



Town of Allen

Town Clerk Collections

2024M-120 | February 2025

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Report Highlights

Town of Allen

Audit Objective

Determine whether the Town of Allen (Town) Town Clerk/Tax Collector (Clerk) properly recorded, deposited, remitted and reported collections.

Key Findings

The Clerk did not always record fees accurately or deposit them in a timely manner, but fees were properly deposited intact and generally remitted in a timely manner and reported accurately to the Town Supervisor (Supervisor). The Clerk accurately recorded tax collections but did not always deposit collections in a timely manner. Specifically, the Clerk did not:

- Deposit tax collections totaling approximately \$500,000 within 24 hours of the date collected, as required.
- Deposit fees totaling approximately \$3,000 within three business days of being collected for total daily aggregate collections exceeding \$250, as required.
- Remit real property taxes to the Supervisor on a weekly basis or provide a monthly report of amounts collected, as required.

In addition, the Clerk collected proceeds from the sale of culvert pipes to residents, but the Highway Superintendent did not maintain suitable records to allow us or the Town Board (Board) to determine whether all collections for culvert pipe sales were properly recorded, reported and remitted to the Supervisor for deposit.

Recommendations

The audit report includes eight recommendations that, if implemented, will improve the Clerk's collection practices.

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

Audit Period

January 1, 2023 – August 27, 2024

Background

The Town is located in Allegany County (County) and is governed by the elected five-member Board, which includes the Supervisor.

The Board is responsible for overseeing Town finances and operations, including the elected Clerk's operations.

The Clerk is responsible for collecting various fees for licenses, permits and vital records, and is also responsible for collecting and remitting Town and County real property taxes.

During our audit period, three Supervisors served the Town. The first Supervisor served from January 1, 2023 through April 16, 2024, the second Supervisor served from April 18, 2024 through May 18, 2024, and the third and current Supervisor was appointed on May 21, 2024.

Quick Facts

January 1, 2023 – April 3, 2024	
Real Property Taxes Collected	\$1.5 million
January 1, 2023 – March 25, 2024	
Clerk Fees Recorded	\$5,227

Town Clerk Collections

What Are Properly Recorded, Deposited, Remitted and Reported Collections?

Properly recorded, deposited, remitted and reported collections should be promptly and accurately recorded exactly as collected without error or omission, and deposited, reported and remitted within the timeframes established by law. New York State Town Law (Town Law) Section 30 requires a town clerk (clerk) to accurately record collections daily in a cash receipts journal and deposit those collections intact (in the same amount and form – cash or check – as received) within three business days after total collections exceed \$250. Town Law Section 27 requires a clerk to prepare and submit a monthly report for all collections to the town supervisor (supervisor) and remit such collections to the supervisor by the 15th day of the following month. A clerk must also remit fees each month to various State agencies.

Furthermore, a clerk, when serving as the tax collector, must accurately record collections daily and report collections monthly to the supervisor, and according to Town Law Section 35, deposit all real property taxes collected intact within 24 hours of receipt and remit amounts collected, including any interest and penalties, to the supervisor at least once a week until the town's share of the real property tax levy is paid in full. Once the town's tax levy has been collected and remitted in full, Town Law Section 35 requires a clerk to remit all additional tax collections to the county treasurer no later than the 15th day of the ensuing month following the date of collection.

To ensure the timeliness and accuracy of collections received, recorded and remitted, a clerk, according to New York State General Municipal Law Section 99-b, must issue and retain a complete and suitable receipt for each collection made, including real property tax collections. Receipts should be in duplicate format, prenumbered and include adequate information to identify who made the payment, who collected it, the amount and form of payment (cash or check) and the date the payment was received. For real property tax collections, tax bills can serve as receipts because they are prenumbered, come in two parts (a collector's portion and the customer portion) and adequately satisfy the requirements for issuing a receipt if they are completed and properly retained.

Tax Collections Were Not Always Properly Recorded, Deposited, Remitted and Reported

We reviewed all 565 tax payments collected and deposited totaling approximately \$764,000 for the 2024 fiscal year collection cycle.¹ While tax collections were generally recorded in a timely manner deposited intact and remitted to the appropriate parties, the Clerk did not report tax collections to the Supervisor monthly and did not always accurately record the form of payment received or deposit and remit collections within the required timeframes or in a timely manner. The deficiencies included:

- 360 tax collections totaling approximately \$500,000 that were deposited an average of four days past the 24-hour deposit requirement. Four of these collections totaling approximately \$6,000 were held for approximately nine days before they were deposited.

¹ Towns have a fiscal year that begins January 1st and ends December 31st. The clerk collects real property taxes from January 1 through March 31 each year. After that, the county collects any overdue taxes.

