

Town of Decatur

Town Clerk

NOVEMBER 2020



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

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Report Highlights

Town of Decatur

Audit Objective

Determine whether the Town Clerk (Clerk) recorded, deposited, remitted and reported all collections received in a timely and accurate manner.

Key Findings

- The Clerk did not issue duplicate receipts for any collections during the audit period which totaled \$1,630.
- The Clerk did not report or remit any fees received to the Supervisor or New York State Agriculture and Markets.
- The Board did not conduct or cause an annual audit of the Clerk's records and reports.

Key Recommendations

- Issue and retain duplicate receipts.
- Report and remit all money received to the Supervisor and other entities in a timely manner.
- Conduct or retain a public accountant to conduct an annual audit of the Clerk's records and reports.

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

Background

The Town of Decatur (Town) is located in Otsego County. The Town is governed by an elected five-member Town Board (Board), which consists of the Town Supervisor (Supervisor) and four Council Members. The Board is responsible for general oversight of the Town's operations and finances, including oversight of the elected Clerk.

The Clerk collects fees for various licenses and permits. Generally, all fees collected by the Clerk are the property of the Town, County or State and must be remitted promptly to the appropriate entities.

Quick Facts

Population	350
2020 Appropriations	\$495,733
Clerk Deposits for 2018 and 2019	\$1,630
Clerk's Tenure	2 Years

Audit Period

January 1, 2018 – December 31, 2019

We extended our audit period back to January 1, 2016 to analyze trends in Clerk fee collections.

Town Clerk

How Should the Clerk Properly Account for Collections?

New York State General Municipal Law¹ requires town clerks to issue duplicate receipts 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.

Town clerks must properly account for all transactions by accurately recording amounts collected in a cash receipts journal. New York State Town Law² (Town Law) requires town clerks to deposit collections within three business days after the total exceeds \$250. These deposits should be made intact (in the same form of payment as received).

Town Law³ requires town clerks 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 must report and remit collections to other entities as well. Monthly bank reconciliations and accountability reports enable the clerk to verify the accuracy of financial records and ensure that assets are sufficient to meet liabilities.

The Clerk Did Not Record Collections

We reviewed all of the fees the Clerk collected during 2018 and 2019 and found that he did not issue duplicate receipts or record the \$1,630 he collected in a cash receipts journal. The Clerk told us that he did not need to issue duplicate receipts because there is usually other evidence of the receipt. We were able to find sufficient documentation to identify where all the money was collected from, and we performed a trend analysis to determine whether fees collected were comparable to prior years and that fees collected during our audit period appeared reasonable. However, when duplicate receipts are not issued and a cash receipts journal is not maintained, it is difficult for officials to verify that all fees collected were deposited intact and reflected on monthly reports.

The Clerk Generally Made Timely Deposits But Did Not Remit, Report or Reconcile Collections

We reviewed collections during 2018 and 2019 and found that, generally, all collections were deposited timely. However, none of the \$1,630 of fees collected by the Clerk were remitted to the Supervisor or New York State. In addition, the

1 General Municipal Law Section 99-b

2 Town Law Section 30

3 Town Law Section 27

Clerk did not report these collections timely by submitting the required monthly reports to the Supervisor. The Clerk also did not prepare a monthly bank reconciliation or accountability report. The Clerk told us he was unaware of the requirement to report and remit the collections. Based on the composition of the fees collected, we determined that \$1,615 was owed to the Supervisor for permit and zoning fees, dog licenses and copies of death certificates and the remaining \$15 was owed to New York State Agriculture and Markets for dog licenses.

How Should the Board Provide Oversight of the Clerk's Operations?

Town Law⁴ requires the board to conduct or cause 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. A public accountant may be retained for this purpose. 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 Board Did Not Annually Audit the Clerk's Records and Reports

The Board did not conduct or cause an annual audit of the Clerk's records and reports since the fiscal year ending December 31, 2016. Although the Board performed audits of the previous clerk's records and reports, officials told us they stopped when the current Clerk's term started on January 1, 2018. The Supervisor, whose term also began on January 1, 2018, told us he was unaware of this audit requirement. Because the Board did not perform annual audits, its ability to effectively monitor financial operations was diminished. Had the Board performed annual audits, it would 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. Attend training.

⁴ Town Law Section 123

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2. Issue and retain press-numbered duplicate receipts for all moneys collected.
 3. Record amounts collected in a cash receipts journal.
 4. Submit monthly reports to the Supervisor for all money received and remit such money to the Supervisor and other entities in a timely manner as required by law.
 5. Prepare monthly bank reconciliations and accountability reports.

The Board should:

6. Conduct or retain a public accountant to conduct an annual audit of the Clerk's records and reports.⁵

⁵ 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.

Appendix A: Response From Town Officials

Town of Decatur

104 County Highway 37

Worcester NY 12197

To the Office of the State Comptrollers office

Thanks to the auditors for their professionalism and help. You have a great team. Much help was given and much was learned. As per the clerks audit , it has been discussed with the board and changes have been made.

1 All collections are being recorded and reconciled.

2 The clerk's books will be gone over quarterly and an audit annually.

Thank You

Paul H Strawn

Decatur Town Supervisor

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 objectives⁶ and obtain valid audit evidence, our audit procedures included the following:

- We read the Board meeting minutes, reviewed monthly Board reports and interviewed Town officials to gain an understanding of the procedures for collecting, recording, depositing, remitting and reporting Clerk fees and the level of Board oversight of the Clerk's operations.
- We reviewed bank statements and deposit compositions of all deposits made during the audit period to determine whether they were properly supported, accounted for and deposited timely and intact. We reviewed building permits, zoning fees, dog licenses and death certificates to determine the amounts to be deposited and amounts owed to the Supervisor and State agencies.
- We analyzed trends by comparing clerk fees collected during 2018 and 2019 to fees collected during 2016 and 2017 to determine whether the amounts collected in 2018 and 2019 were reasonable.

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 objectives.

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.

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 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.

⁶ We also issued a separate audit report, *Town of Decatur – Disbursement Oversight and Accounting Records and Reports (2020M-87)*.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2018-12/regional_directory.pdf

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

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263196&issued=All

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

www.osc.state.ny.us/local-government/fiscal-monitoring

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

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263206&issued=All

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

www.osc.state.ny.us/local-government/resources/planning-resources

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

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2020-05/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/local-government/required-reporting

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

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263211&issued=All

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

www.osc.state.ny.us/local-government/academy

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