



Town of Greig

Town Clerk and Board Oversight

Report of Examination

Period Covered:

January 1, 2010 — August 31, 2011

2012M-82



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

August 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 Greig, entitled Town Clerk and Board Oversight. 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*



State of New York Office of the State Comptroller

EXECUTIVE SUMMARY

The Town of Greig (Town), located in Lewis County, covers 94 square miles and has a population of about 1,200. The Town Board (Board) is the legislative body responsible for managing Town operations, including establishing internal controls over financial operations and maintaining a sound financial condition. The Town Supervisor (Supervisor) is a member of the Board and serves as both the chief executive officer and chief fiscal officer. The Town's 2011 budgeted appropriations were approximately \$1 million, funded primarily with real property taxes and State aid.

The Town Clerk (Clerk), an elected official, performs the duty of collecting and receiving taxes. Another individual is appointed Deputy Town Clerk. The Clerk's financial responsibilities consist of collecting fees on behalf of the Town, recording and depositing the collections, and reporting and remitting the collections, generally on a monthly basis, to the Supervisor or other appropriate parties. With respect to the tax collection function, the Clerk remits the Town's share of real property taxes and related interest and penalties to the Supervisor, and then pays the County its share of the moneys collected in excess of the Town's money.

The Clerk was also given the day-to-day authority over the funds of a management plan involving the Black River for which the Town was responsible. The plan focuses on the enhancement, protection and improvement of water quality in the Black River Watershed (BRWS). The Clerk's day-to-day responsibilities included depositing funds and writing and signing checks for payments. According to available bank records, the Clerk received and disbursed approximately \$243,000 for the BRWS management plan during the period it was active, from April 2008 through October 2011.

Scope and Objective

The objective of our audit was to determine if the Clerk properly accounted for all moneys received and disbursed in her official capacity for the period January 1, 2010 to August 31, 2011. We extended the scope of our audit back to 2008 and forward to October 2011 to review cash receipts and disbursements for the duration of the BRWS management plan. Our audit addressed the following related questions:

- Did the Clerk record, deposit, disburse, and report all real property taxes and fees received in a timely and accurate manner?
- Did the Board provide oversight of the Clerk's fiscal operations and properly oversee financial activity related to BRWS management plan moneys?

Audit Results

A combined lack of Board oversight, poor recordkeeping practices, and improper delegation of responsibility allowed the Clerk to use funds intended for the BRWS project to conceal a shortage in the tax collection bank account.

On July 15, 2011 the Clerk diverted a \$17,365 grant check from New York State, intended for the BRWS project, into the tax collection bank account to cover a shortage in the tax collection account. Of the \$17,365, the Clerk used \$16,007 to cover the checks written to the County and to the Supervisor. When Town officials and our audit team interviewed the Clerk on September 7, 2011, the Clerk acknowledged a shortage of \$16,007 in the tax collection account. On September 19, 2011, the Clerk deposited a personal check for \$16,007 into that account, and from it reimbursed the BRWS account for the \$17,365 on the same day. While these funds were fully restored to the appropriate accounts, a stronger control environment could have enabled Town officials to prevent or detect the tax account shortage and the improper use of BRWS money to conceal it.

The Clerk performed all the fiscal functions related to the BRWS management plan without adequate Board oversight. The Board also failed to audit claims paid by the Clerk for the plan. In addition, the Board did not audit, or contract for an audit of, the Clerk's records. Had the Board exercised adequate oversight of the Clerk's financial activities, it may have prevented or detected the diversion of funds from the tax collection account and the subsequent deposit of BRWS funds into that account to make up the shortage.

We have referred this report to law enforcement for investigation.

Comments of Local Officials

The results of our audit and recommendations have been discussed with Town officials and their comments, which appear in Appendix A, have been considered in preparing this report. Town officials generally agreed with our recommendations and indicated they had already taken or planned to take corrective action.

