

New York State Comptroller  
THOMAS P. DiNAPOLI

# Town of Middlesex

Board Oversight – Code Enforcement  
Revenues

May 2026 | 2026M-4

Prepared by the Division of Local Government and School Accountability

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# Audit Results

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## Town of Middlesex

### Audit Objective

Did the Town of Middlesex (Town) Town Board (Board) ensure that code enforcement revenues were accurately billed, collected, deposited, recorded and reported?

### Audit Period

January 1, 2015 – December 12, 2025

### Understanding the Audit Area

A town board is responsible for ensuring that code enforcement revenues are properly billed, collected, deposited, recorded and reported to uphold its responsibility for managing and controlling town finances and reduce the risk of misappropriation, theft or clerical errors that can lead to lost revenue. A town board also must ensure that it has accurate and up-to-date financial information needed to make informed operational decisions and to protect the public's trust in the town board's efficiency and effectiveness.

From January 1, 2015 through August 13, 2025, the Town's code enforcement office processed 784 building permits and 313 applications<sup>1</sup> and collected \$190,146 in associated code enforcement fees.

### Audit Summary

The Board did not ensure that all code enforcement revenues were accurately billed, collected, deposited, recorded and reported. The Board also did not develop and implement written policies and procedures to provide guidance and expectations for the code enforcement function, and the former code enforcement officer (CEO) did not bill for or collect all code enforcement revenues due to the Town. As a result, the Board did not have complete and accurate financial records needed to make informed operational decisions. For example:

- The Board did not ensure that the CEO and code enforcement clerk billed applicants for all engineering services totaling \$56,718.
- The CEO and Town officials did not recover fees for engineering services totaling \$31,277 for which the Town was billed.
- The CEO and Town Clerk incorrectly recorded code enforcement revenues totaling \$13,139.

The report includes eight recommendations that, if implemented, will improve the Board's oversight over the code enforcement office activities. Town officials generally agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

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. 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. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you

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<sup>1</sup> Applications included site plan reviews, variances and major and minor subdivisions.

received with the draft audit report. We encourage the Board to make the CAP available for public review in the Town Clerk's office.

# Board Oversight – Code Enforcement Revenues: Finding and Recommendations

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A town board is responsible for providing guidance for billing and collecting code enforcement revenues, which include application and site plan review fees, by adopting written policies and procedures. Board guidance should outline who is responsible for billing, collecting and depositing revenues, enforcing collection of unpaid fees and recording and reporting code enforcement revenues. In addition, the town board should adopt a fee schedule for code enforcement revenues and ensure that all code enforcement revenues are billed for, collected, deposited, recorded and reported.

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

## **Finding 1 – The Board did not ensure that all code enforcement revenues were accurately billed, collected, deposited, recorded and reported.**

The Board did not adopt written policies and procedures for billing for, collecting, depositing, recording and reporting of code enforcement revenues. As a result, Town officials and employees used an informal process that did not adequately segregate financial duties, reconcile code enforcement bills to payments received or oversee the code enforcement office's financial operations to ensure that all code enforcement revenues were billed for, collected, deposited, recorded and reported.

The former CEO and the former code enforcement clerk billed for and collected code enforcement revenues and remitted them to the Town Clerk, who was responsible for recording the revenues, reporting them in the computerized financial system's Town Clerk module (Town Clerk module) and remitting them to the Town Supervisor (Supervisor). We reviewed 1,121 payments totaling \$190,146 and determined that the Town Clerk incorrectly recorded 10 payments totaling \$13,139 (received from the former CEO or former code enforcement clerk) as site plan reviews or building permits because the former CEO did not provide a description on the payments that she submitted to the Town Clerk.

While the former code enforcement clerk received most code enforcement fees from applicants on the date of service, such as building permits or site plan reviews completed during a planning board meeting, she also was required to bill for additional engineering fees for more complex projects that required an additional review by a licensed engineer. When receiving an invoice from the engineering firm, the former CEO sometimes instructed the former code enforcement clerk to bill the applicant for the engineer's additional site plan review costs and submit the engineering firm's invoice to the Supervisor for payment. However, the former CEO, former code enforcement clerk, Supervisor and Supervisor's bookkeeper (bookkeeper) did not maintain a log of these billed receivables to ensure that they had been billed and collected.

The former CEO also did not prepare and provide periodic written reports of code enforcement activities to the Board, Supervisor or Town Clerk. In addition, the Supervisor and bookkeeper did not reconcile the amounts that the code enforcement clerk billed to the payments that the CEO collected and remitted to the Town Clerk for these revenues. We reviewed 54 engineering invoices totaling \$56,718 and determined that Town officials did not identify uncollected code enforcement revenues totaling \$29,127, two overpaid engineering invoices totaling \$2,091 and three unpaid engineering invoices totaling \$2,150. Additionally, because officials did not maintain a log of billed receivables, we could not determine whether the code enforcement clerk billed applicants for all code enforcement services.

