

Town of Angelica

Justice Court Operations

APRIL 2018



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

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Report Highlights

Town of Angelica

Audit Objective

Determine if the Town of Angelica (Town) Justice (Justice) collected, recorded, deposited, disbursed and reported all fines and fees in a timely and accurate manner.

Key Findings

- The Justice did not deposit collections totaling \$36,755 in a timely manner.
- The Justice did not follow up on pending tickets listed in the New York State Department of Motor Vehicles (DMV) database.
- The Town Board (Board) did not perform an annual audit of the Justice’s records and reports as required.

Key Recommendations

- Ensure that deposits are made no later than 72 hours from the date of collection.
- Review and analyze pending cases and take the necessary actions as required.
- Conduct an annual audit of the Justice’s financial records and reports and record the results of this audit in the minutes.

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

Background

The Town is located in Allegany County and has a population of approximately 1,400 residents.

The elected Board is composed of a Town Supervisor (Supervisor) and four council members and is the legislative body responsible for overall Town operations and finances.

The Justice is a separately elected official that has oversight of the Justice Court.

Quick Facts

Fines, fees and bail collected during the audit period	\$357,962
Justice’s Tenure	15 years
Court Clerk’s Tenure	13 years

Audit Period

January 1, 2016 – October 31, 2017

Justice Court Operations

The Court has jurisdiction over vehicle and traffic, criminal, civil and small claims cases. The Justice adjudicates legal matters within the Court's jurisdiction and administers money collected from fines, surcharges, civil fees, restitution and bail. The Court Clerk, who is appointed by the Justice, receives and records collections from fines, fees and bails; issues receipts; posts collections to the cash receipts journal and prepares deposits. The Justice makes the deposits and reports all money collected each month (excluding pending bail) to the Justice Court Fund (JCF), disburses by check the funds collected to the Supervisor or defendant as appropriate, and informs the DMV of ticket dispositions so the cases can be properly closed in the DMV database.

How Should the Justice Account for Fines, Fees and Bail Collected?

The Justice is required to issue receipts to acknowledge the collection of all funds paid to the Court, record each receipt in the accounting records and deposit all funds intact (i.e., in the same amount and form as received) as soon as possible but no later than 72 hours from the date of collection, exclusive of Sundays and holidays. On a monthly basis, the Justice should perform a bank reconciliation to the checkbook and an accountability of funds by preparing a list of Court liabilities and comparing it to reconciled bank balances and money on hand. Court liabilities should equal the available cash balance. Any unidentified funds should be remitted to the JCF.

Also, the Justice is required to accurately remit fines and fees collected to the Supervisor on a monthly basis and collect bail from defendants to ensure their appearance in Court to answer charges. The Justice should maintain records indicating the date the bail was remitted to the Court, who paid it and to which case it relates. Court disbursements include returning bail and transferring money to other courts. The Justice should submit monthly reports detailing all fines, fees, surcharges and forfeited bail collected to the JCF and ensure that unpaid traffic tickets with fines and surcharges are enforced. Lastly, the Justice is required to present his records at least once each year to be examined by the Board or an independent public accountant and the results of this audit should be recorded in the minutes.

Collections Were Accurately Recorded and Deposited but Deposits Were Not Always Timely

We compared 328 Court receipts totaling \$71,023 to bank deposit records and found that collections were accurately recorded and deposited but deposits were not always timely. We found that 52 percent of these collections, or \$36,755 were not deposited timely by the Justice. These deposits were made between one and six days after the 72 hour limit (exclusive of Sundays and holidays). The Court Clerk stated that she enters all collections into the cash receipts journal

immediately upon receipt and prepares a deposit slip. She then secures the deposit in a safe that both she and the Justice can access. The Justice confirmed that he makes the deposits and was unaware that the deposits were not timely. By not depositing Court receipts within the prescribed time limit, there is an increased risk that money could be lost or stolen.

The Justice Prepared Accurate Bank Reconciliations and Accountabilities

The Justice prepared accurate monthly bank reconciliations and accountabilities. These are important controls to make timely detection of recording errors so they can be found and corrected in a timely manner. We commend the Justice for implementing these procedures.

Check Disbursements Were Accurate

The Justice accurately remitted fines and fees collected to the Supervisor, appropriately returned bail to the appropriate individuals and transferred cases to other jurisdictions as required. We compared check disbursements totaling \$337,686 to 19 monthly reports¹ totaling \$323,526, and documentation supporting seven bail returns totaling \$14,027 and one case transfer to another court totaling \$133 and found that the disbursements were accurate.

