



Town of Summit

Town Clerk

2024M-51 | August 2024

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Report Highlights

Town of Summit

Audit Objective

Determine whether the Town of Summit (Town) Clerk properly recorded, deposited and remitted clerk fees in timely manner.

Key Findings

Although fees were properly recorded, the Town Clerk (Clerk) did not always deposit or remit fees in a timely manner. Specifically, the Clerk:

- Did not deposit in a timely manner 98 percent of the fees collected in accordance with New York State (NYS) Town Law (Town Law) Section 30 which required the Clerk to deposit all fees collected within three business days after total collections exceed \$250.
- Did not remit in a timely manner \$6,000 to the Town Supervisor (Supervisor) and certain NYS agencies in accordance with Town Law Section 27 which required the Clerk to remit fees collected on or before the 15th of the month following the date of collection.
- Did not perform monthly bank reconciliations or accountability analyses during our audit period. These procedures serve to document the status of money held by the clerk and enable the clerk to verify the accuracy of financial records and ensure that assets are sufficient to meet liabilities.

Key Recommendations

- Deposit and remit all fees within the required time frames.
- Prepare bank reconciliations and accountability analyses, whereby known liabilities are reconciled to available cash.

Town officials generally agreed with our recommendations and indicated they have taken corrective action.

Audit Period

January 1, 2022 – December 31, 2023

Background

The Town, located in Schoharie County, is governed by an elected Town Board (Board). The Board is composed of four Board members and the Supervisor.

The elected Clerk serves as the Clerk of the Board and collects fees for a variety of purposes, including marriage, dog and environmental licenses as well as certified copies of marriage and death certificates.

Quick Facts

Clerk Fees Collected and Deposited for the Audit Period	\$30,010
Town Population	1,072

Town Clerk

How Should a Town Clerk Record, Deposit and Remit Fees?

A town clerk must properly account for all transactions by promptly and accurately recording the amounts collected in a cash receipts journal, depositing and remitting money to the appropriate parties. Proper receipts for payment transactions serve as evidence of collections and help ensure accounting records are complete and accurate. When there is no other evidence of collection (e.g., a copy of a license or permit), a town clerk should issue a duplicate press-numbered receipt to support the collection.

Town Law Section 30 requires clerks to deposit all fees collected within three business days after total collections exceed \$250. In addition, Town Law Section 27 requires town clerks to remit such money to the town supervisor on or before the 15th of the following month. Town clerks must also remit fees each month to various NYS agencies.

A town clerk should prepare monthly, accurate bank reconciliations and accountability analyses, which compare the amount of cash on hand and on deposit in the bank to detailed lists of amounts due to the supervisor and NYS agencies. These are critical procedures that serve to document the status of money held by the clerk and enable the clerk to verify the accuracy of financial records and ensure that assets are sufficient to meet liabilities.

The Clerk Did Not Always Deposit and Remit Fees in a Timely Manner

We reviewed all fees collected and deposited for our audit period totaling \$30,010 (28 deposits) to determine whether they were deposited in a timely manner and remitted to the Supervisor and NYS agencies. Additionally, we reviewed 129 fees collected during our audit period¹ totaling approximately \$7,000 to determine whether they were recorded accurately in the Clerk's records.

Generally, we found fees were recorded accurately, with the following exceptions:

- Five recorded fees collected totaling \$210 did not have receipts or other supporting documentation but were recorded in the cash receipts journal as searches, certificates, overage and copies. The Clerk told us she only issues receipts when requested for fees that do not have other evidence to support collection. However, when there is no other evidence of cash collection, a town clerk should issue a duplicate, press-numbered receipt whether requested or not. This can help ensure all collections are accounted for.

¹ See Appendix B for Audit Methodology

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- Payments related to three building permit applications were accepted by the Clerk, totaling \$330, based on receipts issued by the Clerk, but were not found recorded in the Clerk's records, deposited or remitted to the Supervisor. The Clerk could not provide a reason for the discrepancies because she told us she has not had time to review the deposit records.

We identified a timeliness issue for both deposits and remittances:

- Twenty-three deposits totaling \$29,500 were not deposited within three business days, as required by Town Law. These deposits ranged from two to 58 days late. This occurred because the Clerk typically made one deposit per month.
- Thirteen remittances to the Supervisor and NYS agencies, totaling approximately \$6,000, ranged from one to 157 days late.

