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April 11, 2014

Joseph Keller
Cattaraugus County Treasurer
303 Court Street
Little Valley, NY 14755

Report Number: 2014M-085

Dear Mr. Keller:

County officials are responsible for safeguarding court and trust funds in their care. This responsibility includes establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that resources are safeguarded against loss from unauthorized use or disposition, transactions are executed in accordance with court orders and/or statutory authorization and are properly recorded, appropriate reports are prepared and appropriate corrective action is taken in response to audit findings.

Pursuant to the State Constitution, Article V, Section 1 and further authority vested in the State Comptroller by Articles 2 and 12 of the State Finance Law and Section 42 of the Executive Law, we examined certain records and reports for Cattaraugus County's court and trust funds for the period January 1, 2011 through January 1, 2014.

Background and Methodology

Pursuant to a court order, certain assets may be provided to the court and then delivered to the County Treasurer (Treasurer) for safekeeping. Payments made pursuant to court orders commonly involve surplus moneys from foreclosures and contract disputes resulting in a mechanic's lien.¹ These actions are recorded in the County Clerk's office when payments are deposited as required by court order. Additionally, in certain circumstances,² funds from estates are entrusted to the Treasurer for safekeeping by order of the Surrogate's Court. Together, the Treasurer, County Clerk and Surrogate's Court must develop sound procedures and processes which, when implemented properly and consistently, provide a system of internal controls to account for and safeguard these funds.

¹ Security interest in property filed to ensure payment for contracted services rendered on the property

² When the whereabouts of any person entitled to payment from the estate is unknown

Our objective was to determine whether County officials have established appropriate controls to safeguard and account for court and trust funds. We examined records maintained by the County Clerk, Surrogate's Court and Treasurer for the period January 1, 2011 through January 1, 2014. We interviewed County officials and reviewed relevant financial and court records. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

Audit Results

We reviewed the County Clerk's, Surrogate's Court's and Treasurer's processes, procedures and records for the receipt and management of court and trust funds. We found that the records maintained by the County Clerk and Surrogate's Court were up-to-date and complete, and we noted no material discrepancies. We also found that the Treasurer established adequate procedures, maintained appropriate records and properly reported the condition of court and trust funds and abandoned property³ to the Office of the State Comptroller as prescribed by statute.

We discussed minor deficiencies with County officials during our fieldwork.

We would like to thank Cattaraugus County officials and staff for the courtesies and cooperation that were extended to our auditors.

Sincerely,

Gabriel F. Deyo

cc: Hon. Michael L. Nenno and Hon. Ronald D. Ploetz, Cattaraugus County Family and Surrogate Court Judges
Mr. James K. Griffith, County Clerk

³ Pursuant to the Abandoned Property Law, moneys which have remained in the hands of the Treasurer for a period of three years, together with all accumulated interest thereon, less the Treasurer's statutory fees, are deemed abandoned property payable to the State Comptroller after proper public notice.