

Town of Lockport

Culvert Pipe Fee Collections

2025M-57 | November 2025

Contents

Audit Results 1

Culvert Pipe Fee Collections: Findings and Recommendations 3

 Finding 1 – The Superintendent did not ensure that the Clerk properly collected application fees and installation fees. 3

 Recommendations 5

 Finding 2 – The Superintendent did not ensure that the Clerk maintained adequate collection records or issued duplicate press-numbered receipts. 5

 Recommendations 6

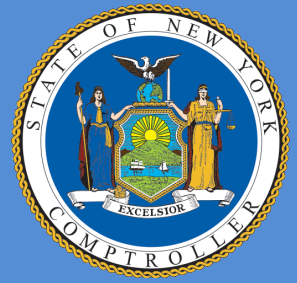
Appendix A: Profile, Criteria and Resources. 8

Appendix B: Response From Town Officials. 11

Appendix C: Audit Methodology and Standards. 12

Audit Results

Town of Lockport



Audit Objective

Audit Period

Did the Town of Lockport (Town) Highway Superintendent (Superintendent) properly collect, record and deposit culvert pipe application fees (application fees) and culvert pipe installation fees (installation fees)?

January 1, 2023 – May 1, 2024

Understanding the Audit Area

Culvert pipes are used to help aid in the proper movement of water and materials under roadways, driveways and other structures. In the Town, property owners may submit an application to the Highway Department (Department) to request a culvert pipe installation (project) at a private residence or business. The Town's Drainage Policy (Policy) requires all applicants to pay an application fee when submitting the application and the installation fee prior to the start of a project. Strong and effective internal controls are required to help ensure all application fees and installation fees owed to the Town are collected, recorded and deposited.

The Superintendent is responsible for all of the Department's cash collections, including application fees and installation fees. During the period January 1, 2023 through May 1, 2024, the Department processed 33 applications with related application fees and installation fees totaling \$22,800.

The Superintendent in office during the audit fieldwork was appointed on August 16, 2023. The former Superintendent was in office for the remainder of the audit period.

Audit Summary

The Superintendent did not ensure application fees and installation fees were properly collected and recorded. Because the Superintendent did not provide oversight of the collection process and records did not contain sufficient and accurate information, officials cannot verify the accuracy or ensure accountability of the collection of the application fees and installation fees. This significantly increased the risk that collections could be lost, unaccounted for or misappropriated without detection. Specifically, the Superintendent did not ensure:

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- Application fees totaling \$1,300 for 26 projects were collected in a timely manner as required by the Town's Policy and did not collect one installation fee totaling \$400 and seven¹ application fees totaling \$350.
 - Adequate collection records were maintained to demonstrate that all application fees and installation fees due to the Town were collected, recorded and deposited. Collection records did not contain sufficient details such as the date that fees were collected and recorded, and who collected the fees.
 - Duplicate press-numbered receipts were issued or that collection dates were documented for any of the application fees and installation fees collected for the 33 applications reviewed. Without duplicate press-numbered receipts or another suitable record evidencing receipt, he and the Office of the New York State Comptroller (OSC) auditors could not confirm that all application fees and installation fees due to the Town were collected, recorded and deposited.

The Superintendent also had application fees and installation fees collected and recorded without him or another Town official providing oversight or reviewing this work for accuracy. The Town Board (Board) and the Superintendent did not ensure compliance with the Policy, and there were no procedures in place to review and reconcile collections to ensure all application fees and installation fees owed to the Town were collected. Allowing one individual to control key processes and procedures without compensating controls increases the risk that errors or misappropriations could occur and remain undetected.

The report includes 13 recommendations that, if implemented, will improve the Town's oversight and monitoring over the collection of application fees and installation fees. Town officials agreed with our recommendations and indicated they will take corrective action.

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and OSC's authority as set forth in Article 3 of the New York State General Municipal Law. Our methodology and standards are included in Appendix C.

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 provided to our office within 90 days, pursuant to Section 35 of the New York State General Municipal Law (GML). 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 Town Clerk's office.

¹ Includes one application fee waived without authorization.

Culvert Pipe Fee Collections: Findings and Recommendations

When property owners need or want a culvert pipe installed, they must submit an application to the Department along with a \$50 application fee. The Superintendent is responsible for confirming the culvert measurements and verifying that the installation can be completed. While the Superintendent delegated certain tasks to the Clerk including collecting application fees and installation fees, recordkeeping and preparing deposits, such delegation does not absolve him of his cash collection responsibilities. Once the Superintendent approves a project, the Clerk is responsible for sending an invoice to the applicant for the total amount due to the Town for installation fees (\$10 per linear foot) along with the culvert measurements and a list of materials required for the project. The applicant must pay the Town for installation fees, purchase the required project materials including the pipe and any accessories and notify the Department when the project materials are received and ready for installation.

