

Town of Bethany

Town Clerk Fees

MARCH 2018



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

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Report Highlights

Town of Bethany

Audit Objective

Determine whether the Town Clerk properly accounted for fees.

Key Findings

- The Clerk did not timely deposit \$1,995 in collections.
- The Clerk did not issue duplicate receipts for collections totaling \$533.
- The Board did not perform an annual audit as required.

Key Recommendations

- Deposit all collections in a timely manner.
- Issue and retain duplicate receipts.
- Perform an adequate annual audit of, or retain a public accountant to audit, the Clerk's records.

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

Background

The Town of Bethany (Town) is located in Genesee County (County) and has a population of approximately 1,800 residents.

The Town Board (Board) is composed of an elected Town Supervisor and four elected Council members and is the legislative body responsible for overall Town operations and finances, including oversight of the elected Town Clerk (Clerk).

The Clerk serves as Clerk to the Board and collects fees for a variety of purposes. Generally, all fees received by the Clerk are the property of the Town, County or State and must be remitted promptly to the appropriate entities.

Quick Facts

2017 General Fund Budgeted Appropriations	\$450,000
2016 Clerk Deposits	\$34,000
Clerk Tenure	15 years

Audit Period

January 1, 2016 – August 14, 2017

Town Clerk Fees

The Town Clerk (Clerk) is responsible for receiving, depositing, disbursing and reporting all fees collected in an accurate and timely manner. This requires maintaining complete and accurate accounting records and ensuring that money received is properly safeguarded, promptly deposited and disbursed to the appropriate parties in a timely manner.

How Should the Clerk Properly Account for Fees?

The Clerk is required to issue a duplicate receipt when no other adequate evidence of receipt is available. Duplicate receipts should be press-numbered and indicate payment date, payee name, amount, purpose, form of payment (i.e., cash or check) and recipient name. Proper receipts serve as evidence of individual collections and help ensure accounting records are complete and accurate.

The Clerk must properly account for all transactions by accurately recording amounts collected in the cash receipts journal and depositing receipts intact (in the same form, cash or check, as when received) within three business days after the total exceeds \$250.

New York State Town Law requires the Clerk to submit monthly reports to the Town Supervisor for all money received and remit such money on or before the 15th of the month following receipt. The Clerk also must report and remit collections to other entities.

The Board is responsible for providing adequate oversight and is required to annually audit¹ the Clerk's records and reports or hire a public accountant for that purpose. In conducting its reviews, the Board should determine whether effective procedures are in place to ensure that the Clerk properly accounts for all money collected.

The Clerk Did Not Always Issue Proper Receipts

The Clerk did not regularly issue duplicate receipts for fees collected. We reviewed collections made during the months of January, August and September 2016 totaling \$10,709 and found that the Clerk did not issue duplicate receipts for eight collections totaling \$533. The Clerk stated that she usually issues duplicate receipts for all transactions but must have forgotten to issue receipts for these transactions.

These collections were recorded in her cashbook. However, when proper duplicate receipts are not issued, officials cannot verify that all receipts are recorded in the cash receipts journal, deposited intact and reflected on monthly reports.

¹ Town Law

The Clerk Did Not Always Make Timely Deposits But Properly Reported Activity

We reviewed deposits made during the same three months and found that not all collections were deposited in a timely manner. On three occasions, the Clerk did not deposit collections totaling \$1,995 within three business days of collections exceeding \$250 as required. These deposits were made between four and seven days after exceeding \$250. However, all fees received by the Clerk that are the property of the Town, County or the State were remitted and reported in a timely manner. The Clerk submitted monthly reports to the Supervisor and remitted fees totaling \$41,600 to the appropriate parties.²

The Board Did Not Perform an Annual Audit of the Clerk's Books

The Board is not annually auditing the Clerk's books, records and documents. The Supervisor stated that neither he, nor the Board, have audited the Clerk's books. The Board was not aware of this statutory requirement. Because the Board did not perform annual audits, its ability to effectively monitor financial operations was diminished. Had the Board performed the required annual audits, it may have recognized the deficiencies in the Clerk's records and procedures and brought them to the Clerk's attention to encourage corrective action.

What Do We Recommend?