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- Seven tax collection checks totaling approximately \$7,000 were erroneously recorded as cash collections, making it difficult to verify and reconcile records.
 - Two tax levy remittances totaling approximately \$400,000 were made to the Supervisor during January 2024 when five payments (one per week) should have been made. In addition, the Clerk did not remit interest and penalties collected to the Supervisor weekly as required, and instead remitted these collections to the Supervisor in May 2024.

The Clerk told us that she regularly reviews her records for errors but missed the seven payments that were not accurately recorded. She also told us that she did not know she was required to report tax collections monthly and that she had trouble getting to the bank within 24 hours to make deposits due to personal reasons. She also told us that she prefers to wait until she collects the entire amount of the Town's tax levy before remitting collections to the Supervisor. However, a personal preference is not a valid reason to disregard statutory requirements. Remittances must be made within required timeframes, reported monthly to the Supervisor and include any interest and penalties collected.

The Clerk must also ensure that proper arrangements are made so that collections are deposited when required. The longer collections remain undeposited and unremitted, the longer they remain unavailable for investment purposes or to fund Town operations. Additionally, when collections are not remitted or deposited in a timely manner, the risk increases for money to be lost or used for inappropriate purposes.

Fee Collections Were Not Properly Recorded or Deposited in a Timely Manner

We reviewed 117 fee collections recorded by the Clerk totaling approximately \$5,000 during our audit period.² We determined that not all collections were properly recorded or deposited in a timely manner, as follows:

- 35 collections totaling approximately \$3,000 were not deposited within three business days for total daily aggregate collections exceeding \$250, as required. On average, these collections were deposited over four days past the required deadline. Additionally, 18 of these collections totaling approximately \$1,900 were deposited six days past the deadline.
- 10 collections totaling approximately \$1,300 did not have the same form of payment (cash or check) recorded on both the original receipt issued and in the cash receipts journal. We obtained bank deposit compositions and determined that the form of payment listed on the original receipt for these collections was inaccurate.

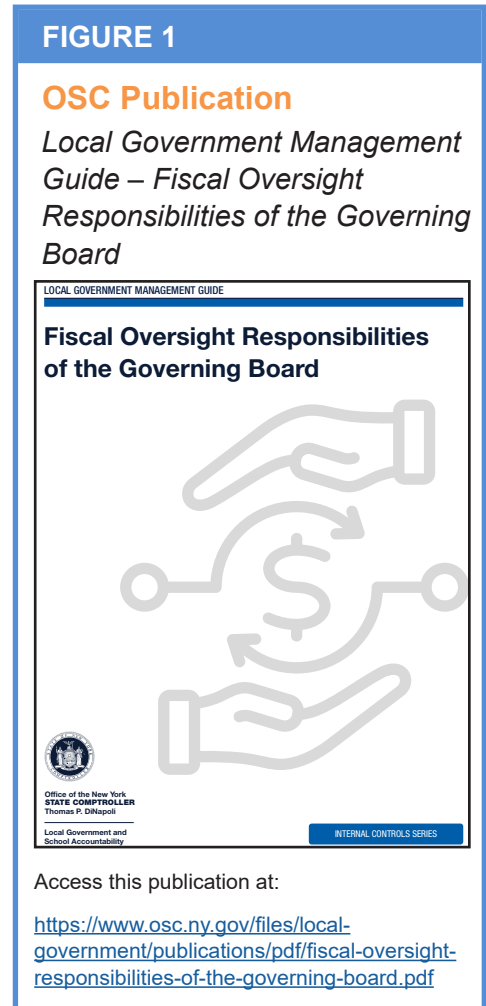
The Clerk told us again that she had difficulty getting to the bank on a regular basis and that while she regularly reviews her records for accuracy, she did not realize that she mistakenly entered the wrong form of payment on the receipts.

² See Appendix B for more information on our sampling methodology.

We also noted that approximately \$4,000 for the sale of culvert pipes to Town residents were included in the Clerk’s receipt book and remitted to the Supervisor but were not recorded in the Clerk’s cash receipts journal or reported to the Supervisor monthly. The Clerk told us that she did not record the sale of these pipes in her collection records or report them to the Supervisor because she was only acting as a “pass-through” for the highway department and Supervisor, and she was not technically responsible for accounting for or collecting these payments from residents. Although the Board could request the Clerk to collect and account for these payments, the Board did not direct the Clerk to do so or adopt written policies and procedures detailing how these collections should be handled.

Since the culvert pipe sales were not properly accounted for, we attempted to reconcile the amount of culvert pipes on hand to the amount recorded as sold or installed by the highway department to determine whether all sales were receipted and remitted to the Supervisor. Inadequate highway department inventory and installation records prevented us from completing this analysis. As a result, we could not determine whether all collections for the sale of culvert pipes were recorded, reported and remitted to the Supervisor for deposit.