More details on the criteria used in this report, as well as resources we make available to town officials that can help officials improve operations (Figure 1), are included in Appendix A.

Finding 1 – The Superintendent did not ensure that the Clerk properly collected application fees and installation fees.

The Clerk did not properly collect all application fees and installation fees owed to the Town for the 33 projects. While application fees and installation fees totaling \$13,700 for 27 projects were deposited intact (as the payment was collected: cash, check or credit card) and in a timely manner, the Clerk did not collect \$1,300 in application fees for 26 projects in a timely manner and did not collect installation fees totaling \$400 for one project and application fees totaling \$350 for seven projects.

Application Fees – The Clerk did not collect application fees when applications were submitted, as required by the Policy. Specifically, the Clerk did not collect application fees totaling \$350 (\$50 per application) for seven of the 33 applications, including one application fee that the Superintendent waived without proper authorization. The Superintendent told us the application fee was waived because the property owner recently had a culvert pipe installed at the same address. However, the previous project was completed on March 12, 2024, and the property owner submitted the new application on March 18, 2024, for an additional project. The Superintendent told us he thought he had the authority to waive application fees. However, the Policy did not provide authority for application fees to be waived, and the Superintendent could not provide any information such as a Board resolution or motion granting him such authority. Each project requires Town resources to process the application, as noted in the Policy: “the purpose of the application fee is to help offset these costs.”

The Clerk also did not collect \$1,300 due for 26 application fees until the project was approved and installation fees were paid rather than when the applications were received as required by the Policy. The Clerk told us that she only collected application fees if applicants confirmed that they wanted to complete the project and then she collected both the application fees and installation fees together once the project was approved. She also told us that if the applicant chose not to continue with the project or the Superintendent determined the project could not be completed, she did not collect

application fees. However, the application fee is intended to help offset resources expended by the Department to verify that the culvert pipe can be installed and to take measurements for the project. Therefore, the application fee should be collected before verification and measurements occur, even if the applicant decides not to go forward with the project.

Although the Superintendent agreed that application fees should be collected when applications were submitted, he told us that the prior Superintendent trained him to collect the application fees and installation fees together before the start of the project but after the application was approved. In addition, the language in the application conflicted with the Policy's requirements. The application stated that an invoice would be sent to the applicant for both the application fees and installation fees after project measurements were completed. The Superintendent told us that the application was developed prior to him becoming Superintendent. In addition, the Superintendent and Clerk indicated that they were not aware there was a Policy. Therefore, they were not familiar with the Policy requirements or that the application and their collection process were not in compliance with the Policy.

Installation Fees – The Clerk did not collect the \$400 installation fee for one of the 33 projects. The Clerk recorded 27 installation fees totaling \$12,400 as collected and complete while six installation fees totaling \$8,800 were recorded as not collected or complete. We determined the installation fees totaling \$12,400 that were recorded as collected were collected in a timely manner, before projects commenced.

Of those six with no collection recorded, we determined that one project totaling \$400 was complete and the installation fee should have been collected. The Clerk told us, and her records indicated, that she generated an invoice but that the project was not recorded as completed and it was not paid. The Clerk explained that the individual may have chosen not to proceed with the project and therefore did not pay the installation fee. The Superintendent also told us that he did not believe the installation occurred. However, the Clerk and Superintendent were unable to provide support that the owner withdrew their application or communicated that they did not want to pursue the project. In addition, we were able to visually observe and confirm that the culvert pipe had been installed at the property. The Superintendent then told us that the installation was completed by a third party that was under contract to complete water line work for the Town, including at that property. However, the contract with the third party did not include installing a culvert pipe.

The Board did not provide oversight or monitor compliance with the Policy and there were no procedures in place to review and reconcile collections to ensure all application fees and installation fees owed to the Town were collected. The Superintendent did not maintain a list of projects, including the status of projects, and did not complete a reconciliation to the records and bank deposits to help ensure all application fees and installation fees owed to the Town were collected, recorded and deposited.

The Clerk collected and recorded application fees and installation fees without another Town official providing oversight or reviewing her work for accuracy. Allowing one individual to control key processes and procedures without compensating controls increases the risk that errors or misappropriations could occur and remain undetected. By not collecting all the application fees and installation fees owed to the Town, the Superintendent and Clerk reduced revenues intended to offset the costs of the services

provided without authority to do so. In addition, such actions could also raise concerns about potential favoritism, fraud, waste and abuse.