The Justice Did Not Follow Up On All Pending Cases

Each month the DMV through its Traffic Safety Law Enforcement and Disposition (TSLED) reporting system supplies each court with a report of all pending tickets issued. Courts should respond either manually or electronically with the status of these tickets. Courts may access reports from TSLED online at any time.

DMV records indicate that as of September 8, 2017, the Court had 6,273 pending traffic tickets outstanding. We judgmentally selected 100 tickets and compared them to Court records to determine their status:

- 44 tickets listed on DMV records as pending were listed on the Court as disposed. The Justice could not explain why the DMV status was pending.
- 40 tickets listed on DMV records as pending were listed by Court records as being reported as scofflaws.²

1 Our testing was from January 1, 2016 through August 22, 2017. July 2017 was the last completed month.

2 The DMV Scofflaw Program allows local justice courts to notify the DMV when an individual has an unresolved traffic ticket for a 60-day period because of the failure to pay the fine or failure to appear on the court date. When this occurs, the DMV notifies the individual and gives them 30 additional days to address the issue. If the individual has not taken action, then the DMV suspends the individual's license until they address the outstanding ticket.

-
- 11 tickets listed on DMV records as pending for over 20 years could not be found in the Court's current computerized records. Court officials could not locate the original written records either.
 - 4 tickets were correctly listed on DMV records as pending.
 - 1 ticket listed on DMV records as pending has not been referred to the DMV for enforcement through its Scofflaw Program even though it was eligible.

The Justice stated that he does not routinely monitor pending tickets and that he was not aware that the Court had such a high number of pending tickets in the DMV database. Also, it is important that the Court report the disposition of cases to the DMV in a timely manner so the defendants' DMV records are correct and unsafe drivers' records are complete so driving privileges can be suspended or revoked when appropriate.

The Required Annual Audit of Court Records Was Not Performed

Although the Justice provided the Board with monthly reports of the Court's financial activities, the Board did not ensure that an annual audit of the Justice's records and reports was conducted. The Supervisor told us he was not aware of this requirement. Without the Board conducting an annual audit of Court records, Town officials cannot provide assurance that all Court funds are properly collected, disbursed and accounted for.

What Do We Recommend?

The Justice should:

1. Ensure that deposits are made no later than 72 hours from the date of collection.
2. Review and analyze pending cases and take the necessary actions as required.
3. Develop and implement procedures to assure that adjudicated cases are reported to DMV in a timely and consistent manner.

The Board should:

4. Conduct an annual audit of the Justice's financial records and reports and record the results of this audit in the Board minutes.

Appendix A: Response From Town Officials

Town of Angelica

OFFICE OF
TOWN CLERK

49 PARK CIRCLE
P.O. BOX 338
ANGELICA, NEW YORK 14709

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FAX: 585-466-3476

April 11, 2018

Mr. Jeffrey D. Mazula, Chief Examiner
Office of the State Comptroller
Buffalo Regional Office
295 Main Street, Suite 1032
Buffalo, NY 14203-2510

Dear Mr. Mazula:

This letter is the Town of Angelica's response to your preliminary draft findings and recommendations of your recent audit of our Justice Court.

We welcomed the opportunity for your office to identify ways the Town can improve operations for its court by taking positive actions to improve in noted key areas.

The Town agrees with and does not dispute any of the "Key Findings".

We also appreciate each of the "Key Recommendations" made in the draft report. We agree that each recommendation will strengthen controls intended to safeguard assets and reduce costs.

We will address each recommendation specifically in our forth coming Corrective Action Plan.

Sincerely,


Robert L. Jones, Supervisor
Town of Angelica

Appendix B: Audit Methodology and Standards

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, our audit procedures included the following:

- We interviewed Town officials and reviewed the minutes concerning Justice Court financial activities.
- We compared Court receipts and records to bank deposit records.
- We tested the accuracy of bank reconciliations and accountabilities prepared by the Justice during the audit period.
- We performed a cash count on August 22, 2017.
- We traced disbursements from our audit period to monthly reports, bail returns and electronic transfers.
- We traced current bail amounts reported by the Justice to supporting Court records and bank records.
- We tested the accuracy of the DMV pending ticket report by judgmentally selecting a sample of 100 pending tickets from the report and comparing them to Court records. We selected the 100 tickets randomly by using an electronic spreadsheet sample function.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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 Town Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/localgov/costsavings/index.htm

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/localgov/planbudget/index.htm

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.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/localgov/finreporting/index.htm

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/localgov/researchpubs/index.htm

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/localgov/academy/index.htm

Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

www.osc.state.ny.us/localgov/index.htm

Local Government and School Accountability Help Line: (866) 321-8503

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