Introduction

Background

The Town of Greig (Town), located in Lewis County, covers 94 square miles and has a population of about 1,200. The elected Town Board (Board), comprising the Town Supervisor (Supervisor) and four Board members, is the legislative body responsible for managing Town operations including establishing internal controls over financial operations and maintaining a sound financial condition. The Supervisor serves as both the chief executive officer and chief fiscal officer. The Town's 2011 budgeted appropriations were approximately \$1 million, funded primarily with real property taxes and State aid.

The Town Clerk's (Clerk) financial responsibilities consist of receiving taxes and collecting fees on behalf of the Town, recording and depositing the collections, and reporting and remitting the collections, generally on a monthly basis, to the Supervisor or other appropriate parties. In connection with the tax collection function, the Clerk collects and remits the Town's share of real property taxes and related interest and penalties to the Supervisor, and then pays the County its share of the moneys collected in excess of the Town's tax levy. Over the past two years the Clerk was responsible for collecting \$3.6 million in property taxes, or \$1.8 million each year. The Clerk also collected \$16,782 between January 2010 and August 2011 (\$12,305 in 2010 and \$4,477 in 2011) in fees, according to monthly financial reports.

The Town is responsible for maintaining financial records and making disbursements to contractors associated with a management plan involving the Black River. The plan focuses on the enhancement, protection, and improvement of water quality in the Black River Watershed (BRWS). The Clerk received and disbursed approximately \$243,000 for the BRWS plan, which was primarily funded by grants and State aid, during the period April 2008 to October 2011. The Clerk has day-to-day control over the financial activity of the management plan, which includes depositing funds and writing and signing checks for payments.

Objective

The objective of our audit was to determine whether the Clerk properly accounted for all moneys received and disbursed in her official capacity. Our audit addressed the following related questions:

- Did the Clerk record, deposit, disburse, and report all real property taxes and fees received in a timely and accurate manner?

- Did the Board provide oversight of the Clerk’s fiscal operations and properly oversee financial activity related to BRWS moneys?

**Scope and
Methodology**

We examined the Clerk’s records for the period January 1, 2010 to August 31, 2011. We extended the scope of our audit back to April 2008 and forward to October 2011 to review cash receipts and disbursements for the duration of the BRWS management plan.

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 and
Corrective Action**

The results of our audit and recommendations have been discussed with Town officials and their comments, which appear in Appendix A, have been considered in preparing this report. Town officials generally agreed with our recommendations and indicated they had already taken or planned to take corrective action.

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 forwarded to our office within 90 days, pursuant to Section 35 of the 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 this plan available for public review in the Clerk’s office.

Town Clerk

Town officials, whether elected or appointed, are charged with carrying out the functions of their office in a forthright and honest manner. The Clerk is responsible for receiving, recording, depositing, disbursing, and reporting all moneys collected in an accurate and timely manner. This requires maintaining complete and accurate accounting records, ensuring that moneys received are safeguarded and promptly deposited into the Town's bank accounts, and disbursing those moneys to the appropriate parties. The Clerk used separate Town bank accounts for real property taxes (tax collection account), license and other fees (Clerk's account), and BRWS funds from grants and State aid.

The Clerk performs the duty of receiving taxes and assessments. Another individual, who is the Clerk's daughter, was appointed Deputy Town Clerk (Deputy Clerk). According to the Clerk, during the 2011 tax collection season, another family member also assisted with the collection of taxes.

We found that the Town accounts controlled by the Clerk were short \$16,007. When questioned by Town officials and our audit team, the Clerk acknowledged a shortage, and later reimbursed the Town from her personal account for the full amount. We have referred this report to law enforcement for investigation.

Tax Collection Shortage

In performing tax collection functions, the Clerk is accountable for all tax moneys collected by her office. Town Law and Real Property Tax Law set forth the legal requirements the Clerk must follow to record, deposit, and remit taxes. The Clerk collects taxes pursuant to a warrant from the Lewis County Board of Legislators directing the Clerk to collect taxes for the Town and the County and to remit those taxes to the Supervisor and County Treasurer (Treasurer). The Clerk is responsible for the accurate and timely recording of tax collections in the accounting records and for depositing and securing all moneys collected. The Clerk must pay all tax money deposited to the Supervisor at least once each week, or more frequently as may be required by Board resolution. Once the Supervisor has been fully paid all moneys payable to the Town pursuant to the warrant, the Clerk must remit any additional taxes collected to the Treasurer by the 15th day of each month following receipt. At the end of the collection period, the Clerk is required to settle with the Treasurer (normally in June of each year). At the time of settlement, the collecting officer must account for the taxes collected, the amount of taxes remitted to the Supervisor, the amount remitted to the Treasurer, any adjustments