Recommendations

The Board should:

1. Ensure that the Superintendent and Clerk familiarize themselves with the adopted Policy and monitor compliance with the Policy.
2. Consult the Town Attorney to identify and recoup fees owed to the Town.

The Superintendent should:

3. Review and ensure compliance with the Board-adopted Policy and obtain formal Board approval for any deviations from the Policy.
4. Establish procedures for collecting application fees and installation fees. The procedures should segregate the Clerk's duties to the extent possible, and the Superintendent should provide oversight of and monitor the Clerk's duties to ensure compliance.
5. Maintain a list of projects, including the status of projects, and reconcile application fees and installation fees with the records and bank deposits to help ensure all fees owed to the Town are collected, recorded and deposited.
6. Update the culvert pipe application to comply with the Policy.

The Clerk should:

7. Collect application fees when applications are submitted and installation fees before the project is scheduled, in accordance with the Policy.

Finding 2 – The Superintendent did not ensure that the Clerk maintained adequate collection records or issued duplicate press-numbered receipts.

The Clerk did not maintain adequate collection records to demonstrate that all application fees and installation fees due to the Town were collected, recorded and deposited. The Clerk's collection records did not indicate the date that application fees and installation fees were collected and recorded, and who collected the application fees and installation fees.

The Clerk did not issue duplicate press-numbered receipts and did not document collection dates in her records for any of the application fees and installation fees collected for the 33 applications reviewed. Rather, she stamped the collection date on a photocopy of the check received and documented the date written on the check by the payor as the collection date in her records. Because checks can be made out for any date, recording the check date instead of the date payments were received does not provide a useful or accurate record of when payments were collected. Furthermore, without duplicate press-numbered receipts or another suitable record evidencing receipt, the Superintendent and OSC auditors could not confirm that all application fees and installation fees due to the Town were collected, recorded and deposited.

The Superintendent did not review the Clerk's collection records for accuracy. The Clerk told us that she maintained collection records the way she was taught by the former Clerk. She told us she was unaware that she should be generating and issuing duplicate press-numbered receipts and documenting the dates collections are made.

The Superintendent relied on the Clerk to collect, record and deposit application fees and installation fees and did not provide oversight to verify that she understood her duties and whether she was recording collections accurately and in a timely manner. The Superintendent stated that he was unaware of what was required for the Clerk to properly record collections. We provided the Superintendent and the Clerk with our Local Government Management Guide titled *The Practice of Internal Controls* (Appendix A, Figure 1), which includes guidance for properly recording collections, including issuing duplicate press-numbered receipts.

In addition, the Superintendent did not provide monthly collection reports to the Board, nor did the Board request reports from the Superintendent, to verify whether the records were accurate. When oversight is not provided, and records do not contain sufficient and accurate information, officials cannot verify accuracy or ensure accountability. This significantly increases the risk that collections could be lost, unaccounted for or misappropriated without detection.

Recommendations

The Board should:

8. Ensure that the Superintendent remits a monthly report for application fees and installation fees and should review the report for accuracy and reasonableness.

The Superintendent should:

9. Establish collection procedures and require the Clerk to issue duplicate press-numbered receipts and record sufficient details such as the collection date, how much was collected, who collected it, the payee, what it was collected for and in what form (cash, check, or credit card) it was collected.

10. Monitor recording activities that are delegated to the Clerk to ensure compliance with established policies and procedures and to help ensure application fees and installation fees are collected, recorded and deposited accurately and in a timely manner.

11. Report all application fee and installation fee collections monthly to the Board.

The Clerk should:

12. Maintain detailed collection records that include when application fees and installation fees are collected, recorded and deposited, how much was collected, who collected it, the payee, what the fees were for and in what form (cash, check, or credit card) the fees were collected.

13. Issue duplicate press-numbered receipts for all application fee and installation fee collections.

Appendix A: Profile, Criteria and Resources

Profile

The Town, located in Niagara County, is governed by an elected Board, composed of a Supervisor and four Board members. The Board is responsible for general oversight of Town operations and finances. The Supervisor is the Town's chief financial officer.

Department heads are responsible for overseeing cash collections within their respective departments. The Superintendent, as a department head, is responsible for all cash collections received by the Department, including application fees and installation fees. The Superintendent in office during the audit fieldwork was appointed on August 16, 2023. The former Superintendent was in office for the remainder of the audit period.

The Department processed 33 applications with related application fees and installation fees totaling \$22,800 and collected, recorded and deposited \$13,700 from January 1, 2023 through May 1, 2024.

