

Town of Crown Point

Town Clerk/Tax Collector

JULY 2019



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

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Report Highlights

Town of Crown Point

Audit Objective

Determine whether the Town Clerk/Tax Collector (Clerk) properly accounted for fees (including campsite rentals), real property taxes and water and sewer rents.

Key Findings

The Clerk did not:

- Remit real property taxes totaling nearly \$1.4 million in 2017 and 2018 to the Town Supervisor (Supervisor) or County Treasurer (Treasurer) each week, as required by law. For example, the Clerk collected taxes totaling \$951,513 during the first seven weeks of 2017 (from January 2 through February 17) but made only one remittance totaling \$909,157 to the Supervisor on February 14, 2017.
- Deposit real property tax collections within the required timeframe. For example, \$468,215 or 34 percent of taxes paid by check in 2017 were deposited from eight to 38 days late.
- Always deposit fees within the required timeframe or remit them to the Supervisor in a timely manner.

Key Recommendations

- Remit all real property tax collections to the Supervisor and Treasurer within the required timeframe.
- Deposit all real property tax collections within the required timeframe.
- Deposit all fees intact within the required timeframe. Fees should be accurately remitted to the Supervisor in a timely manner.

Town officials generally agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

Background

The Town of Crown Point (Town) is located in Essex County (County). The Town is governed by an elected Town Board (Board) composed of four Board members and the Supervisor. The Board is responsible for general management and control of finances including overseeing the Clerk's financial activities.

The elected Clerk collects fees for birth and death certificates, marriage licenses, building permits, dog licenses and New York State Department of Environmental Conservation (NYSDEC) licenses, campsite fees, and water and sewer rents. Serving as the elected Tax Collector, the Clerk is responsible for collecting Town and County real property taxes and remitting taxes collected to the Supervisor or Treasurer.

Quick Facts

Population	2,024
2018 Real Property Taxes	\$1.4 million
Clerk Fees Collected During the Audit Period	\$97,920
Water/Sewer Rents Collected During the Audit Period	\$331,794

Audit Period

January 1, 2017 - June 26, 2018

Town Clerk/Tax Collector

How Should the Clerk Account for Real Property Taxes and Clerk Fees?

As tax collector, a clerk is responsible for remitting all real property tax collections to the supervisor at least once each week until the town's share of taxes is paid in full. The remaining collections must then be paid to the county treasurer not later than the fifteenth day of each month following the date of receipt.

In addition, the clerk must maintain accurate and complete records and reports, and deposit all real property tax collections in a timely manner. New York State Town Law (Town Law)¹ requires the tax collector to deposit all real property tax money collected within 24 hours of receipt. Tax receipts collected should be deposited intact (in the same form, cash or check, as when received). The clerk is also responsible for collecting penalties for all tax payments received after February 1st.

The clerk is responsible for receiving, recording, depositing, disbursing and reporting all money collected for clerk fees and water and sewer rents. Records and reports should be accurate and complete. All money collected should be deposited intact and as soon as possible to reduce the risk of theft or misplacement and properly secured before being deposited. Town Law² requires the clerk to make deposits within three business days after total collections exceed \$250.

The clerk should retain supporting documentation, which includes the payer, purpose, and amount, date of receipt and form of payment (i.e., cash, check or money order) for each payment received. Further, preparing a monthly accountability analysis comparing current assets to current liabilities enables the clerk to verify the accuracy of financial records and remittances to the supervisor and other parties.

The Clerk Did Not Remit Real Property Taxes in a Timely Manner

We reviewed the Clerk's real property tax records for all collections received to determine whether the Clerk remitted all applicable collections to the Supervisor and Treasurer in a timely manner. The Clerk collected Town and County taxes of approximately \$1.4 million in both 2017 and 2018 (\$1.1 million for the Town and \$278,659 for the County in 2017 and \$1.2 million in the Town and \$221,882 for the County for 2018). We found that the Clerk did not remit collections to the Supervisor weekly or the Treasurer by the fifteenth of the month following collection, as required by law.

