

NOTICE

NOTICE IS HEREBY GIVEN that the fiscal affairs of the Town of Concord Justice Court Operations for the Period January 1, 2010 and ending on November 4, 2011 have been examined by the Office of the State Comptroller and that the Report of Examination prepared by the Office of the State Comptroller has been filed in my office where it is available as a public record for inspection by all interested persons.

Pursuant to Section 35 of the General Municipal Law, the governing board of the Town of Concord may, in its discretion, prepare a written response to the Report of Examination prepared by the Office of the State Comptroller and file any such response in my office as a public record for inspection by all interested persons not later than July 11, 2012.

Darlene G. Schweikert
Town Clerk

OFFICE OF THE NEW YORK STATE COMPTROLLER



DIVISION OF LOCAL GOVERNMENT
& SCHOOL ACCOUNTABILITY

Town of Concord

Justice Court Operations

Report of Examination

Period Covered:

January 1, 2010 — November 4, 2011

2011M-274



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

March 2012

Dear Town Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Town Board governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of the Town of Concord, entitled Justice Court Operations. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the General Municipal Law.

This audit's results and recommendations are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Town of Concord (Town) is located in Erie County and is governed by an elected Town Board (Board) comprising the Town Supervisor (Supervisor) and four Council members. The Supervisor is the chief executive and chief fiscal officer of the Town. The Board has the overall responsibility for overseeing the financial activities of the Town, including the financial activity of the Justice Court (Court). The Town has two elected Justices who preside over Court operations.

The Justices are responsible for adjudicating legal matters within the Court's jurisdiction and properly accounting for all monies collected and disbursed by the Court. Justices are required to report monthly to the Office of the State Comptroller's Justice Court Fund (JCF) on the financial activities of the preceding month. For the Town's 2010 fiscal year, \$177,800 in revenue was attributable to Court operations. The Court was audited by the New York State Office of Court Administration, which released a report in March 2009 that found \$18,600 in Court funds was misappropriated by a former Court clerk.

Objective

The objective of our audit was to review the processes and procedures for the Court's financial operations. To accomplish this, we conducted an audit survey of Town operations. Based on those results, we determined that internal controls appeared to be adequate and limited risk existed for most of the areas reviewed. Given the past misappropriation of Court funds, we decided to review the Court's financial activity. Specifically, our audit addressed the following related question:

- Did the Justices accurately and completely collect, record, deposit, and report Court monies in a timely manner?

Scope and Methodology

We examined the Court's records and reports for the period January 1, 2010, to November 4, 2011.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report.

Comments of Local Officials

The results of our audit have been discussed with Town officials and their comments, which appear in Appendix A, have been considered in preparing this report. Town officials agreed with our findings.

Justice Court

Justices are responsible not only for adjudicating cases brought before them, but also for the accounting and reporting of all the Court's related financial activities. The New York Codes, Rules and Regulations (NYCRR) requires the Justices to maintain complete, accurate, and timely accounting records, reconcile cash activity, maintain separate bank accounts, deposit cash in a timely manner, and report Court activity accurately and in a timely manner. For each case brought before the Court, the Justices must maintain a separate case file and unique index number, as well as a cash book that chronologically itemizes all receipts and disbursements. Such records must include all relevant case information including the date of appearance, fees and fines imposed, and amount collected. All monies received by the Justices must be deposited within 72 hours of the date of receipt. State Finance Law requires the Justices to forward all fines, penalties, or forfeitures received to the JCF.

We reviewed the Justices' records and reports and found that, generally, the Justices accurately and completely collected, recorded, and reported Court monies, and that receipts were generally deposited in a timely manner. The Justices also submitted required monthly reports to the JCF in a timely manner. We judgmentally selected 89 cases¹ based on criteria such as rationale for deleting transactions, cases reported as dismissed, and "plea by mail" cases, and found that they were accurately and completely recorded and reported. We also found no significant deficiencies in the Court records we examined.