While the Board conducted an annual audit of the Clerk’s records, the current Supervisor acknowledged that there has been significant turnover on the Board during our audit period, and that the current Board members, including himself, were not familiar with how the Clerk’s records should be reviewed and how often or that errors in records and processes may not have been identified. The current Supervisor also told us that the Board members would begin working on adopting policies and procedures for collections. We shared various publications with the Supervisor and Board members to assist them with their oversight responsibilities, including our Local Government Management Guide titled *Fiscal Oversight Responsibilities of the Governing Board* (Figure 1) which discusses the Board’s audit responsibilities and provides guidance and resources for conducting an audit of the Clerk’s records.



What Do We Recommend?

The Supervisor and Board members should:

1. Familiarize themselves with their fiscal oversight responsibilities and attend training to enhance their understanding on their responsibilities as time and resources permit.

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2. Contact our office while conducting their annual audit of the Clerk's records if they note any concerns or need assistance.
 3. Develop and adopt written policies and procedures for the collection of fees not required to be collected by the Clerk.
 4. Review the results of this audit and conduct an inquiry into the sale of culvert pipe that could not be reconciled.

The Clerk should:

5. Make corrections to her collection records for the discrepancies noted in this report and ensure that for all future collections, the correct method of payment (cash or check) is accurately recorded.
6. Ensure that all collections are deposited within the required timeframes.
7. Remit real property tax collections, including interest and penalties, to the Supervisor at least once per week until the Town's share of taxes and interest and penalties is paid in full.
8. Provide monthly reports to the Supervisor with all money collected and disbursed, including real property taxes.

Appendix A: Response From Town Officials

TOWN OF ALLEN

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Phone: 585-567-8320
Fax: 585-567-8322

Town Supervisor
Zachary Badgley
Highway Superintendent
Raymond Dennis

Town Clerk Collector
Jame J. VanDewalker

Councilman
Todd Krzeminski
Jeffrey Steadman
Richard Hunt

January 28th, 2025

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th floor
Albany, New York 12236

Re: Report of Examination 2024M-120 and Report of Examination 2024M-123

To the state comptroller,
The Town of Allen is in receipt of the Office of the State Comptroller's audit's of the Town of Allen boards claims audit and the town clerk collections reports. This letter is to serve as the Town of Allens written response required for the audits, and state that a Corrective Action Plan will be submitted at a later date.

The two audits conducted by the Office of State Comptroller focused on the town boards claims audit process and procedure, as well as the town clerks collection process and procedures. The town Supervisor and the Town clerk met with our auditors on January 15th 2025 for an exit interview. The Town agrees with and appreciates the auditor's findings in both of these individual audits. The Town realizes that adequate training, through the Office of State Comptroller, is going to be the best action the Town can take to address the finding's indicated in the respective reports. The Town board underwent turn around in serving board members during the period of audit which contributed to the findings reported by the state comptroller; but not all findings. The Town board and Town clerk will be working together to establish a better understanding of all requirements of individual of the Town of Allens serving members.

Once again, we are thankful for the recommendations made in the audit report, and detailed responses will be forthcoming in our corrective action plan

We thank our auditors for their professionalism, patience, and wealth of knowledge helping the Town of Allen moving forward,

Sincerely,

Town Supervisor

Town Clerk

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 the Clerk, Supervisors and Board members and reviewed Board meeting minutes to gain an understanding of the Clerk's processes and procedures for collecting, recording, depositing, remitting and reporting collections and to determine whether adequate policies and procedures for collections were created and adopted.
- We reviewed all fees recorded by the Clerk between January 1, 2023 and March 25, 2024 totaling \$5,227. We compared all recorded collections to bank statements, bank deposit compositions and original receipts to determine whether all collections were properly recorded, deposited, remitted and reported. We performed a cash count on March 25, 2024, to establish a cut off point for testing purposes.
- Using our professional judgment, we selected for review, from a population of approximately \$1.5 million in tax collections for fiscal years 2023 and 2024, all 2024 real property tax collection records between January 1, 2024 and April 3, 2024 totaling approximately \$764,000. We compared all recorded collections to bank statements, bank deposit compositions and original tax collection receipts to determine whether all collections were properly recorded, deposited, remitted and reported. We chose tax collection records between January 1, 2024 and April 3, 2024 because they included the most recently completed tax collection cycle.
- We arranged tax collections by date collected to determine when payments should have been made to the Supervisor and Treasurer and reviewed corresponding bank statements and canceled check images to determine when payments were made.
- We reviewed claims for culvert pipe purchases from January 1, 2023 through May 31, 2024 and we requested corresponding highway department inventory and work records to try to determine the amount of culvert pipe purchased, installed, on hand and sold.

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 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

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

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

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