1 New York State Town Law (Town Law), Section 35

2 Town Law, Section 30

The Clerk collected Town and County taxes totaling \$951,513 during the first seven weeks of 2017 (from January 2 through February 17), but made only one remittance to the Supervisor totaling \$909,157 on February 14, 2017 instead of weekly as required. In addition, the Clerk failed to remit \$42,356 in taxes collected during this same period to the Supervisor until April 21. The Clerk collected an additional \$450,414 in taxes from February 20 through April 21, and remitted \$227,652 to the Supervisor and \$260,000 to the Treasurer on April 19, 2017 leaving an unremitted balance of \$5,118 (Figure 1).

Figure 1: Real Property Taxes Remitted in 2017^a

Collection Weeks	Town and County Taxes Collected	Amount Remitted to the Supervisor	Amount Remitted to the Treasurer	Cumulative Unremitted Amount
Weeks 1 through 7: January 2 – February 17	\$951,513	\$909,157	\$0	\$42,356
Weeks 8 through 16: February 20 – April 21	\$450,414	\$227,652	\$260,000	\$5,118
Weeks 17 through 18: April 24 – May 1	\$13,541	\$0	\$18,659	\$0 ^b
Totals	\$1,415,468	\$1,136,809	\$278,659	\$0

a Amounts are the base amount of real property taxes collected that are included on the tax warrant and closing statements, and do not include late payment penalties.

b An additional \$3,058 was paid to the Treasurer for real property tax collections received after the Clerk reconciled collections with the Treasurer on May 1, 2017.

The Clerk continued to collect and deposit taxes from April, 24 through May 1, 2017, as allowed by the County,³ and remitted \$18,659 to Treasurer for the remainder of collections due.

Tax payments made after January 31 are subject to late payment penalties. From February 1 through May 1, the Clerk collected a total of \$5,795 in late payment penalties. However, she did not remit the penalties to the Supervisor until July 13, 2017.

In 2018, the Clerk collected \$684,330 from January 1 through February 2 and remitted \$214,889 to the Supervisor on January 31, leaving \$469,441 unremitted as of February 2, 2018.⁴ The Clerk collected an additional \$542,121 in taxes between February 5 and February 23 and made one remittance of \$689,755 to the Supervisor on February 22, which left \$321,807 in unremitted tax collections as of February 23, 2018.⁵

3 The County allows the Tax Collector to collect taxes up through May 1, the closing date with the Treasurer.

4 This includes collections received from February 1-2, 2018 in the amount of \$122,151.

5 This includes collections received on February 23, 2018 in the amount of \$8,809.

Figure 2: Real Property Taxes Remitted in 2018^a

Collection Weeks	Town and County Taxes Collected	Amount Remitted to the Supervisor	Amount Remitted to the Treasurer	Cumulative Unremitted Amount
Weeks 1 through 7:				
January 1 – February 2	\$684,330	\$214,889	\$0	\$469,441
Weeks 6 through 8:				
February 5 – February 23	\$542,121	\$689,755	\$0	\$321,807
Weeks 9 through 11:				
February 26 – March 16	\$68,502	\$300,000	\$90,000	\$309
Weeks 12 through 14:				
March 19 – April 6	\$77,126	\$0	\$74,000	\$3,435
Weeks 15 through 18:				
April 9 – May 4	\$54,447	\$0	\$57,882	\$0 ^b
Totals	\$1,426,526	\$1,204,644	\$221,882	\$0

^a Amounts are the base amount of real property taxes collected that are included on the tax warrant and closing statements, and do not include late payment penalties.

^b An additional \$4,040 was paid to the Treasurer for the tax collections received after the Clerk reconciled collections with the Treasurer on May 1, 2018.

For the 2018 collection period, the Clerk collected \$5,746 in penalties on late payments between February 1 and May 1. However, she did not remit the penalties to the Supervisor until May 10, 2018.

Although all real property taxes collected were eventually remitted to the Supervisor and Treasurer, the Clerk did not comply with the statutory requirement to remit collections to the Supervisor at least weekly, until the Town is paid its full share of taxes. The longer money remains unremitted, the higher the risk that tax collections could be misplaced, misused or unrecorded. The Clerk was aware of time requirements for remitting taxes. However, she told us that due to the amount of work she is responsible for, tax receipts were set aside to be processed, deposited and recorded in an untimely manner.

