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Tammy Hurd-Harvey
Steuben County Commissioner of Finance
3 East Pulteney Street
Bath, NY, 14810

Report Number: 2024-C&T-4

Dear Commissioner Hurd-Harvey:

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 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 examination findings.

Pursuant to the New York State Constitution, Article V, Section 1 and further authority granted to the State Comptroller by Articles 2 and 12 of New York State Finance Law and Section 42 of New York State Executive Law, we examined certain records and reports for the County's court and trust funds for the period January 1, 2021 through May 31, 2024.

Background and Methodology

Pursuant to a court order, certain assets may be provided to the court and then delivered to the County Commissioner of Finance (Commissioner) for safekeeping. Payments made pursuant to court orders commonly involve surplus money 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 Commissioner for safekeeping by order of the Surrogate's Court. Together, the Commissioner, 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 Steuben County (County) officials have established appropriate controls to safeguard and account for court and trust funds. We examined records maintained by the Commissioner, County Clerk and Surrogate’s Court. 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. The scope of our review does not constitute an audit under generally accepted government auditing standards (GAGAS).

Results

Pursuant to New York State Finance Law Section 184, the Commissioner is required to submit a report on an annual basis to the State Comptroller accounting for all money, securities and other properties deposited into a court and ordered into the Commissioner’s custody.

We reviewed the Commissioner’s, County Clerk’s and Surrogate’s Court’s processes, procedures and records for the receipt and management of court and trust funds as well as estates in the Commissioner’s custody. County officials did not establish appropriate controls to safeguard and account for court and trust funds. The Commissioner or her confidential secretary did not perform bank reconciliations, and no reconciliation was performed between the Commissioner’s, County Clerk’s and Surrogate’s Court’s records.

The Commissioner maintained up-to-date and complete records and generally properly reported court and trust funds to the State Comptroller as prescribed by statute. However, we identified funds that improperly remained in the Commissioner’s custody which should have been turned over to the State Comptroller as abandoned property.

Pursuant to New York State Abandoned Property Law Section 600, money that has remained in the hands of the Commissioner for a period of three years, together with all accumulated interest, less the Commissioner’s statutory fees, is deemed abandoned property. The Commissioner should, after public notice, pay all such abandoned property to the State Comptroller by the 10th of April of the next year. We identified unclaimed funds from one action totaling \$100 that was not turned over to the State Comptroller (Figure 1). The Commissioner told us that this was an oversight by her secretary and that she would take corrective action.

Figure 1: Schedule of Abandoned Property

Date of Origination	Abandoned Property Due Date	Title of Action	Amount
6/24/2020	4/10/2024	County of Steuben	\$100

New York State County Law Section 530 requires the County Clerk to maintain a record of all money and securities paid, transferred or deposited – or ordered to be paid, transferred or deposited – into a court. Although the County Clerk maintained a court and trust register as required, it was incomplete because three court and trust actions were not recorded. The County Clerk stated one action was not a typical action and the other two were oversights.

We found the records maintained by the Surrogate's Court were up to date and complete and we noted no material discrepancies.

Although not required, if the Commissioner, County Clerk and Surrogate's Court Clerk performed a reconciliation between their records, these errors may have been identified and corrected.

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

Recommendations

The Commissioner should:

1. Ensure periodic bank reconciliations are performed.
2. Perform an annual reconciliation of court and trust funds with the County Clerk and Surrogate's Court.
3. Ensure that all money deemed abandoned property is paid to the State Comptroller in a timely manner, as required.
4. Ensure Court-ordered money in her custody is reconciled monthly.

The County Clerk should:

5. Maintain a complete and up-to-date court and trust register as required by law.

Sincerely,

Robin L. Lois
Deputy Comptroller

cc: Jack Wheeler, County Manager
Judy Hunter, County Clerk
Honorable Patrick F. McCallister, Surrogate's Court Judge
Sara Barefoot, Surrogate's Court Chief Clerk
Carol L. Jones, New York State Unified Court System, Chief Internal Auditor