Without written policies and procedures, complete and accurate records and reports, and periodic review and reconciliations of code enforcement payments and activities, the Board cannot ensure that all code

enforcement revenues were billed for, collected, recorded and reported, which increased the risk that irregularities, theft and waste of Town resources could occur without detection.<sup>2</sup>

## Recommendations

The Board should:

1. Develop and implement written policies and procedures to adequately segregate code enforcement billing, collecting and receiving duties and ensure that all code enforcement fees are billed to and collected from applicants and revenues are properly recorded, reported and reconciled.
2. Require the CEO to prepare and submit monthly and annual, detailed written reports regarding code enforcement activities.
3. Require the CEO and code enforcement clerk to maintain documentation to support all revenue received.
4. Work with the Town's attorney to bill applicants for remaining unpaid engineering fees.
5. Work with the engineering firm to recover the duplicate amount paid and pay the remaining outstanding balances owed to the engineering firm.

The CEO should:

6. Submit monthly and annual detailed, written financial reports to the Board that include information for all code enforcement office revenues.
7. Obtain and retain supporting documentation for all code enforcement revenues.

The Town Supervisor should:

8. Reconcile the amounts that the code enforcement clerk bills to applicants to the payments that the CEO collects and remits to the Town Clerk.

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<sup>2</sup> During our fieldwork, we learned that the former CEO did not maintain a CEO certification that was required by the New York State Department of State. The former CEO's certification was inactive during 2023, 2024 and a portion of 2025 (when her employment with the Town ended).

# Appendix A: Profile, Criteria and Resources

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## Profile

The Town is located in Yates County and has a population of approximately 1,400. The Town is governed by an elected five-member Board, which includes the Supervisor and four Board members. The Board is responsible for overseeing the Town's operations and finances, which includes the financial operations of the code enforcement office.

The former CEO worked for the Town from January 2007 through April 2025, when the Board ended her Town employment. The Board appointed the current CEO to the position on an interim status on April 15, 2025 and then appointed him to full-time status on May 9, 2025.

The former code enforcement clerk resigned in December 2021. The Board then appointed two code enforcement clerks (consecutively) from January 2022 through June 2023, at which time the Board appointed the current code enforcement clerk.

## Criteria

A town board is responsible for overseeing the town's fiscal activities and safeguarding its resources. Effective management requires the town board to establish a system of internal controls, which includes the following:

- Adopting written policies and procedures that provide guidance and oversight to employees who are involved in billing, collecting and depositing revenues.
- Ensuring that financial records and reports are complete, accurate and prepared in a timely manner.

When key duties related to billing and collecting revenues are inadequately segregated, a town board must implement compensating controls, such as developing a system of receivables and reconciliation procedures to help minimize the risks associated with the lack of segregation of duties, such as theft of town revenue.

A town code enforcement officer is responsible for maintaining complete and accurate records to account for all activities within the code enforcement office, including preparing and submitting detailed written monthly and annual financial reports to the town board. A town board should review these reports, the code enforcement officer's financial records and reconciliations of bills for code enforcement activities sent to applicants to payments received to monitor the code enforcement office's financial operations.

## Additional Resources

OSC's *Local Government Management Guides*, and other informational resources that are available on our website to help officials understand and perform their responsibilities, include:

- *Fiscal Oversight Responsibilities of the Governing Board*:  
<https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf>
- *The Practice of Internal Controls*:  
<https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf>

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

# Appendix B: Response From Town Officials

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The content below is a reproduced copy of the original response letter issued by Town officials, is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*<sup>3</sup> and may have included changes to spelling and grammar. The substance of the content was not changed.<sup>4</sup>

May 18, 2026

To the New York State Comptroller's Office:

This letter is submitted in response to the draft Report of Examination 2026M-4.

In early 2025, the Town Supervisor and Town Board became aware of concerns regarding the manner in which fees and revenues within the Code Office were being collected, billed, and reported by the former Code Enforcement Officer (CEO). After review, the Town Board determined that the former CEO lacked the certifications required for the position and subsequently terminated the employee. At the same time, the Town Board requested assistance from the Office of the State Comptroller to conduct an audit of the Town's Code Office operations and related financial processes.

In April 2025, both actions were taken. Throughout the examination process, Town officials fully cooperated with the examiners and provided access to records, procedures, and personnel as requested.

The Town Board and Supervisor do not dispute the findings presented in the draft report. While we acknowledge that additional oversight by the Board and Supervisor should have occurred, it is important to note that the former CEO had served in the position for nearly 20 years under two Supervisors and alongside three Town Clerks before 2025. The procedures within the Code Office had become long established, and the former CEO consistently represented that the administration of office operations fell under the CEO's authority and control.

Following the removal of the former CEO and the Town obtaining full access to the Code Office records and procedures, the Supervisor became aware of the extent to which the processes for billing, fee collection, and financial reporting had not been properly managed.