The Clerk told us she was behind in her work and was unaware of the statutory requirements for deposits and remittances. When money collected is not deposited and remitted in a timely manner, the risk that it could be lost or used for inappropriate purposes increases.

The Clerk Did Not Perform Bank Reconciliations and Accountability Analyses

The Clerk did not perform bank reconciliations or accountability analyses during our audit period. The Clerk stated she had not performed them since 2020 because she was overwhelmed due in part to personal matters.

We prepared a bank reconciliation as of December 2023, and except for minor discrepancies, the account had no unreconciled items.

We also performed an accountability analysis for the audit period, comparing known liabilities to available funds, and found:

- A \$210 check returned in October 2022 for insufficient funds. The \$210 was paid to the Supervisor twice; once before the check was returned and again the next month when the amount was repaid.
- The Clerk erroneously remitted \$5 more than was recorded as collected for July 2022 fees. In January 2023, the Clerk deposited \$215 of her own money into the Town Clerk bank account to cover the amount the account was short prior to remitting July, October and November 2022 fees to the Supervisor in January 2023.

Had reconciliations or accountability analyses been performed, these issues would have been found and resolved in a timely manner.

What Do We Recommend?

The Clerk should:

1. Deposit all fees in a timely manner.
2. Issue receipts when no other supporting documentation is available.
3. Remit all fees in a timely manner.
4. Prepare bank reconciliations and accountability analyses to identify unknown activity or errors, and remit any excess amounts to appropriate parties.

Appendix A: Response From Town Officials

Town of Summit
1580 Charlotte Valley Road
P.O. Box 132
Summit, New York 12175

Harold L. Vroman, Supervisor
P. O. Box 132
Summit, New York 12175

518-287-1112
Thursday, 12:00 noon to 3:00 PM

Town of Summit
Town Clerk Report of Examination
2024M-51

The Town Clerk and Town Board of the Town of Summit acknowledge and agree with the findings in the Town Clerk Report of Examination 2024M-51. Below are the corrective action plans for the recommendations contained in the report.

1. Deposit all fees in a timely manner.

The Town Clerk has started to deposit to the bank when collections exceed \$250.00 within 3 business days. All outstanding collections will be done at the end of the month.

2. Issue receipts when no other supporting documentation is available.

Since this finding became known, the Town Clerk is now issuing receipts for all cash transactions.

3. Remit all fees in a timely manner.

The Town Clerk will be more diligent in completing her Town Clerk report and remitting the funds to the Town Supervisor by the 15th of the month. The Town Supervisor will ensure that the funds are deposited in the Town accounts in a timely manner.

4. Prepare bank reconciliations and accountability analyses to identify unknown activity, errors, and remit any excess amounts to appropriate parties.

Bank Reconciliations will be done when the bank statements are received. The results will be crosschecked to other Town Clerk records.

Sincerely;

Signed

Harold Vroman, Town Supervisor

7-30-2024
Date

Barbara Van Valkenburg, Town Clerk

7/30/2024
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. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed Town officials to obtain an understanding of the internal controls over collecting, recording, depositing, remitting and reconciling money collected by the Clerk.
- We reviewed Board minutes to determine the extent of financial information received by the Board.
- We used our professional judgment to select a sample of four months of Clerk fees including February 2022, September 2022, February 2023, and September 2023 because these months had the lowest and highest dollar amount of activity within the audit period. This included 129 Clerk fees totaling \$7,001 (of approximately \$30,000 recorded in the cash journal as collected during the audit period). We reviewed the supporting documentation for our sample to determine whether they were recorded accurately by the Clerk.
- We reviewed all transactions from the Clerk's cash receipts journal and traced them to the bank statements to determine whether they were deposited in a timely manner.
- We compared all bank statement activity and check images to transactions in cash receipts journals and monthly reports for the audit period to determine whether the Clerk remitted fees to the Supervisor and NYS agencies in a timely manner.
- We compared our analysis of Clerk fees collected to the bank statement to reconcile the bank balance at the end of our audit period.
- We reviewed all check images and bank statements for the Clerk's bank account for the audit period to determine whether there were no cash withdrawals, transfers out, checks to cash or checks written to the Clerk or the deputy clerk.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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.

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 Town Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/fiscal-monitoring

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/resources/planning-resources

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

www.osc.ny.gov/files/local-government/publications/pdf/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.ny.gov/local-government/required-reporting

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/academy

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

<https://www.osc.ny.gov/local-government>

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

STATEWIDE AUDITS – Dina M.L. Thompson Chief of Municipal Audits

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