

Village of Watkins Glen

Justice Court Operations

DECEMBER 2021



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Village of Watkins Glen

Audit Objective

Determine whether the Village of Watkins Glen (Village) Justices collected, recorded, deposited, reported and remitted Justice Court (Court) collections in a timely and accurate manner.

Key Findings

The Justices did not ensure all fines and fees were properly collected, recorded, deposited, reported and remitted in a timely and accurate manner.

- The Justices did not prepare monthly accountabilities. As a result, recording and reporting errors occurred and went undetected, and Court collections were not deposited intact. The net effect of the reporting errors was a \$3,320 overpayment to the Justice Court Fund. In addition, Justice Miller had a shortage totaling \$421 that remained through Justice Decker's term.
- 1,311 cases were not properly reported to the Department of Motor Vehicles (DMV).
- The Court's computerized accounting system was unsecure and did not require sequentially issued receipts and allowed the clerks to delete or modify transactions without supervisory approval or the creation of an audit log.

Key Recommendations

- Ensure that monthly accountabilities of all Court accounting records are completed.
- Review the recording and reporting errors identified in this report and make necessary corrections.
- Upgrade the Court's computerized accounting system software to the most secure version.

Village officials agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

Background

The Village, located in the Towns of Dix and Reading in Schuyler County, is governed by an elected Board of Trustees (Board) composed of a Mayor and four Trustees. The Board is responsible for the general oversight of operations and finances. The Justice is personally responsible for money received by the Court and supervises Court staff in performing Court-related functions.

The Village has one elected Justice. Justice Miller's term covered April 1, 2015 through March 30, 2019 and Justice Decker's term began on April 1, 2019.

A Court clerk (clerk) assists the Justice with processing cases and related financial transactions, including submitting monthly financial activity reports and the disposition of traffic tickets to various New York State agencies. Two part-time clerks were responsible for maintaining Court records during the audit period. The former clerk resigned on May 31, 2019 and the current clerk was appointed in May 2019.

Quick Facts

Court Collections

April 1, 2015 – June 30, 2020

Justice Miller	\$656,905
Justice Decker	\$231,224

Audit Period

June 1, 2017 – June 30, 2020. We extended the audit period back to April 1, 2015 to prepare Justice Miller's accountability.

Justice Court Operations

The Court has jurisdiction over vehicle and traffic, criminal, civil and small claims cases brought before it. The Justices adjudicate legal matters within the Court's jurisdiction and administer money collected from fines, surcharges, civil fees, restitution and bail. Court disbursements include returning bail, transferring money to other courts and remitting fines and fees collected monthly to the Village Treasurer (Treasurer).

How Should the Justices Account for Court Operations?

Justices are responsible for maintaining complete and accurate accounting records and safeguarding all money collected by the Court. In addition, Justices should ensure that clerks issue receipts to acknowledge the collection of all funds paid to the Court, record each receipt in the accounting records and deposit all funds intact (i.e., in the same amount and form as received) as soon as possible but no later than 72 hours from the date of collection, exclusive of Sundays and holidays.

On a monthly basis, Justices should ensure bank reconciliations and an accountability are completed by preparing a list of Court liabilities and comparing it to reconciled bank balances and money on hand. Court liabilities should equal the available cash balance and any discrepancies should be investigated and resolved.

Justices are required to submit monthly reports detailing all fines, fees, surcharges and forfeited bail collected to the JCF and remit fines and fees collected to the Treasurer each month. Justices should maintain accurate records indicating the date bail was remitted to the Court, who paid it and when it was returned or applied to fines and fees.

Justices are responsible for maintaining complete and accurate accounting records and safeguarding all money collected by the Court.

The Justices Did Not Prepare Monthly Accountabilities

Each Justice maintained one bank account for fines, fees and bail. While the clerks completed monthly bank reconciliations, neither the Justices nor the clerks prepared monthly accountabilities to ensure that all collections were accurately accounted for and discrepancies could be promptly identified.

We prepared accountabilities for Justice Miller as of March 31, 2019 and Justice Decker as of July 23, 2020. We found the former clerk's recording and JCF reporting errors went undetected and uncorrected and money was not deposited intact, which resulted in a shortage totaling \$421 for Justice Miller that carried forward to Justice Decker (Figure 1).

