



# Town of Maine Justice Court Operations

## Report of Examination

Period Covered:

January 1, 2015 – August 5, 2016

2016M-358



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# State of New York Office of the State Comptroller

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## Division of Local Government and School Accountability

January 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 Maine, 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 Maine (Town) is located in Broome County and has 5,459 residents. The Town is governed by an elected Town Board (Board) composed of four Board members and a Supervisor. The Supervisor is the Town's chief executive and chief fiscal officer. The Board is responsible for the general oversight of the Town's financial activities, which includes the finances of the Justice Court.

The Town has one elected Justice who presides over Court operations. The Justice appointed a part-time Court clerk to assist in processing the Court's financial activities. The Court has jurisdiction over vehicle and traffic, criminal, civil and small claims cases. The Justice imposes and collects fines, fees and bail money; and is responsible for reporting monthly to the Office of the State Comptroller's Justice Court Fund (JCF) regarding the Court's monthly financial activities and for remitting all money collected to the Supervisor. Additionally, the Justice is responsible for updating the disposition of each motor vehicle and traffic violation to the New York State Department of Motor Vehicles (DMV). The Justice uses a computer software system to record all Court transactions.

The Town's 2017 general fund budgeted appropriations are approximately \$1.1 million, of which \$36,269 is for Justice Court operations. The Court collected approximately \$89,000 in fines, fees, surcharges and bail money during the audit period. The Town's portion of these revenues totaled \$23,855.

## Objective

The objective of our audit was to review the internal controls over the Court's financial activity. Our audit addressed the following related question:

- Did the Justice ensure that Court money was accurately and completely collected, recorded, deposited, reported and disbursed?

## Scope and Methodology

We examined Court records and reports for the period January 1, 2015 through August 5, 2016. We extended our scope period back to January 1, 2011 to analyze revenues collected.

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 Town  
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 recommendations and indicated that they planned 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 cases brought before him and for accounting for and reporting Court-related financial activities. Each month, the Justice should account for cash collections and disbursements, verify the accuracy of the financial records and reconcile the Court's bank account. The Justice should also perform an accountability of Court funds by preparing a list of court liabilities and comparing it with the reconciled bank balance and cash on hand.

The Justice must report all money collected each month (excluding pending bail) to the JCF, inform the DMV of dispositions so the cases can be properly closed in the DMV database and disburse the funds collected to the Supervisor or defendant, as appropriate. The Justice should also ensure that any traffic tickets with fines and surcharges that remain unpaid are referred to the DMV for enforcement through its Scofflaw Program.<sup>1</sup> In addition, the Justice is required to present his records and files at least once each year to be audited by the Board or an independent public accountant.

The Justice ensured that Court money collected was accurately recorded and deposited. He reported money collected accurately and completely to the JCF and the Supervisor and prepared accurate monthly accountabilities of Court funds. However, the Justice did not refer all eligible traffic tickets to the DMV to ensure that all money was completely collected.

We reviewed receipts totaling \$79,000, disbursements totaling \$32,000, monthly accountabilities, pending bail totaling \$4,643, case files and reports to the DMV and the JCF during our audit period.<sup>2</sup> Except for minor discrepancies, which we discussed with the Justice, Court funds were accurately deposited, disbursed and recorded.

However, our review of 10 traffic tickets with fines and surcharges totaling \$2,570 disclosed that five tickets totaling \$840 were eligible for but not properly referred to the Scofflaw Program. This occurred because the Justice did not have a process in place to report disposed cases still pending to the DMV. After we brought this to the Justice's attention, he immediately referred these tickets to the Scofflaw Program.

<sup>1</sup> New York State (NYS) law provides that a NYS driver's license, or the privilege to drive in New York for out-of-state licensees, will be suspended if the licensee fails to appear in response to a traffic summons or fails to pay a fine imposed by the Court after 60 days.

<sup>2</sup> The DMV and JCF data covered the period January 1, 2015 through June 22, 2016. See Appendix B for information on our methodology.

Additionally, although the Justice provided the Board with annual reports of the Court's financial activities, the Board accepted these records and did not ensure that an annual audit of the Justice's records and reports was conducted.

Board members told us that they trusted the Justice and had no concerns with Court operations. However, without the Justice referring eligible tickets to the DMV or the Board conducting an annual audit of Court records, Town officials cannot provide assurance that all Court funds are properly collected, disbursed and accounted for.

## **Recommendations**

The Justice should:

1. Periodically review and reconcile the DMV's pending-ticket log with caseload activity to ensure that unpaid tickets are properly referred to the DMV Scofflaw Program in a timely manner.