The Clerk Did Not Always Deposit Real Property Taxes in a Timely Manner

We reviewed all tax collections for 2017 and 2018 totaling \$2.9 million and found that the Clerk deposited real property taxes intact but not within the timeframes established by law (within 24 hours after receipt). Because the Clerk did not maintain records for the dates of collection we were unable to readily determine how late the payments were but the frequency of deposits showed that they were not made within 24 hours as required.

When entering the collections in the County tax software, the Clerk indicated whether the collection was paid by cash or check and recorded the deposit date as the collection date, instead of the date the collection was received. Therefore, to determine the amount of cash and individual checks making up each deposit, we obtained bank deposit compositions (compositions) from the Town’s bank. We then compared the compositions with the tax collections records (obtained from the County) to determine whether real property taxes were deposited intact. We found that, aside from minor discrepancies which we discussed with the Clerk, all real property tax deposits were made intact.

We reviewed all deposits for real property taxes collected in 2017 (approximately \$69,600 in cash and \$1.4 million in checks). The Clerk told us that she deposited cash when received. However, because of the lack of documentation to determine the actual date when cash was received, we compared check dates⁶ to the deposit dates to determine whether checks were deposited within the proper timeframe.⁷ We found that \$468,215 or 34 percent of checks received were not deposited within 24 hours of receipt. For example, the February 24 deposit totaling \$141,985 included 109 checks dated January 4 through January 19 that were deposited 25 to 35 days late (Figure 3).

Figure 3: 2017 Real Property Taxes Paid by Check and Deposited Late

Deposit Date	Check Dates	Days Late	Amount Deposited
01/24/17	01/03/17 – 01/09/18	9 to 13	\$74,096
01/26/17	01/02/17 – 01/11/17	9 to 16	\$20,522
01/30/17	01/06/17	14	\$317
02/03/17	01/03/17 – 01/18/17	10 to 21	\$34,087
02/08/17	01/03/17 – 01/24/17	9 to 24	\$117,925
02/15/17	01/09/17	25	\$2,694
02/21/17	01/06/17 – 01/30/17	14 to 30	\$72,382
02/24/17	01/04/17 – 01/19/17	24 to 35	\$141,985
02/28/17	01/03/17	38	\$297
03/21/17	01/26/17 – 03/01/17	13 to 34	\$480
03/22/17	03/05/17 – 03/07/17	8 to 11	\$3,430
Total			\$468,215

6 Check dates were determined by the copies of checks provided by the Town’s banking institution.

7 We allowed for a two week lag in the 24 hour deposit requirement to allow for checks that may have been received in the mail.

We reviewed all deposits for the 2018 tax collections (approximately \$70,300 in cash and \$1.4 million in checks) and, similar to 2017, the Clerk's records were insufficient to determine whether cash collections were deposited in a timely manner. However, we found that \$560,137 or 41 percent of collections paid by check were not deposited with 24 hours, as required. For example, the February 8 deposit totaling \$200,703 included 142 checks dated January 9 through January 23 that were deposited 10 to 20 days late.

Figure 4: 2017 Real Property Taxes Paid by Check and Deposited Late

Deposit Date	Check Dates	Days Late	Amount Deposited
01/19/18	01/03/18	10	\$3,065
01/26/18	12/30/17 – 01/11/18	9 to 17	\$99,179
01/31/18	01/03/18 – 01/21/18	6 to 18	\$5,867
02/01/18	01/02/18 – 01/15/18	11 to 20	\$46,421
02/02/18	01/15/18 – 01/18/18	9 to 12	\$1,176
02/06/18	01/02/18 – 01/22/18	9 to 23	\$196,173
02/08/18	01/09/18 – 01/23/18	10 to 20	\$200,703
02/20/18	02/02/18	10	\$112
02/23/18	01/15/18	27	\$3,744
03/28/18	02/26/18	20	\$461
04/03/18	03/01/18	21	\$76
04/09/18	02/28/18	26	\$3,086
04/23/18	04/01/18	14	\$74
Total			\$560,137

Although the Clerk was aware that the law requires collections to be deposited by a certain date, the Clerk did not always make timely deposits. The Clerk told us that, due to her workload, collections were set aside to be processed, deposited and recorded at a later date. Because the Clerk did not deposit money timely there is a greater risk that loss or theft of the checks can occur. Furthermore, because checks were deposited late, it is likely that cash was deposited late as well, putting an asset with an inherently higher risk for theft at an even higher level of risk for loss or theft.