Overall, the Justices have established adequate processes and procedures for the Court's financial operations. The Court clerks properly performed bank reconciliations and prepared accountability reports, which were an accurate reflection of the Court's assets and liabilities. Additionally, the Justices periodically review Court records to ensure that deposits of all receipts are timely, monthly reports agree with the cash receipts journal, and accountability reports are prepared and balanced to the bank statements. The Justices stated that they also select 25 cases randomly each month from the monthly report and trace them back to the cash receipts journal and the original docket to ensure that fines and fees were completely recorded as imposed by the Justices. The Board also has appropriately contracted with an independent public accountant to perform an annual audit of Court records. We discussed minor deficiencies with Court officials

¹ Refer to Appendix B for a description of the selection criteria and the tests conducted.

during the conduct of our fieldwork, which the officials indicated they would address. Other than these minor issues, we found that the Court records were complete, accurate, and up to date.

APPENDIX A
RESPONSE FROM LOCAL OFFICIALS

The local officials' response to this audit can be found on the following page.

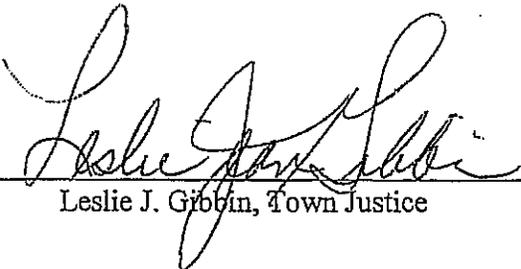
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LESLIE J. GIBBIN
TOWN JUSTICE

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Dear Mr. Meller:

This court has received the preliminary draft findings of the recent examination of the Town of Concord Justice Court audit. The period of audit being January 1, 2010 - November 4, 2011. We are in agreement with the findings and have nothing further to add to the report.



Leslie J. Gibbin, Town Justice

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

The objective of this audit was to review Justice Court operations and assess whether Court monies were properly collected, recorded, deposited, and reported. We initially conducted an audit survey of Town operations. Based on those results, we determined that internal controls appeared to be adequate and limited risk existed for most of the areas reviewed. Given the past misappropriation of Court funds, we decided to review the Court's financial activity. We obtained information directly from the Court's computerized financial database backup file and analyzed it electronically using computer-assisted techniques. To achieve our audit objective and obtain valid audit evidence, we performed the following audit procedures:

- We interviewed the Justices and current Court clerks concerning the operations of the Court. These discussions allowed us to understand the processes and procedures of the Court and to assess whether the established procedures were sufficient to ensure that financial transactions were accurately and completely recorded and reported in a timely manner.
- We examined financial and other records relating to the collection and subsequent disposition of fines and bail monies. These records included bank statements, monthly reports to the JCF, receipts, case files, and cash receipts and disbursement records. Using this information, we sought to determine if receipts had been properly recorded and deposited, and if monies had been remitted in a timely manner.
- We reviewed cash receipts to determine that the receipts were properly recorded in the accounting records and deposited in the bank intact and in a timely manner.
- We performed the following audit tests on 89 cases that were judgmentally selected to represent a variety of criteria:
 - We reviewed 25 cases reported as dismissed to ensure they were indeed dismissed and properly documented as such.
 - We reviewed 40 "plea by mail" cases to ensure they were accurately and completely recorded and reported.
 - We reviewed eight cases from our computer-assisted data analysis of deleted transactions. We traced them to original dockets to ensure that fines and fees imposed by the Justices were accurately and completely recorded and reported.
 - We reviewed eight cases identified by our computer-assisted data analysis as disposed but not reported to the JCF.
 - We reviewed eight cases identified by our computer-assisted data analysis as containing discrepancies between fines and fees reported to the JCF and to the New York State Department of Motor Vehicles.

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.

APPENDIX C

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DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY

Steven J. Hancox, Deputy Comptroller
Nathalie N. Carey, Assistant Comptroller

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