The Board should:

2. Perform, or engage an independent public accountant to perform, an annual audit of the Justice's records. For further guidance, the Board should refer to the Office of the State Comptroller's *Local Government Management Guide: Fiscal Oversight Responsibilities of the Governing Board*.

**APPENDIX A**  
**RESPONSE FROM TOWN OFFICIALS**

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



# *Town of Maine*

P.O. Box 336

Maine, N.Y. 13802

607/862-3334 Town Hall, Lewis St.

607/862-9209 Highway Garage, Nanticoke Rd.

607/862-4057 Fax Number

December 27, 2016

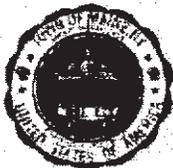
To Whom It May Concern,

In response to the OSC Audit Report, we agree with the recommendations proposed. The Town of Maine adopted a resolution in December to contract with an independent auditor to yearly examine the Justice Court Books. Please feel free to contact me at any time with any questions.

Sincerely,

Jim Tokos

Town of Maine Supervisor.



# Town of Maine Justice Court

PO Box 141

Town Hall, 12 Lewis St.  
607/862-3427  
FAX - 607/862-9419

Maine NY 13802

Hon. Donald R. Magill, Town Justice  
MON-FRI 10:00 AM -12:00 PM  
2nd & 4th THURS. 7:00 Arraignments

December 29, 2016

Attn: [REDACTED]  
Office of the State Comptroller  
Division of Local Government  
and School Accountability

Subject: Response to Audit

This is in response to the Audit performed on the Town of Maine Justice Court by the Office of the State Comptroller.

The recommendation that was made in the report of the audit stated that the Justice should periodically review and reconcile the DMV's pending-ticket log with caseload activity to ensure that unpaid tickets are properly referred to the DMV Scofflaw Program in a timely manner. I have reviewed that situation and have asked [REDACTED] (Computer Program Company) to add a feature that will review our records and list cases that we needed to change in our reports to the State Comptroller. This program allowed us to correct status on over 200 cases.

Our Court Clerk is relatively new. I have stated to different people in the Town Office that it takes a minimum of two years to really train a new clerk. Our clerk is learning at an exceptional rate and as we learn of problems, she is very active in trying to assist me in implementing changes that are necessary. With her help, we will be monitoring the pending-ticket log on a more timely basis.

If you need anything else, please contact me.

Sincerely yours,

Hon. Donald R. Magill  
Town of Maine Justice

## APPENDIX B

### AUDIT METHODOLOGY AND STANDARDS

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

- We interviewed Town officials and reviewed Board meeting minutes to gain an understanding of Court operations and oversight, including monthly accountabilities and annual audits, and to determine compliance with applicable rules and regulations regarding the Court's operations.
- We traced the total collections for the audit period, as shown on the monthly Court reports, and compared these amounts to the JCF monthly summary reports to determine whether the Justice reported Court financial activity to the JCF accurately and in a timely manner.
- We judgmentally selected three JCF monthly reports and traced the totals per these reports to the canceled check images to determine whether the Justice was correctly reporting and disbursing money collected to the Supervisor.
- We interviewed the Justice to determine if he was conducting monthly accountabilities for fines, surcharges and bail money. We judgmentally selected two of the 19 bank reconciliations and reviewed them to determine if they were prepared accurately and in a timely manner. We also compared the reconciled bank balances to the lists of liabilities maintained by the Justice for these months to determine whether there were any funds that were unaccounted for.
- We obtained the defendant bail report showing the amount of bail held by the Court at the end of the audit period. We judgmentally selected the names of three defendants from the six names listed on this report. We traced the information shown in the bail report to the case files, duplicate receipts, Court software system and bank statements to determine whether bail balances were accurate. We also determined whether the bail balance included any stale bail funds.
- We reviewed all transfers-out, cash withdrawals, electronic payments and canceled check images from the bank statements issued for our audit period to determine if all disbursements were appropriate Court expenditures.
- We obtained the DMV pending data file, which contained 171 cases for the period January 1, 2015 through July 22, 2016. We judgmentally selected 10 cases to determine whether they were correctly recorded and referred to the Scofflaw Program.
- We analyzed the decline in cases started and disposed by the Court and the corresponding revenues generated by the Court from 2011 through 2015.

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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**AND SCHOOL ACCOUNTABILITY**

Andrew A. SanFilippo, Executive Deputy Comptroller  
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