Criteria – Collections

The Board adopted a Policy that addresses the application fee and installation fee process. The Policy requires application fees to be paid when the application is submitted and installation fees to be paid prior to scheduling the project. The Board also established a fee schedule that specifies a \$50 application fee and \$10 per linear foot installation fee. The Board Policy should also require the Superintendent to develop procedures to implement this Policy and designate individuals responsible for each part of the process, while establishing proper segregation of duties so that one person does not control all key processes and procedures for application fee and installation fee collections. Where proper segregation of duties is not possible, establishing compensating controls including oversight is needed.

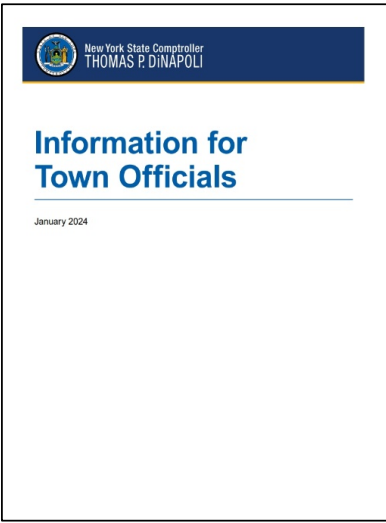
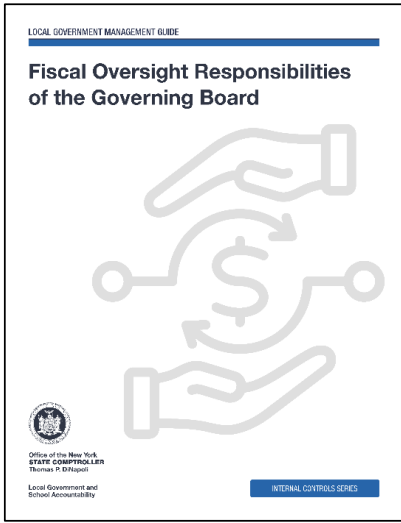
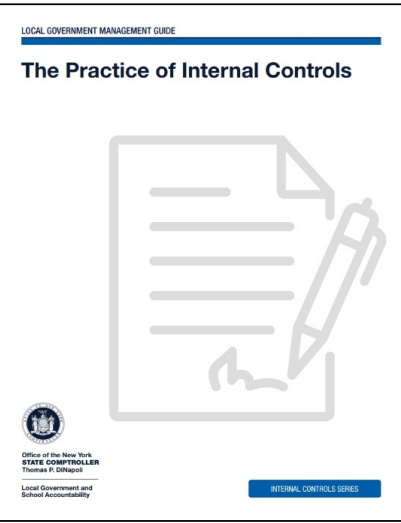
A superintendent is responsible for ensuring application fees and installation fees are collected, recorded and deposited. Although the superintendent can delegate these tasks, the superintendent remains responsible for ensuring the tasks are properly carried out. The superintendent should ensure:

- Duplicate press-numbered receipts are issued for each collection where no other adequate evidence of collection is available, as required.² Such receipts should include collection type (cash, check, or credit card), total fees collected, the payee, purpose, date collected and who collected the fees.
- Funds are deposited intact and in a timely manner (as soon as possible after collection).

² GML Section 99-b

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- Detailed daily collection journals are maintained which include information such as: the amount collected, the payee, the purpose or fee description, the form of payment (cash, check, or credit card), who collected the payment and when it was recorded.
 - Fees are assessed in accordance with board-adopted fee schedules and application fees are collected when applications are submitted and installation fees are collected prior to services being provided.
 - Procedures are developed that comply with board policies and provide clear guidance for collecting application fees and installation fees including all of the tasks previously listed. The procedures should establish proper segregation of duties so that one person does not control all key processes and procedures for collections. When proper segregation of duties is not possible, establishing compensating controls including oversight is needed.
 - Accurate and complete records of applications and installations are maintained and periodically reconciled to the records and bank deposits to ensure all fees owed to the town are collected and deposited.
 - Routinely monitor and review the work performed by department employees to ensure compliance with board-adopted fee schedules, policies and procedures.

Additional Collection Resources

Figure 1: OSC Publications		
OSC <i>Local Government Management Guides</i> and other information available on our website to help officials understand and perform their responsibilities.		
Information for Town Officials	Fiscal Oversight Responsibilities of the Governing Board	The Practice of Internal Controls
		
information-for-town-officials.pdf	fiscal-oversight-responsibilities-of-the-governing-board.pdf	the-practice-of-internal-controls.pdf

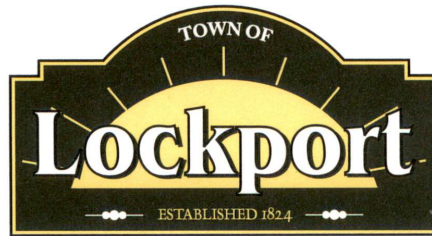
In addition, our website can be used to search for audits, resources, publications and training for officials: <https://www.osc.ny.gov/local-government>.