The Clerk should:

1. Issue and retain duplicate receipts that record the date, payee name, purpose and amount and form of payment for all money received, where no other form of receipt is available.
2. Deposit all collections in a timely manner.

The Board should:

3. Perform an adequate annual audit of, or retain a public accountant to audit, the Clerk's records.

² The Clerk submitted 17 monthly reports during our audit period.

Appendix A: Response From Town Officials



Town of Bethany
10510 Bethany Center Road
East Bethany, New York 14054
Phone: 585-343-1399 Fax: 585-343-3605
TDD: 1-800-662-1220
<http://www.townofbethany.com>

February 20, 2018

Jeffrey D. Mazula, Chief Examiner
Office of the New York State Comptroller
Division of Local Government
and School Accountability
295 Main Street, Suite 1032
Buffalo, NY 14203-2510

Dear Mr. Mazula,

The Town Board and the Town Clerk would like to express their appreciation to your staff for their time and effort in reviewing the Town Clerk's records.

In response to the Report of Examination of the Town of Bethany Town Clerk Fees (2017M-226), the Town Board and the Town Clerk are in agreement with the report findings. This letter is to serve as both the response and the CAP for this examination.

Please see the attached corrective action plans for the findings of the examination as approved by the Town Board.

Very truly yours,

Carl L. Hyde, Jr.
Supervisor

Enclosures



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UNIT NAME: Town of Bethany
AUDIT REPORT TITLE: Town Clerk Fees
AUDIT REPORT NUMBER: 2017M-226

For each recommendation included in the audit report, the following is our corrective action(s) taken or proposed. For recommendations where corrective action has not been taken or proposed, we have included the following explanations.

Audit Recommendation:

The Clerk should deposit all collections in a timely manner.

Implementation Plan of Action(s):

The Clerk will ensure that collections will be deposited within 3 business days of collections exceeding \$250 as required.

Implementation Date:

The Clerk has already implemented the action plan.

Person Responsible for Implementation:

The Clerk is responsible for implementing this plan.

Signed:

Carl L. Hyde, Jr.
Supervisor

2-12-18

Date



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Audit Recommendation:

The Clerk should issue and retain duplicate receipts.

Implementation Plan of Action(s):

The Clerk will ensure that duplicate receipts are issued for each transaction. The Clerk has designed a form to be completed at the end of each business day which compares duplicate receipt totals to the cash book totals ensuring that both totals match.

Implementation Date:

The Clerk has already implemented the action plan.

Person Responsible for Implementation:

The Clerk is responsible for implementing this plan.

Signed:

Carl L. Hyde, Jr.
Supervisor

2-12-18

Date



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For each recommendation included in the audit report, the following is our corrective action(s) taken or proposed. For recommendations where corrective action has not been taken or proposed, we have included the following explanations.

Audit Recommendation:

The Board should perform an adequate annual audit of, or retain a public accountant to audit the Clerk's records.

Implementation Plan of Action(s):

The Town Board will perform an annual audit of the Town Clerk's records.

Implementation Date:

The Board will immediately implement this plan.

Person Responsible for Implementation:

The Town Board is responsible for implementing this plan.

Signed:

Carl L. Hyde, Jr.
Supervisor

2-12-18
Date

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, we performed the following audit procedures:

- We interviewed the Town Clerk and the Town Supervisor to understand the practices and procedures for collecting, receipting, recording, remitting and reporting Clerk fees and the level of Board oversight of the Clerk's operations.
- We obtained bank statements, duplicate deposit slips and the Clerk's cash book and traced each deposited item back to the Clerk's duplicate receipts to determine whether all deposits were properly accounted for, timely and intact. Our judgmentally selected sample included all deposits and collections from the three months with the highest dollar amount of collections within our audit scope period.
- We compared amounts on duplicate receipts to the Clerk's cash receipts journal entries to determine whether amounts were properly recorded.

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 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.state.ny.us

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

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

BUFFALO REGIONAL OFFICE – Jeffrey D. Mazula, Chief Examiner

295 Main Street, Suite 1032, Buffalo, New York 14203-2510

Tel: (716) 847-3647 • Fax: (716) 847-3643 • Email: Muni-Bufferalo@osc.state.ny.us

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