to the tax roll, and the taxes that remain unpaid. After the Clerk has settled with the County, there should be no further activity and the Clerk's bank account balance should be zero (unless the bank, at the time the account was opened, required a minimum amount to be held).

As of July 5, 2011, the tax collection bank account did not have sufficient funds to cover the final remittance check, dated June 24, 2011, to the Lewis County Treasurer for real property taxes collected in 2011. To compensate for the shortage, the Clerk diverted a \$17,365 grant check from New York State related to the BRWS project into the tax collection bank account.¹ When questioned by Town officials and our audit team, on September 7, 2011, the Clerk acknowledged a shortage of \$16,007 in the tax collector bank account. On September 19, 2011, the Clerk deposited a personal check for \$16,007 into the tax collection bank account and reimbursed the BRWS bank account for the full \$17,365 on the same day.

The Clerk offered various possible explanations for the shortage, and said she believed it was probably due to a combination of them; for example, cash errors, incorrect change, misplaced money, and payments posted in the computer system without being paid.

The Clerk also said that the Deputy Clerk² and the Clerk's granddaughter helped collect taxes in 2011. Nonetheless, the Clerk is ultimately responsible for the shortage. Further, the Clerk's granddaughter was not an employee or an appointed official of the Town. Allowing a non-employee to receive funds on behalf of the Town is inappropriate.

Town Clerk's Records

The Clerk collects moneys for various purposes including dog licenses, marriage licenses, copies of death certificates, and photocopy fees. Town Law requires the Clerk to keep a suitable record of all moneys received and to deposit all moneys collected no later than the third business day after receiving an accumulated amount of \$250. Generally, all fees received by the Clerk are the property of the State, County, or Town. The Clerk must accurately report the amounts collected and pay those amounts to the appropriate agencies in a timely manner. Further, where there is no other evidence of collection (i.e., a copy of a license or permit), a duplicate press-numbered receipt should be issued with a copy retained in support of the collection.

¹ See the finding entitled "Board Oversight" for additional information on deficiencies in the Town's procedures related to the BRWS account.

² The Clerk's daughter was appointed Deputy Town Clerk in January 2010, and again in January 2011, by the Town Board.

The Clerk did not maintain a cash receipts journal to record the moneys collected for licenses and fees. She told us she would write receipt information on envelopes or papers, but that she did not retain these documents. Although she included receipt totals for the different types of collections in the monthly reports submitted to the Supervisor and Board, she did not have sufficient records that would enable tracing transactions from the point of collection through accounting records and to related reports to support the total amounts reported. In addition, the Clerk did not issue a receipt where there was no other suitable evidence of collection; deposit slips did not reflect the composition of the payments (whether cash or checks); and the Clerk did not include a date on the deposit slips. The Clerk made deposits, once a month, for only 12 of the 20 months in our audit period, ranging from approximately \$400 to \$2,200. Due to the poor condition of the records, Town officials could not determine whether all moneys received were properly deposited in a timely manner.

We obtained the bank statements and canceled check images from the Clerk and the bank³ and verified that disbursements shown on the bank statements supported disbursements shown on the Clerk's monthly reports. We also traced receipts from source documents (such as dog licenses and marriage licenses) to monthly reports and verified that receipts in total, per the monthly reports, supported the deposits to the Clerk's bank account in total for the audit period.

When moneys collected by the Clerk are not properly recorded in a cash receipts journal and not deposited in a timely manner, there is an increased risk that errors and irregularities could occur and remain undetected.