The Clerk Did Not Always Deposit Fees Paid in Cash Timely or Intact

We reviewed all 314 Clerk fees collections (including campsite collections)⁸ for 2017 and 2018 totaling \$97,920 to determine whether collections were deposited timely and intact. The Clerk's records did not always document the collection date with duplicate press-numbered receipts. In addition, the Clerk did not maintain a log documenting the date, amount and composition for the amount received (cash or check) or accurately maintain computerized records for the fees collected.

Because of these weaknesses, we reviewed additional documentation, such as NYSDEC computerized records for hunting and fishing licenses issued and copies of marriage licenses and dog licenses, to determine the date and amounts collected. In addition, we obtained bank compositions and compared check dates⁹ to the date of deposit to determine whether collections paid either by cash or check were deposited within the time frames established by Town Law.¹⁰ Except for minor discrepancies, which we discussed with the Clerk, the majority of checks received were deposited in a timely manner. However, collections paid by cash were not deposited intact in a timely manner.

We performed a count of the Clerk's cash-on-hand on June 26, 2018. On that date, the Clerk had \$403 on hand, which was composed, in part, of \$100 in petty cash and a \$10 check received for copies. However, because the Clerk did not maintain any supporting documentation for the remaining \$293 in cash we were unable to determine the source of these funds. The Clerk deposited the \$303 on this date.

We also reviewed the Clerk's records and bank deposit compositions for the audit period and identified 26 cash collections totaling \$595 that were not deposited. We then reviewed NYSDEC reports (for hunting and fishing licenses), manual receipts, dog licenses and marriage licenses and found that the cash was collected for these fees but not deposited. The Clerk did not offer any explanation for these undeposited funds.

These cash collections included \$225 for hunting and fishing licenses, \$90 for dog licenses, \$150 for marriage licenses, \$25 for building permits, \$25 for copies and \$80 for camping fees. Because the Clerk had \$293 in unidentified cash on June 26, 2018, we attributed the difference to the \$595 in cash that was not deposited and concluded that she had a cash shortage of \$302. The Clerk was unaware of this shortage and told us that she did not know how it occurred.

8 Campsite seasonal and overnight fees totaled \$92,468 (or 94 percent of fees collected).

9 Check dates were determined by the copies of checks provided by the Town's banking institution.

10 Town Law, Section 30 requires the Clerk to make deposits within three business days after total collections exceed \$250.

We also reviewed all the January 2017 and March 2018 water and sewer collections totaling \$64,200 to determine whether the amounts collected were deposited intact in a timely manner. We found that except for some minor discrepancies, which we discussed with the Clerk, these deposits were made in a timely manner.

The Clerk Did Not Maintain Adequate Records or Prepare Monthly Accountabilities

The Clerk made 314 collections for fees during our audit period totaling \$97,920, which consisted of campsite fees, hunting and fishing licenses, certified death and marriage certificates and building permits. The Clerk did not always issue receipts generated from the accounting system for fees collected. She also did not always record the form of collections (cash, check or money order) in either the accounting system or on the receipt. In addition, the Clerk did not perform a monthly accountability comparing cash on hand and on deposit to known liabilities.

We compared the Clerk's records of collections¹¹ to deposit compositions received from the bank. We found that the Clerk recorded the following errors:

- A \$954 seasonal camping fee paid in cash was deposited in the bank on August 25, 2017. However, the Clerk did not record this deposit in the accounting records until March 30, 2018. The Clerk remitted this collection to the Supervisor in April 2018, seven months later.
- Two campsite fees totaling \$588, which the Clerk collected and deposited in September 2017, were erroneously recorded twice in the accounting records, and the Clerk remitted the extra payment to the Supervisor resulting in a \$588 overpayment.
- A \$75 campsite fee paid by check, which the Clerk collected and deposited on August 3, 2017 was erroneously recorded twice in the accounting records, on July 31, 2017 and again on August 3, 2017. Further, the Clerk remitted this payment to the Supervisor twice for this collection, resulting in a \$75 overpayment.

Because the Clerk did not always accurately record the collection of fees in the computerized accounting system and used the monthly reports generated from the system to calculate the amount due to the Supervisor on a monthly basis, fees were not accurately remitted to the Supervisor each month. In addition, had the Clerk prepared an accountability analyses, she would have been able to identify errors in the accounting records and ensure that the Supervisor was paid the correct amount each month.

