



Town of Barker Justice Court Operations

Report of Examination

Period Covered:

January 1, 2015 – September 19, 2016

2016M-422



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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

March 2017

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 Barker, 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 New York State 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 Barker (Town) is located in Broome County and has approximately 3,000 residents. The Town is governed by an elected Town Board (Board) composed of four Board members and the Town Supervisor. The Board is the legislative body responsible for the general oversight of the Town's financial activities, which includes the Town Justice Court's (Court) financial operations.

The Court has one elected Justice who is responsible for overseeing Court operations, with jurisdiction over vehicle and traffic, criminal, civil and small claims cases. The Court employs a Court clerk (clerk) to assist the Justice with carrying out these responsibilities, including entering data into the Court's accounting software, mailing fine and delinquency notices and Court dates, collecting fines, recording receipts into the Court's accounting software and transmitting the Court's activities to the New York State Department of Motor Vehicles (DMV) and Office of the State Comptroller's Justice Court Fund (JCF). In 2015, the Court reported revenues totaling approximately \$75,000.

Objective

The objective of our audit was to examine the Court's financial operations. Our audit addressed the following related question:

- Did the Justice ensure controls were in place and provide sufficient oversight to adequately safeguard Court money?

Scope and Methodology

We examined the Court's records and reports for the period January 1, 2015 through September 19, 2016.

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. 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.

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 agreed with our findings and indicated they plan to initiate 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 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 Town Clerk's office.

Justice Court Operations

The Justice is responsible for adjudicating legal matters within the Court's jurisdiction; administering money collected from fines, bail, surcharges, civil fees and restitutions; and reporting the Court's financial activities monthly to the JCF. The Justice must ensure adequate controls are in place to safeguard all money collected by the Court. These controls help the Justice ensure that all receipts are deposited, tickets are properly accounted for and adjudicated, dismissals are properly supported and Court transactions are properly reported to the JCF.

The Court uses electronic case files, exclusively, to document the Court's transactions and support the Court's collections. The Justice should document his adjudication in the case files and electronically sign the files to prevent any unauthorized changes to the adjudication or the fines and fees imposed. The Justice must also ensure that Court cash balances are reconciled to corresponding liabilities (monthly accountability) and the status of each vehicle and traffic ticket is periodically updated with the DMV. Additionally, the Justice should implement control procedures to enforce unpaid tickets and ensure that fines are collected as soon as possible. An option to enforce tickets with fines and surcharges that remain unpaid is to use the DMV Scofflaw Program.¹

The Justice should improve controls to ensure Court money is adequately safeguarded. Because the Court uses electronic case files in lieu of paper files, the original tickets issued by police officers, correspondence and supporting documentation are scanned into the electronic case files. The Court's actions on the tickets are documented by directly importing data from the Court's accounting software into the case files that are stored on the Court's computers.

The Justice and the clerk access the case files by entering their own respective passwords on the Court's computers. The Justice's adjudication is documented in the case files through the use of comment boxes. However, both the Justice and the clerk have the ability to modify or delete these comments without the original data being documented in the case file.

¹ The DMV Scofflaw Program allows local justice courts to notify the DMV when an individual has an unresolved (failure to pay the fine or failure to appear on the court date) traffic ticket for a 60-day period. When this occurs, the DMV notifies the individual and gives them 30 additional days to address the issue. If the individual has not taken action, then the DMV suspends the individual's license until they address the outstanding ticket.

We reviewed² three monthly accountabilities and found that cash balances agreed with corresponding liabilities for bail, fines and fees. We also reviewed 15 paid tickets from case files and an additional 15 unpaid tickets from DMV records. We found that these Court transactions were properly reported to the JCF and DMV. The money collected for the 15 paid tickets was deposited and the 15 unpaid tickets were enforced through the Scofflaw Program.

However, the case files for three tickets did not include documentation of the Justice's adjudication indicating the case resolution and the amount of fines and surcharges the Court may have collected. Additionally, for three other tickets the Justice's adjudications were documented by the clerk instead of the Justice. As a result, there is a risk that Court transactions may not be reported and Court money may not be collected as adjudicated by the Justice. Further, any errors or irregularities in the case file documentation would not be easily detected when the Board conducted its annual audit of the Justice's books and records.

Recommendations

The Justice should improve controls to ensure that Court money is adequately safeguarded by:

1. Verifying that all case files include documentation of the adjudication and the amount of any fines and surcharges collected.
2. Preventing unauthorized changes to the adjudications by electronically signing the case files.

² See Appendix B for information on our methodology.

APPENDIX A
RESPONSE FROM LOCAL OFFICIALS

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

**TOWN OF BARKER COURT
HON. EDWARD A. BEECHER
P. O. BOX 66
CASTLE CREEK, NY 13744
Phone: 607-648-6961 Fax: 607-648-7499**

Email: barkertowncourt@nycourts.gov GPS Address: 151 Hyde St., Whitney Point, NY 13862

March 7, 2017



Office of the State Comptroller
Binghamton Regional Office
44 Hawley St
1702
Binghamton, NY 13901

Re: Corrective Action Plan for recent Audit.



In response to your recommendations we have implemented the following procedures:

1. I will verify documentation of all adjudications.
2. I have implemented an electronic signature, which does not allow any changes without a password known only to me.

I believe the above addresses all the concerns noted in the "Town of Barker Justice Court Operations Report of Examination."

Sincerely,

Edward A. Beecher
Town Justice



APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed Court personnel to gain an understanding of the Court's operations.
- We used a random number generator to select a sample of two monthly accountabilities for fines and fees (from the 20 monthly accountabilities prepared during our audit period) to determine if reports submitted to the JCF were supported by the bank statements. We also reviewed the August 2016 monthly accountability for outstanding bail to determine if it was supported by bank account balances in the Justice's bail account. We selected this month because it was the last full month of our audit period.
- We selected a sample of 15 tickets from the Court's 3,975 case files during our audit period using a random number generator to determine if Court transactions were properly reported to the JCF and DMV and whether the fines and fees collected were deposited into the Justice's bank account.
- We selected a sample of 15 out of 554 unpaid and unenforced tickets through the Scofflaw Program from DMV records using a random number generator and reviewed support of the Court's attempts to enforce and collect fines.

We conducted this performance audit in accordance with 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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