Since that time, the Code Clerk, Town Clerk, Supervisor, and Town Bookkeeper have worked collaboratively to establish improved procedures intended to address the recommendations outlined in the draft report. Recommendations 1 through 3 have been implemented, with the exception of adopting a formal written policy, which is currently being developed. Copies of the updated procedures for engineering fees and permit fees are attached to this response.

Additionally, the Town Clerk now provides the Supervisor with a detailed monthly report of all fees collected before each Town Board meeting. These reports are reviewed and signed by the Supervisor and included in the Board packet distributed to all Board members.

Further, the Supervisor now meets weekly with the current CEO and Code Clerk to review ongoing matters involving the Code Office, Planning Board, and Zoning Board of Appeals.

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<sup>3</sup> <https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule>

<sup>4</sup> The Town's response letter refers to an attachment that supports the response letter. Because the Town's response letter provides sufficient detail of its actions, we did not include the attachment in Appendix B.

The Town Board remains committed to strengthening oversight and internal controls and will continue working toward adoption of a formal policy that incorporates the recommendations contained in the report, as well as the procedures currently being followed by the Town Clerk and Code Office staff.

# Appendix C: Audit Methodology and Standards

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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 interviewed Town officials and reviewed the Board's meeting minutes to gain an understanding of the Town's code enforcement fee procedures and processes and determine whether the CEO prepared and provided written financial records and reports to the Board.
- We reviewed the Town Clerk's cash book transaction log from the computerized financial system, from January 1, 2015 through August 13, 2025, to determine the total code enforcement revenues received from the CEO. We identified 1,121 payments totaling \$190,146 of code enforcement revenue that was recorded in the cash book transaction log.
- We reviewed bank statements and bank activity, including deposit compositions, for the Town Clerk and general fund accounts from January 1, 2015 through August 13, 2025 to identify and confirm deposits of code enforcement revenues. We chose this time frame due to data availability and to coincide with the contract term of the engineering firm.
- We obtained 54 invoices for engineering services totaling \$56,718 from the Town's engineering firm and compared them to the Town Clerk's cash book transaction log and bank statements from January 1, 2015 through August 13, 2025, and deposit compositions from May 23, 2016 through February 7, 2025 (Town officials switched banks and closed the account), and confirmation letters sent to 24 applicants, to identify all engineering fees collected by the CEO. We reviewed available tax rolls to identify 24 applicants who were still the current owners of the properties that required additional engineering services. We chose the January 1, 2015 through August 13, 2025 time frame because it coincided with the beginning of the contract with the engineering firm. We chose the May 23, 2016 through February 7, 2025 time frame due to data availability.
- We attempted to meet with the former code enforcement officer to gain an understanding of her processes and procedures, but she did not make herself available.

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 relevant population size and the sample selected for examination.

# Questions?

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## **ROCHESTER REGIONAL OFFICE**

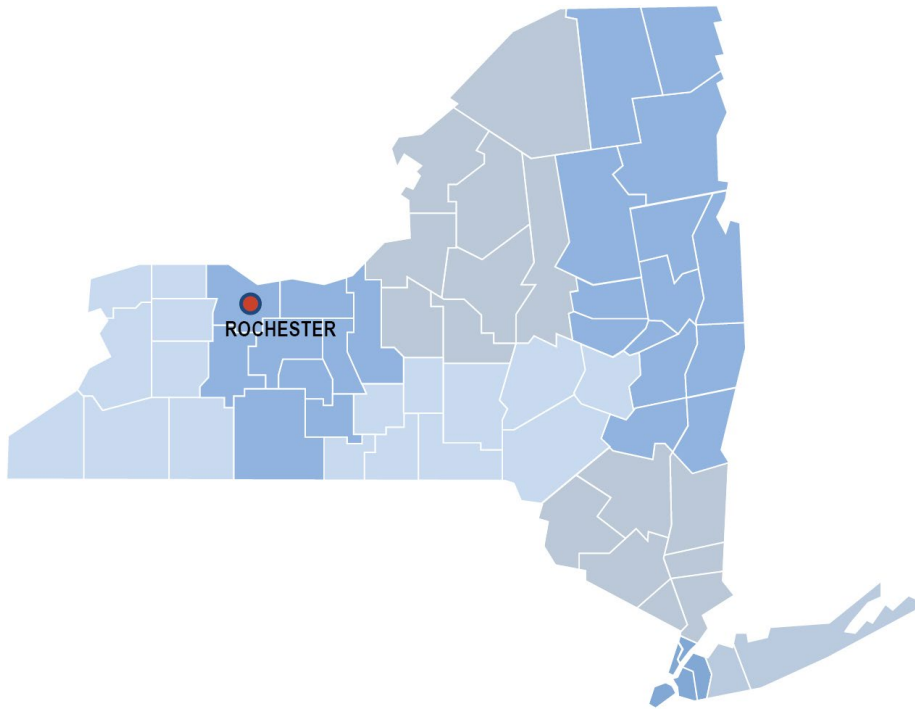
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