Recommendations

1. The Clerk should ensure that all receipts are properly recorded and deposited in an accurate and timely manner.
2. The Clerk should ensure that batch reports are prepared to support all deposits of real property taxes and related penalties.
3. The Clerk should distinguish whether receipts were received in cash or by check, both on deposit slips and when recording payments in the records.
4. The Clerk should not allow individuals other than the Deputy Clerk and duly appointed Town employees of the Clerk's office to participate in the collection of fees or real property taxes, except as authorized by law.

³ Because the Clerk could not provide all of the bank statements, we asked the Supervisor to request copies of the Clerk's bank statements and canceled check images directly from the bank.

5. The Clerk should maintain a cash receipts journal to account for fees collected.
6. The Clerk should issue a receipt when there is no other evidence of collection for fee payments.

Board Oversight

The Board is responsible for the overall supervision of the Town's financial affairs and for safeguarding its resources. Town Law prescribes certain financial responsibilities related to the custody and accounting of funds upon the Supervisor, and the audit and approval of claims upon the Board, which should not be delegated to other Town officials. Town Law also requires that the Board annually audit the records and reports of any Town officer or employee who received and disbursed moneys on behalf of the Town in the preceding year, or hire a certified public accountant (CPA) for that purpose. This audit serves as an important internal control over cash receipts and disbursements by providing independent verification that transactions have been properly recorded and that cash has been properly accounted for.

The Board failed to exercise appropriate oversight of the Clerk's financial activities. Although the Board reviewed the monthly reports that the Clerk submitted to the Supervisor, it did not provide for an annual audit of the Clerk's records. The Board also allowed the Clerk to perform all the fiscal functions related to the BRWS management plan, and did not audit claims paid by the Clerk for the project. As a result, the Board allowed an environment to exist where the Clerk was able to use funds intended for the BRWS account to conceal a shortage in the tax collection bank account.⁴

Improper Delegation of Duties – BRWS Management Plan

Although there is statutory authority for the Clerk to collect fees and real property taxes on behalf of the Town, the Supervisor, as chief fiscal officer for the Town, is generally responsible for collecting, receiving and having custody of all other moneys belonging to or due the Town. The Supervisor is also responsible for disbursing and accounting for those funds. With limited exceptions, the Board must audit and approve all claims prior to payment.

According to a Memorandum of Understanding (MOU) between the Town and the Lewis County Soil and Water Conservation District, the Town, pursuant to a contract with the State, was responsible for maintaining and processing all fiscal records associated with the BRWS management plan program, and for making disbursements to contractors being paid under the project. Therefore, the Supervisor had responsibility for the care and custody of funds of the BRWS project, and for the payment of claims after audit and approval by the Board.

⁴ See the finding under Town Clerk, entitled Tax Collection Shortage.

The Clerk received and deposited moneys into the BRWS bank account and maintained custody of the account. The Clerk wrote checks to disburse funds from the account without prior audit and approval of the claims by the Board. Although an employee of the Lewis County Soil and Water Conservation District reviewed invoices and recommended payment by the Town,⁵ this did not relieve the Board of its responsibility to audit the claims. While Town officials indicated they believed they were acting in accordance with the guidance and instruction provided by the agencies administering the BRWS project, we find no authority for the Board to devolve the fiscal responsibilities for the project to the Clerk.

Although the Board reviewed the Clerk's monthly reports to the Supervisor that summarize clerk fees collected, the Clerk did not provide financial reports to the Board that would enable it to monitor the activity in the BRWS account. In addition, the financial activity related to the BRWS management plan was not reflected in the Supervisor's accounting records or reported in the Town's annual financial report. The lack of oversight of the BRWS account increased the risk that moneys could be misappropriated.

Because of the lack of accounting records for the BRWS management plan, we used bank statements to determine the amount of money that flowed into and out of the bank accounts for the period that the plan was active from April 2008 through October 2011. Two bank accounts were associated with the BRWS management plan: one for moneys received from the State and another for grants. At August 31, 2011 we performed an accountability analysis of all the bank accounts the Clerk was responsible for, including the BRWS account that reflected activity funded by the State. The BRWS account was short \$17,365 and we were able to trace the check from the State into the Clerk's tax collector bank account. At the time the check was substituted and deposited into the tax collector bank account to cover a shortage in that account, the exact amount of the check was owed to a company by the BRWS management plan.