Figure 1: Court Accountabilities

	Justice Miller	Justice Decker
Bank account balance	\$16,961	\$12,482
Add: Deposits in transit	50	4,890
Less: Outstanding checks	(1,444)	(80)
Adjusted Bank Balance	\$15,567	\$17,292
Due from the JCF	\$2,895	\$3,320
Cash on hand in the Treasurer's office	660	460
Cash on hand found in case files	543	543
Due from the Treasurer	262	337
Cash on hand during cash count	0	1,440
Total Court Assets	\$19,927	\$23,392
Known Court Liabilities		
Due to the JCF (previous month's fines and fees collected)	\$11,145	\$15,160
Pending bail	7,800	6,950
Due to defendants for overpayments	581	881
Restitution	629	629
Due to the Town of Dix	193	193
Total Known Court Liabilities	\$20,348	\$23,813
Total Shortage	(\$421)	(\$421)

The former clerk performed all financial duties and maintained case files for the Court. Specifically, she collected fines and fees, issued computerized collection receipts, recorded financial transactions in the computerized accounting system, prepared and made deposits, prepared the monthly JCF report, uploaded traffic law violation dispositions to DMV, received bank statements and performed bank reconciliations. During the current clerk's tenure, both the current clerk and Justice performed these financial duties.

In addition, Court fines and fees were collected at the Village Clerk and Treasurer's office (Village Office) and stored in a safe until the Court clerk obtained them during Court hours. Also, parking tickets issued by the Village Police Department (Police Department) were paid at the Village Office and remitted monthly to the Court along with a monthly report. Because the Board did not adopt written policies and procedures related to parking tickets, the Police Department did not maintain an inventory of parking tickets and voided tickets were occasionally destroyed.

Village Office staff did not consistently record the form of payment, amount paid or payee on the parking tickets or issue duplicate receipts for all parking tickets. As a result of these deficiencies, we were unable to account for all parking tickets and found 16 of the 25 monthly parking ticket reports contained errors.

During the period June 1, 2017 through May 30, 2019, we found 29 unrecorded and five inaccurately recorded transactions in the computerized accounting program. Nine of these 34 transactions totaling \$781 were cash collections not deposited. In addition, one properly recorded \$50 cash collection was not deposited.

During the period April 1, 2015 through May 31, 2017, we identified seven unrecorded, undeposited cash collections totaling \$793. In total, from April 1, 2015 through May 31, 2019, the former clerk did not deposit 17 cash collections totaling \$1,624. We located \$543 of the undeposited cash in four case files during our audit fieldwork. Justice Decker transferred \$660 to the Treasurer as unidentified money.

Also, we found the former clerk did not report the disposition of 41 cases, and inaccurately reported 12 cases, including three transactions the former clerk reported twice to the JCF in error. Further, the former clerk made similar recording and reporting errors during the period April 1, 2015 through May 31, 2017.

These errors occurred because the former clerk lacked training and the Court's computerized accounting system software was not the most secure version. As a result, the software version allowed the former clerk to delete, void or modify transactions and previously issued receipts without supervisory approval. In addition, the software did not require the issuance of sequentially numbered receipts.

The New York State Unified Court System can upgrade the Court's software to a secure version at no cost. Justice Decker told us he was unaware that the Court was using an unsecure version of the software and that a more secure version was available. Justice Decker stated that he would look into getting the more secure version for the Court.

Although Justice Decker and the current clerk accurately recorded transactions, not all transactions were accurately reported to the JCF. Specifically, the current clerk did not report seven dismissed or transferred cases to the JCF and inaccurately reported three cases to the JCF, all of which had no applicable payment.

In December 2019, the Justice recorded the application of \$200 in bail to a defendant's fine and fees that the former clerk did not record in October 2018. Because the Justice used the actual October 2018 transaction date, this payment was not reported to the JCF in the December 2019 report and \$200 is still owed to the JCF. The net result of all these recording and reporting errors was that the JCF was overpaid \$3,320.

Furthermore, the former clerk did not report 347 adjudicated cases to DMV and inaccurately reported 256 cases. The current clerk did not report 529 adjudicated

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cases to DMV because she was unaware of the procedure to do so, and Justice Decker did not report 179 adjudicated cases to DMV. Neither Justice ensured that all adjudicated cases were reported to DMV.

Our publication *Handbook for Town and Village Justices and Court Clerks* available on our website at www.osc.state.ny.us/files/local-government/publications/pdf/jch.pdf is a useful resource the Justice and clerk can refer to.

What Do We Recommend?

