintained by the

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1 Security interest in property filed to ensure payment for contracted services rendered on the property
2 When the whereabouts of any person entitled to payment from the estate is unknown

Treasurer, County Clerk and Surrogate's Court. We interviewed County officials and reviewed relevant financial and Court records. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions. The scope of our review does not constitute an audit under generally accepted government auditing standards (GAGAS).

Results

Pursuant to New York State Finance Law Section 184, the Treasurer is required to submit a report on an annual basis to the State Comptroller accounting for all money, securities and other properties deposited to court and ordered into his custody.

We reviewed the County Treasurer's processes, procedures and records for the receipt and management of court and trust funds. We found that the Treasurer established adequate procedures, maintained appropriate records and properly reported court and trust funds and abandoned property to the State Comptroller as prescribed by statute. We also found that the records maintained by the County Clerk and Surrogate's Court were up to date and complete and we noted no material discrepancies.

We would like to thank County officials and staff for the courtesies and cooperation that were extended to our examiners.

Sincerely,

Elliott Auerbach
Deputy Comptroller

cc: Michael Jankowski, County Clerk
       Honorable Richard M. Healy, Surrogate's Court Judge
       Honorable John B. Nesbitt, Surrogate's Court Judge
       Honorable Daniel G. Barrett, Surrogate's Court Judge
       Mr. Dan Johnson, New York State Unified Court System, Chief Internal Auditor