¹¹ Supporting documentation included review of manual press-numbered receipts, computerized records of collections, an analysis of seasonal camp payments, NYSDEC records computerized reports for licenses issued, copies of marriage licenses and dog licenses issued.

We prepared an accountability analysis as of June 26, 2018 and found that the previously discussed recording errors resulted in the inaccurate monthly payments to the Supervisor. Our accountability analysis identified a total cash shortage of \$374 (Figure 5).

Figure 5: Accountability as of June 30, 2018

On Deposit in Clerk’s Bank Account	\$1,890
Less: June 2018 Collections/Liabilities	\$1,388
Less: Prior Months’ Collections Not Remitted to Supervisor (Net of Overpayments)	\$876
Shortage	\$374

The Clerk was unable to explain the shortage in her account. The failure to have accurate accounting records and perform monthly accountabilities resulted in incorrect amounts being remitted to the Supervisor and increases the risk of theft and misuse of fees collected.

How Should the Board Provide Oversight of the Clerk’s Financial Activities?

A board is responsible for overseeing the town’s fiscal operations. The board should prepare and implement a written corrective action plan (CAP)¹² when it receives an audit report with findings and recommendations. A CAP provides an opportunity for the board to communicate how audit findings and recommendations will be used to improve operations.

Town Law¹³ requires the board to conduct or obtain an annual audit of the records and reports of any town officer or employee who received or disbursed money on the town’s behalf in the preceding year. This audit is to provide assurance that public money is handled properly (i.e., deposited in a timely manner, accurately recorded and accounted for), identify conditions needing improvement and provide oversight of the town’s financial operations. A thorough audit provides the board an added measure of assurance that financial records and reports contain reliable information on which to base management decisions.

The Clerk and Board Did Not Implement Corrective Action

The Board did not provide proper oversight to ensure appropriate corrective action was implemented to address significant issues identified in previous OSC

12 New York State General Municipal Law, Section 35

13 Town Law, Section 123

audit reports. Our office issued three previous audit reports¹⁴ concerning the same Clerk who has been in office since 1986 that contained similar findings as this report related to deficiencies with processing collections, inaccurate recordkeeping and other deficiencies.

The Board prepared a CAP in response to our prior audit report *Town of Crown Point – Town Clerk’s Office (2011M-141)* released in September 2011 to address shortcomings in the Clerk’s financial operations. However, the Board and Clerk failed to implement the procedures identified in their CAP.

As a result, there are continuing problems in the Clerk’s office related to collecting, processing, recording and remitting money, which the Clerk is responsible for.

The Board Did Not Annually Audit the Clerk’s Records and Reports

The Board did not audit, or obtain an audit of, the Clerk’s records and reports for 2016 and 2017.¹⁵ The Board’s failure to annually audit the Clerk’s records allowed the Clerk to maintain inaccurate records and for discrepancies to occur and remain undetected and uncorrected. Had the Board conducted annual audits, the deficiencies found during our audit may have been identified and addressed sooner.

What Do We Recommend?

The Clerk should:

1. Remit all real property tax collections to the Supervisor and Treasurer within the required timeframe.
2. Deposit all real property tax collections timely (within 24 hours of receipt).
3. Maintain accounting records for collections that document the date of receipt, payer, amount, description and form of payment.
4. Accurately remit all clerk fees collected to the Supervisor.
5. Deposit all fees collected intact and within required timeframes.
6. Perform monthly accountabilities of cash-on-hand and on deposit.

14 Refer to our following prior audit reports: *Town of Crown Point – Town Clerk’s Office (2011M-141)* released in September 2011, *Town of Crown Point – Report of Examination (2000M-8)* released in February 2000 and *Town of Crown Point – Report of Examination (1993M-340)*, released in August 1993.

15 Refer to our publication *Fiscal Oversight Responsibilities of the Governing Board* available on our website at https://www.osc.state.ny.us/localgov/pubs/lmgm/fiscal_oversight.pdf.

The Board should:

7. Develop and implement a CAP to correct the deficiencies addressed in this report.
8. Annually audit, or cause an audit of, the Clerk's records and reports.