Because the Clerk paid the Town back on September 19, 2011, we were able to trace all of these payments, totaling \$243,583, to their subsequent deposit into the bank accounts. Even though we ultimately confirmed that the entire amount of the BRWS management plan receipts were paid out to the appropriate recipients, this does not excuse the Clerk's action of diverting the BRWS funds into the tax collector bank account.

⁵ According to the MOU, the Lewis County Soil and Water Conservation District was responsible to oversee completion of the project, and compilation and preparation of payment requests were to be presented to the Town for final review.

Town officials informed us, and we confirmed with the Lewis County Soil and Water Conservation District, that the BRWS project is now complete, so the Clerk will no longer be involved with the receipt and disbursement of these funds.

Annual Audit

Town Law requires that town boards annually audit the records and reports of any Town officer or employee who received and disbursed moneys on behalf of the Town in the preceding year, or hire a certified public accountant (CPA) or public accountant for that purpose. Periodic audits of the Town Clerk's financial operations help to ensure that someone other than the person who is responsible for collecting and depositing money, and preparing records and reports, effectively oversees these activities. This oversight is especially important when one individual alone is responsible for processing transactions (i.e., receiving, recording, reporting, and disbursing moneys). While the Board is required to audit the records of the Clerk at least annually, more frequent monitoring of the Clerk's financial activities helps reduce the risk that errors and/or irregularities will occur and go undetected.

The Board did not audit, or contract with an independent auditor to audit, the records maintained by the Clerk for 2010. Therefore, the Board does not have full assurance that the Clerk was properly accounting for the Town's financial resources. In light of the significant shortage and misuse of funds found during our audit, it is especially important that, going forward, the Board ensures that comprehensive annual audits are routinely conducted and that the Board provides more frequent monitoring of the Clerk's activities.

Recommendations

7. The Board should ensure that the Supervisor maintains custody and accounts for Town funds and does not inappropriately delegate this responsibility to other officers.
8. The Board should audit and approve claims prior to payment.
9. The Board should perform or contract for an annual audit of the Clerk's records and reports as required by law.
10. The Board should consider more frequent monitoring of the Clerk's financial activities to help ensure that records and reports are adequate and accurate.

APPENDIX A
RESPONSE FROM LOCAL OFFICIALS

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

TOWN OF GREIG
5186 Greig Road
Greig, NY 13345

July 12, 2012

Offices of the State Comptroller
Division of Local Government and
School Accountability
PSU-CAP Submission
110 State Street, 12th Floor
Albany, New York 12236

Re: Town of Greig Audit Report Title Town Clerk and Board Oversight
Audit Report No.: 2012M-82

Dear Sir/Madam:

Please allow this letter to serve as the audit response letter and corrective action plan for the Town of Greig on the above referenced report. This response letter and corrective action plan has been reviewed and approved by the Town Board of the Town of Greig at a meeting held on July 12, 2012.

The Town Board of the Town of Greig has reviewed the above referenced report and concurs with the findings that have been made agrees to take corrective action on each of the listed items. Below is a discussion of each of the audited recommendations, implementation plan, implementation, date and person responsible for implementation:

1. Recommendation – Clerk should ensure that all receipts are properly recorded and deposited in an accurate and timely manner.

A. Implementation/Plan of Action – The Town Clerk shall deposit all funds received within 72 hours of receipt. The Clerk shall also issue a written receipt for each payment regardless of where it should come from. The receipt shall be numbered sequentially. The Town Board shall review monthly, a report from the Clerk with respect to the receipts and deposits

B. Implementation Date – A timely deposit of funds has already been implemented and is in place. The Town Board now receives monthly reports from the Clerk and audits the same on a monthly basis. Receipt books have been obtained. The Town shall take proper steps to have all receipts sequentially numbered and shall require the Clerk to provide a receipt for any and all payments, regardless of source. To avoid duplication, the Town Board

shall order and deliver to the Clerk the receipt books and shall be in control of their issuance to the Clerk. The implementation of such receipts shall take place within thirty (30) days. Persons responsible for implementation shall include Karin Fayle, Town Clerk and Marilyn Patterson, Town Supervisor and the Town Board shall take over all responsibility for review of compliance for these provisions.