The Justices should:

1. Ensure that monthly accountabilities of all Court accounting records, including the reconciliation of cash assets and known liabilities, are completed and reviewed for accuracy, and any discrepancies are promptly investigated and resolved.
2. Ensure bank deposits reconcile to receipts and that money is deposited intact.
3. Deposit all the money found in the case files.
4. Remit overpayments to defendants, restitution payments to victims and payments owed to the Town of Dix.
5. Review the reporting errors identified in this report and report them to the JCF and DMV, as appropriate and ensure that the clerk properly records and reports Court activity.
6. Ensure receipts are issued in sequence and review receipts for any gaps in sequence.
7. Upgrade the Court's accounting system software to the most secure version.

The Board should:

8. Develop written policies and procedures related to parking tickets, including having the Police Department maintain an inventory of unissued, issued and voided parking tickets, and ensuring staff in the Village Office consistently record and report parking tickets payments and issue duplicate receipts for all parking ticket payments.

Appendix A: Response From Village Officials

Watkins Glen Village Court

303 N. Franklin Street
Watkins Glen, NY 14891
Honorable Steven M. Decker

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

December 1, 2021

To Whom it may concern,

The Village of Watkins Glen Court is in receipt of the preliminary draft findings for the audit of the Justice Court. In response to the findings, the court has commenced the following corrective actions.

During the course of the audit, the 1,311 DMV cases that were improperly reported were brought to the attention of the Judge and Clerk and those have been now properly reported to DMV. Although most of the monthly accountability errors occurred during Judge Miller's term, the current Judge and Clerk will work with the contact person provided to them to ensure all money collected by the Village of Watkins Glen Court is properly reported to the Justice Court Fund, ALL money found in old case files is properly deposited and reported to the Justice Court Fund, and that any overpayments received are remitted to defendants.

The past practice of allowing the Village Clerk and Treasurer staff to collect fines has been terminated. All fines are now paid directly to the court during normal court hours and are properly deposited. The exception to this is parking fines. The past practice was that parking fines were paid to the Village Clerk's staff and stored for the current month and at the end of the month all checks, cash and money orders were given to the court and deposited by the court. This practiced allowed some bad checks to be deposited into the court's account and caused problems. This practice has been amended and now all checks, cash and money orders from parking tickets are collected by Village Clerk staff, deposited into a Village Account and a check is issued to the Village Court for deposit once a month. A spreadsheet is completed showing ALL parking tickets issued and paid. At the request of the Mayor, I met with Sergeant Ethan Mosher of the Village of Watkins Glen Police Department and a new practice is in place in which his department will report all Parking tickets issued and voided to Village Clerk staff so that there is an accountability of ALL parking tickets.

In January 2022, I will contact the Office of Court Administration and upgrade the Village of Watkins Glen's Court room program to the most secure version. In the interim, any receipts that were issued in error due to glitches in current system, are noted and documented for further review.

I would like to thank the Comptroller's Office for their time and dedication during the court's audit. It was not an easy process due to Covid restrictions.

Respectfully Submitted,

Honorable Steven M. Decker

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. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed Village officials and reviewed Board minutes and annual audits to gain an understanding of Court financial activities.
- For the audit period, we compared fines and fees recorded in the Court's computerized accounting software to those reported to DMV and JCF to determine whether there were any variances. We traced all variances to supporting documentation to determine the cause and significance.
- We compared the duplicate court cash receipts issued for funds collected by Village Office staff to the fines and fees recorded in the Court's computerized accounting software to determine whether all money was recorded and deposited.
- We reviewed bank statements, monthly JCF and cashbook reports and duplicate receipts to determine the former Justice's assets and liabilities back to April 1, 2015.
- For the audit period, we obtained deposit compositions and available credit card receipts and compared them to the fines and fees recorded in the Court's computerized accounting software, DMV and JCF reports, to determine whether all money deposited was recorded and reported.
- We reviewed bank reconciliations prepared by the clerks for the audit period.
- We performed a count of Court cash on July 23, 2020 and prepared accountabilities for Justice Miller as of March 31, 2019 and Justice Decker as of July 23, 2020 to determine whether cash on hand agreed with known liabilities.
- We reviewed all disbursements for the audit period to determine whether payments were proper and recorded in the Court's computerized accounting software.
- We reviewed bail activity to determine pending bail as of March 31, 2019 and July 23, 2020.
- We analyzed parking ticket spreadsheets for the audit period to determine the number of tickets issued and paid each month and whether they were reported accurately to the JCF.

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 Village Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

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

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

www.osc.state.ny.us/local-government/publications

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

www.osc.state.ny.us/local-government/fiscal-monitoring

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

www.osc.state.ny.us/local-government/publications

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

www.osc.state.ny.us/local-government/resources/planning-resources

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

www.osc.state.ny.us/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.state.ny.us/local-government/required-reporting

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

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Contact

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