Appendix A: Response From Town Officials



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SUPERVISOR
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TOWN COUNCIL

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June 26, 2019

Town Of Crown Point

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The governing board for the Town of Crown Point has received the audit titled *Town of Crown Point Town Clerk/Tax Collector Report of Examination 2018M-263*. The board agrees with the findings and recommendations as outlined in the report. A meeting was held 6/14/2019 with Charlie Harrington, Town Supervisor, Tara Peters, Deputy Town Supervisor/Councilmember, Kim Woods, Clerk to Supervisor, and Linda Woods, Town Clerk, to determine the necessary processes/systems to establish in order to rectify the identified findings and address recommendations. Please accept this correspondence as the governing board's Response to the report, as well as our Corrective Action Plan (CAP) as outlined in the following pages.

The audit period was January 1, 2017 to June 26, 2018. Please note that, while findings during this timeframe reflected that deposits for real property tax collections were not made timely, deposits beginning January 1, 2019 were reviewed by the board and found to be made in a timelier manner. For instance, in January of 2019 23 deposits of real property tax collections were made by the Town Clerk. Additionally, as described in the CAP, a system has been identified and implemented to ensure daily deposits are made going forward. The board has received and approved the Corrective Action Plan at a special meeting held June 26, 2019.

Charles Harrington, Town of Crown Point Supervisor

Town Of Crown Point
Audit Report Title: Town of Crown Point Town Clerk/Tax Collector
Audit Report Number: 2018M-263

For each recommendation included in the audit report, the following is our corrective actions taken or proposed.

Recommendations:

The Clerk should:

- 1. Remit all real property tax collections to the Supervisor and Treasurer within required timeframe.**

All real property tax collections must be remitted to the supervisor at least once each week and to the county treasurer by the 15th day of each month following the date of receipt. The following system has been implemented to ensure this occurs:

The Clerk will submit all real property tax collections to the supervisor every Monday. The Clerk has been made aware of this timeline, as well as the Clerk to the Supervisor who receives the deposits. These deposits will be verified weekly by the Clerk to the Supervisor. The governing board will complete an initial audit by no later than February 1, 2020 to ensure implementation of this system for the 2020 real property tax collection period. Thereafter, the board will ensure an annual audit is completed to make certain weekly remittals have been completed.

Upon completion of the warrant to the Town Supervisor, the Clerk will submit all real property tax collections to the county treasurer by the 15th day of each month following the date of receipt. The governing board will ensure audit of this occurrence of this by no later than April 15, 2020, and annually thereafter.

The Clerk is responsible for collection penalties for all tax payments received after February 1st. The Clerk will deposit these fees within three business days of receipt after total collections exceed \$250. The governing board will complete an initial audit by no later than March 1, 2020

to ensure implementation of this system for the 2020 real property tax collection period. Thereafter, the board will ensure an annual audit is completed to make certain deposits have been made in a timely manner.

This system will be implemented beginning July 1, 2019.

2. Deposit all real property tax collections timely (within 24 hours of receipt).

The Clerk will begin to accurately record the collection date of all real property tax collections when entering collections into the County tax software. This will ensure future audits by the governing board or designee allow for accountability regarding daily deposits.

Daily deposits of all real property tax collections will be made to the bank by the Town Clerk or the Deputy Town Clerk. The governing board will complete an initial audit by no later than February 1, 2020 to ensure implementation of this system for the 2020 real property tax collection period. Thereafter, the board will ensure an annual audit is completed to make certain daily deposits have been completed.

This system will be implemented beginning July 1, 2019.

3. Maintain accounting records for collections that document the date of receipt, payer, amount, description and form of payment.

The Clerk will maintain accounting records for all collections utilizing carbon copy receipt books, recording the date of collection, payer name, amount of collection, description of payment and form of payment. The payer will receive receipt and a carbon copy will be kept and filed with the Clerk. The governing board will complete an initial audit by no later than August 1, 2019 to ensure implementation of this system. Thereafter, the board will ensure an annual audit is completed to make certain daily deposits have been completed.

This system will be implemented beginning July 1, 2019.