2. The Clerk should ensure that batch reports are prepared to support all deposits for real property taxes and related penalties.

A. Implementation Plan – The Clerk shall immediately do such batch reports. To ensure against loss of data, a backup system for electronic records will be put in place so that data is not lost.

B. Implementation Date – Batch reports were done for tax collection in 2012 in an accurate and timely manner. This has already been corrected. As to the electronic storage of data off site, daily onsite backup now takes place. The Town Board is in the process of exploring providers for offsite backups as well and should be able to implement this within sixty (60) days.

3. The Clerk should distinguish whether receipts were received in cash or by check, both on deposit slips and in recording payment in records.

A. Implementation/Plan of Action – Proper deposit slips shall be filled out for each and every deposit designating whether they are cash or check. Receipts shall be sequentially numbered and controlled by the Town Board. Clerk shall also so note each deposit separately on deposit slips and record whether it is cash or check.

B. Implementation Date – These items shall be implemented immediately.

C. Person Responsible for Implementation – Karin Fayle, Town Clerk, Marilyn Patterson, Town Supervisor. The same shall be reviewed on a periodic basis by the Town Board no less frequently than annually.

4. The Clerk shall not allow individuals other than Deputy Clerk and duly appointed Town employees of the Clerk's Office to participate in the collection of fees of real property taxes, except as authorized by Law.

A. Implementation/Plan of Action – The Town Board accepted the appointment of Deputy Clerk at the Clerk’s suggestion. Such Deputy Clerk was duly appointed at the organizational meeting in January 2012. Tax Collection in 2012 was done in compliance with this recommendation.

B. Implementation Date – This has already been implemented as the 2012 taxes were collected in compliance.

C. Person Responsible for Implementation – Karin Fayle, Town Clerk and the Town Board.

5. The Clerk shall maintain a Cash Receipts Journal to account for fees collected.

A. Implementation/Plan of Action – Clerk has been made aware of the need to maintain two separate numbered receipt books. One for Tax Collector and one for Town Clerk. The Supervisor will order a set of three numbered receipt books for the following: Tax Collector, Town Clerk and Supervisor.

B. Implementation Date – The implementation of this shall take place within thirty (30) days. Receipt books have been used during 2012, but better controls will be placed on the receipt books by having them issued by the Town Supervisor.

C. Persons Responsible for Implementation – Karin Fayle, Town Clerk and Marilyn Patterson, Town Supervisor.

6. The Clerk shall issue a receipt when there is no other evidence for collection of fee payments.

A. Implementation/Plan of Action – It is intended that receipts shall be issued for all payments whether by check or cash. Receipt books as mentioned above are being provided for this purpose. The Town will audit this on a periodic basis no less frequently than annually.

B. Implementation Date – It is anticipated that this will implemented within the next thirty (30) days.

C. Persons Responsible for Implementation – Karin Fayle, Town Clerk and Marilyn Patterson, Town Supervisor.

7. The Board should ensure that the Supervisor maintains custody on accounts for the Town funds and does not appropriate this responsibility to other offices.

A. Implementation/Plan of Action – The Town Board will see that all accounts are under the control and supervision of the Town Supervisor. The responsibility for such funds shall not be delegated to other offices.

B. Implementation Date – This was discussed at the July 12, 2012 Town Board meeting and steps have been put place with all accounts previously delegated will be relinquished to the Town Supervisor for control. This shall be corrected immediately.

C. Person Responsible for Implementation – Marilyn Patterson, Town Supervisor and the Town Board.

8. The Board should audit and approve claims prior to payment.

A. Implementation/Plan of Action – A voucher shall be made for all claims prior to payment by the Town Board for the Town Board to audit. The only exceptions are the payments of utilities and the other items that have been approved by the Town Board at the beginning of the year. The Board shall audit and approve all claims before payment.