Appendix B: Response From Town Officials

SUPERVISOR
MARK C. CROCKER

SUPERINTENDENT OF HIGHWAYS
JAMES E. ROOK

TOWN CLERK
JUDITH A. NEWBOLD



COUNCIL MEMBERS
DARLENE S. DICARLO
PATRICIA DUFOR
THOMAS J. KEOUGH
PAUL W. SIEJAK

TOWN ATTORNEY
THOMAS D. SEAMAN



Office of the State Comptroller

295 Main Street, Suite 1032

Buffalo, NY 14203-2510



After a very thorough debrief on 8 October, 2025, on the initial report of findings on your 2024 Audit for the Town of Lockport's Building Department and the Highway Office, **we accept your report.**

We have already addressed most of the issues mentioned in your report. We look forward to your final report.

Sincerely,

Mark Crocker

Town of Lockport Supervisor

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Appendix C: Audit Methodology and Standards

We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We obtained an understanding of the application fee and installation fee collection process by interviewing the Superintendent, Clerk, Department employees, and Board members and by reviewing applicable sections of the Town's code, the Town's policy manual, applications and other records maintained at the Department.
- We requested all applications submitted for the period of January 1, 2023 through May 1, 2024. The Clerk provided and we tested 33 applications. The related application fees and installation fees for the 33 applications totaled \$22,800 (\$1,600 in application fees and \$21,200 in installation fees). We compared the application fees and installation fees with the Town's fee schedule to determine whether the correct fee amounts were assessed and compared the applications to invoices to verify the correct fee was charged.
- We compared collection dates, as documented by the Clerk, for 27 applications totaling \$13,700 recorded as collected with the requirements in the Policy to determine whether application fees and installation fees were collected in a timely manner. For projects that did not have a collection date (six totaling \$9,100 (\$300 in application fees and \$8,800 in installation fees)), we visually inspected properties and observed whether culvert pipes were installed to determine whether projects were completed, and installation fees were owed to the Town.
- We compared the amounts that applicants were charged per invoices to amounts in the records, which included a culvert pipe log, applications and copies of checks, to deposits and canceled checks to determine whether the correct fee amounts were collected, recorded and deposited. We reviewed deposits and canceled checks totaling \$13,700 to determine whether there were any variances between amounts deposited and amounts recorded as collected and to determine whether application fees and installation fees were deposited intact. We also compared the date of receipt that the Clerk stamped on photocopies of the checks to deposit dates to determine whether application fees and installation fees were deposited in a timely manner.

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.

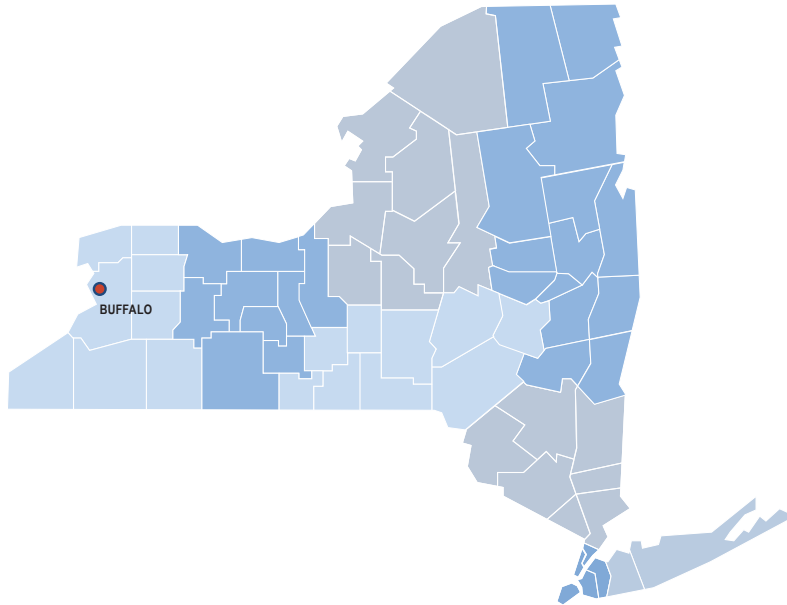
Contact

BUFFALO REGIONAL OFFICE – Melissa A. Myers, Chief of Municipal Audits

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