4. Accurately remit all clerk fees collected to the Supervisor.

The Clerk will begin to complete a weekly reconciliation of collected clerk fees. Upon completing of each weekly reconciliation, the Clerk will submit all collected clerk fees to the Supervisor, keeping no more than \$100 cash-on-hand. The Clerk has been made aware of this timeline, as well as the Clerk to the Supervisor who receives the deposits. These deposits will be verified weekly by the Clerk to the Supervisor. The governing board will complete an initial audit by no later than August 1, 2019 to ensure implementation of this system. Thereafter, the board will ensure an annual audit is completed to make certain weekly remittals have been completed.

This system will be implemented beginning July 1, 2019.

5. Deposit all fees collected intact and within required timeframes.

The Clerk will begin to complete a weekly reconciliation of collected clerk fees. Upon completing of each weekly reconciliation, the Clerk will submit all collected clerk fees to the Supervisor, keeping no more than \$100 cash-on-hand. The Clerk has been made aware of this timeline, as well as the Clerk to the Supervisor who receives the deposits. These deposits will be verified weekly by the Clerk to the Supervisor. The governing board will complete an initial audit by no later than August 1, 2019 to ensure implementation of this system. Thereafter, the board will ensure an annual audit is completed to make certain weekly remittals have been completed.

This system will be implemented beginning July 1, 2019.

6. Perform monthly accountabilities of cash-on-hand and on deposit.

The Clerk will begin to complete a weekly reconciliation of collected clerk fees. Upon completing of each weekly reconciliation, the Clerk will submit all collected clerk fees to the Supervisor, keeping no more than \$100 cash-on-hand. The Clerk has been made aware of this timeline, as well as the Clerk to the Supervisor who receives the deposits. These deposits will be verified weekly by the Clerk to the Supervisor. The governing board will complete an initial audit by no later than August 1, 2019 to ensure implementation of this system. Thereafter, the board will ensure an annual audit is completed to make certain weekly remittals have been completed.

This system will be implemented beginning July 1, 2019.

The Board should:

7. Develop and implement a CAP to correct the deficiencies addressed in this report.

Please accept the above as the governing board's Corrective Action Plan. If you have any questions, comments or concerns please feel free to contact Charlie Harrington, Town Supervisor, who will promptly share them with the remaining board members.

8. Annually audit, or cause an audit of, the Clerk's records and reports.

The governing board will complete an initial audit of all implemented systems as stated for each recommendation above. The board will also ensure an annual audit is completed of the records of the Justice Court, Water/Sewer collections, and Town Clerk/Tax Collector collections, deposits and remittals.

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 the Clerk and Town officials to gain an understanding of internal controls over collecting, recording, depositing, remitting and reconciling money collected by the Clerk and whether policies and procedures were in place for Clerk operations.
- We reviewed all real property tax collections and Clerk fees for the audit period and obtained bank deposit compositions from the banking institution for all deposits for the period. We judgmentally selected water and sewer collections for the months of January 2017 (first month of collections) and April 2018 (last month of collections) of our audit period and obtain bank deposit compositions from the banking institution for these deposits.
- For all real property tax collections, we determined whether they were deposited timely and intact for the audit period by comparing the check date from copies of check images received as part of the bank compositions to the bank statement activity for collections received. We determined whether the deposit was made intact by comparing deposits in the tax collection records to the bank deposit compositions.
- For all real property tax collections, we determined whether the Clerk remitted the 2017 and 2018 collections to the Supervisor and Treasurer in a timely manner by comparing the checks disbursed to the bank statement deposit activity.
- For all Clerk fees, we determined whether the fees were deposited timely and intact for the audit period by comparing the check date from copies of check images received as part of the bank compositions to the bank statement activity for collections received. We also compared supporting records (e.g., manual press-numbered receipts, dog licenses, marriage certificates, and NYSDEC reports) to actual deposits to determine if collections were deposited intact.
- For our previously selected sample of water and sewer collections, we performed test work to determine whether these collections were deposited timely and intact by comparing the check date from copies of the check images received as part of the bank compositions to the bank statement activity during those months.
- For all Clerk fees, we performed a monthly accountability analysis to determine whether current assets (cash-on-hand and on deposit) agreed to current liabilities (fees received). We also compared the fees collected to the fees remitted to the Supervisor in the subsequent month.

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- We performed a cash count of the Clerk fees held as of June 26, 2018 (last day of the audit period).

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 relevant population size 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/pubs/cyber-security-guide.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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