B. Implementation Date – Corrective action on this was taken in November 2011 and brought to the Supervisor's attention by the auditors. It is believed that the Town is currently in compliance.

C. Person Responsible for Implementation – Marilyn Patterson, Town Supervisor and Town Board.

9. The Board should perform or contract for an annual audit of the Clerk's records or reports as required by law.

A. Implementation/Plan of Action – Commencing January 2012, the Town Clerk has been required to submit with her monthly report a copy of all of her bank records. These are reviewed and audited by the Town Board on a monthly basis. An annual audit in compliance with State recommendation shall be done by the Town Board in January of each year.

B. Person Responsible for Implementation – Town Board, Town of Greig.

10. The Board should consider more frequent monitoring of Clerk's financial activities to help ensure that records and reports are adequate and accurate.

A. Implementation/Plan of Action – The Town Board has already required the Clerk to provide bank statements/bank records with her monthly reports. These are reviewed on by the Town Board on a monthly basis. The Board will set up two committees to perform audits on both the Clerk, Supervisor and Justice. These committees were establish at the July 12, 2012 Board meeting. They will be asked to perform audits on these records at least annually.

B. Implementation Date – July 12, 2012.

C. Person Responsible for Implementation – Town Board.

The Town of Greig remains committed to fully meeting and answering all concerns raised in the audit report and appreciate the efforts of the Comptroller's Office in bringing these matters to the Town's attention.

Very truly yours,

Signed Marilyn Patterson, Supervisor

Signed Kenneth Mayhew, Councilman

Signed William Knapp, Councilman

Signed Thomas Gunn Councilman

Signed Neil Pepper Councilman

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

During this audit, we examined the cash receipt and disbursement activities for the Town Clerk, tax collector, and Black River Watershed accounts for the period January 1, 2010 through August 31, 2011. We extended our tests of the BRWS account back to 2008 and forward to October 2011. To accomplish our audit objectives and obtain relevant audit evidence, our procedures included the following:

- We interviewed the Clerk to gain an understanding of the procedures used to collect, record, disburse, reconcile and report moneys under her control.
- We interviewed the Supervisor to gain an understanding of the Board's oversight of the Clerk.
- We performed a cash count, obtained the bank balances from the bank statements, and reconciled the Clerk's cash assets with known liabilities as of August 31, 2011. We performed this test for all of the Clerk's bank accounts, the Town Clerk account, the tax collection account, and the BRWS management plan accounts.
- We performed tests to recalculate recorded penalties and trace them to deposits.
- We compared the amount of taxes to be collected to total bank deposits (less recorded penalties) and remittances throughout the collection period.
- We reviewed the tax warrants and final settlements for real property taxes for both 2010 and 2011. For 2011, we reviewed the real property tax settlement payments made to the Supervisor (including penalties) and Treasurer, batch reports⁶ from the electronic system, and unpaid taxes. Using available batch report summaries, we traced real property tax receipts to deposits, as shown on bank statements, for 2011.
- We compared bank deposits into the Town Clerk bank account with monthly reports and canceled check images.
- We traced source documents, such as dog licenses and marriage licenses, to monthly report totals.
- We reviewed all images of canceled checks written out of the Clerk's four bank accounts (tax collection, Town Clerk, BRWS grants, and BRWS State aid) during our audit period and reviewed bank statements for any inappropriate bank transfers.
- We compared payments made by the State to the Town for the BRWS management plan to moneys received by the Town for the BRWS management plan.

⁶ Batch reports serve as a cash receipts record which lists the payment dates for individual tax receipts (including penalties).

- We obtained deposit composition records from the Town's bank for the period January 1, 2010 through August 31, 2011 for all four bank accounts maintained by the Clerk. We reviewed the composition of deposits for any unusual activity such as the substitution of receipts.

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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APPENDIX D
OFFICE OF THE STATE COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY

Andrew A. SanFilippo, Executive Deputy Comptroller
Steven J. Hancox, Deputy Comptroller
Nathaalie N. Carey, Assistant Comptroller

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