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Michael Lewis, Commissioner of Finance
Putnam County
40 Gleneida Avenue
Carmel, NY 10512

Report Number: 2024-C&T-2

Dear Commissioner Lewis:

Putnam County (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 examination findings.

Pursuant to the New York State Constitution, Article V, Section 1 and further authority granted to the Office of the State Comptroller (OSC) by Articles 2 and 12 of New York State Finance Law and Section 42 of New York Executive Law, we examined certain records and reports for the County's court and trust funds for the period January 1, 2022 through November 15, 2023.

Background and Methodology

Pursuant to a court order, certain assets may be provided to the court and then delivered to the Commissioner of Finance (Commissioner) 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 Commissioner for safekeeping by order of the Surrogate's Court. Together, the Commissioner, 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.

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.

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 Commissioner, 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 Finance Law Section 184, the Commissioner is required to submit a report on an annual basis to OSC accounting for all money, securities and other properties deposited into a court and ordered into the Commissioner's custody.

We reviewed the Commissioner's, County Clerk's and Surrogate's Court's processes, procedures and records for the receipt and management of court and trust funds as well as estates in the Commissioner's custody. The records maintained by the Commissioner, County Clerk and Surrogate's Court were generally 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 auditors.

Sincerely,

Robin L. Lois, CPA
Deputy Comptroller

cc: Kevin M. Byrne, County Executive
Michael C. Bartolotti, County Clerk
Hon. Anthony R. Mole, Surrogate's Court Judge
Hon. Joseph J. Spofford, Surrogate's Court Judge
Daniel R. Johnson, New York State Unified Court System, Chief Internal Auditor