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William J. Carlin Jr.  
Putnam County Commissioner of Finance  
40 Gleneida Avenue  
Carmel, NY 10512

Report Number: 2017M-221

Dear Mr. Carlin:

Putnam County (County) officials are responsible for safeguarding court and trust funds in their care. This responsibility includes establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that resources are safeguarded against loss from unauthorized use or disposition, transactions are executed in accordance with court orders and/or statutory authorization and are properly recorded, appropriate reports are prepared and appropriate corrective action is taken in response to audit findings. Nevertheless, errors, irregularities, or instances of noncompliance may occur and not be detected because of inherent limitations in any internal control structure.

Pursuant to the State Constitution, Article V, Section 1 and further authority vested in the State Comptroller by Articles 2 and 12 of the State Finance Law and Section 42 of the Executive Law, we examined certain records and reports for the County's court and trust funds for the period January 1, 2014 through January 1, 2017.

### **Background and Methodology**

Pursuant to a court order, certain assets may be provided to the court and then delivered to the County Commissioner of Finance for safekeeping. Payments made pursuant to court orders commonly involve surplus moneys from foreclosures and contract disputes resulting in a mechanic's lien.<sup>1</sup> These actions are recorded in the County Clerk's office when payments are deposited as required by court order. Additionally, in certain circumstances,<sup>2</sup> funds from estates are entrusted to the Commissioner for safekeeping by order of the Surrogate's Court. Together, the Commissioner, County Clerk and Surrogate's Court must develop sound procedures and

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<sup>1</sup> Security interest in property filed to ensure payment for contracted services rendered on the property

<sup>2</sup> When the whereabouts of any person entitled to payment from the estate is unknown

processes which, when implemented properly and consistently, provide a system of internal controls to account for and safeguard these funds.

Our objective was to determine whether County officials have established appropriate controls to safeguard and account for court and trust funds. We examined the processes, procedures and records for the receipt and management of court and trust funds maintained by the Commissioner, County Clerk and Surrogate's Court. We interviewed County officials and reviewed financial and court records. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

### **Audit Results**

The County Clerk and Surrogate's Court are responsible for maintaining up-to-date and complete records for court and trust funds and abandoned property. Pursuant to New York State Finance Law Section 184, the Commissioner is required to submit a report on an annual basis to the State Comptroller accounting for all money, securities and other properties deposited to court and ordered into his custody.

We found that the records maintained by the County Clerk and Surrogate's Court were up-to-date and complete, and we noted no material discrepancies. We also found that the Commissioner established adequate procedures, maintained appropriate records and properly reported court and trust funds and abandoned property to the State Comptroller as prescribed by statute.

We would like to thank Putnam County officials and staff for the courtesies and cooperation that were extended to our auditors.

Sincerely,

Gabriel F. Deyo  
Deputy Comptroller

cc: MaryEllen Odell, County Executive  
Michael Bartolotti, County Clerk  
Honorable James F. Reitz, Judge  
Honorable James T. Rooney, Judge