

# Town of Carroll

## Town Clerk

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JUNE 2022

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

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# Report Highlights

## Town of Carroll

### Audit Objective

Determine whether the Town of Carroll (Town) Clerks (Clerks) recorded, deposited and reported collections accurately, and remitted them in a timely manner.

### Key Findings

We could not determine whether swim program fees totaling \$21,843 were properly accounted for or remitted in a timely manner because the Clerks did not maintain adequate accounting records. While the Clerks generally recorded, deposited and reported the Clerk fees, water rents and certain recreational fees we reviewed totaling \$241,136 accurately, they did not always make remittances in a timely manner.

- The Clerks did not remit water rents and Clerk fees to the Town Supervisor (Supervisor) or to the appropriate State agencies by the 15th of each month. For example, a former Clerk held water rents totaling \$94,200 for up to two months before remitting them to the Supervisor.

### Key Recommendations

- Remit collections to the Supervisor and other State agencies within the required time frames.
- Retain adequate supporting documentation and accounting records to demonstrate that all swim program fees are recorded, deposited, reported or remitted accurately.

Town officials agreed with our findings and have indicated they have initiated or plan to initiate corrective action.

### Background

The Town, located in Chautauqua County (County), is governed by an elected Town Board (Board) composed of a Supervisor and four Board members.

The Board is responsible for overseeing the Town's operations and finances, including overseeing the elected Clerk's cash collection activities.

The Clerk is responsible for collecting fees for licenses, recreation programs, permits and vital records. The Clerk is also responsible for collecting water rents billed quarterly to Town residents and businesses.

Generally, all fees collected are the property of the Town, County or State and must be promptly remitted to the appropriate parties.

#### 2020 Quick Facts

Collected Water Rents	\$295,000
Clerk Fees	\$32,000
Recreation Fees	\$1,160*
Population	3,524

\*Impacted by COVID-19

### Audit Period

January 1, 2015 – December 31, 2020.

# Town Clerk

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During our audit period, three Clerks (Clerks A, B and C) served the Town. Clerk A served from January 2, 2006 until January 13, 2017 when she resigned. Clerk B served from January 14, 2017 through December 31, 2019, and Clerk C began serving the Town on January 1, 2020 and continues to hold this position.

## **How Should a Clerk Record, Deposit, Report and Remit Collections?**

The clerk must properly account for all transactions by promptly and accurately issuing receipts, recording amounts collected in a cash receipts journal, depositing receipts intact (in the same amount and form (cash or check) as received), and reporting and remitting money to the appropriate parties. Clerks must submit monthly reports to the town supervisor for all money received and remit such money on or before the 15th of the month following receipt. The clerk also must report and remit collections to certain State agencies.

The clerk should prepare monthly bank reconciliations and accountability analyses by preparing a list of liabilities and comparing it to reconciled bank balances and money on hand. These are critical procedures that serve to document the status of money held by the clerk. They enable the clerk to verify the accuracy of financial records and ensure that assets are sufficient to meet liabilities.

In addition, the clerk must submit an annual accounting to the board, on or before January 20, for all money received and disbursed during the preceding year, unless an independent accountant has been hired to audit the clerk's records within 60 days after the close of the fiscal year. The annual audit helps the board fulfill its overall fiscal oversight responsibilities by providing the board with an opportunity to assess the reliability of the books, records and supporting documents. The annual audit also serves to identify conditions that need improvement and provides useful information to help the board oversee the town's financial operations.

## **The Clerks Had Inadequate Supporting Documentation and Records for Recreation Collections**

We reviewed<sup>1</sup> 19 months of recorded water rent collections totaling \$192,300, six months of recorded Clerk fee collections<sup>2</sup> totaling \$37,710 and all recorded recreation fee collections totaling \$32,969. We found only minor issues with water rents and Clerk fees being collected, deposited and reported. We communicated those results to Town officials. However, the Clerks did not retain adequate supporting documentation or accounting records to demonstrate that

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1 See Appendix B for all sampling methodology.

2 Marriage, dog, hunting and games of chance licenses, birth and death certificates, and building permits

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swim program collections totaling \$21,843 were recorded, deposited, reported accurately or remitted in a timely manner.

We reviewed recreation collections recorded from January 1, 2015 through December 31, 2020<sup>3</sup> totaling \$32,969. These included collections for summer day program fees and swimming program fees. While we did not find material issues with the summer day program collections totaling \$11,126, we could not determine, due to the lack of adequate supporting documentation, the validity of swim program collections deposited and remitted totaling \$21,843.

The Board did not establish comprehensive written policies or procedures detailing who was responsible for collecting swim program fees or what records should be created, used and maintained. As a result, the Clerks did not retain adequate supporting documentation or accounting records to demonstrate that all swim program collections were recorded, deposited, reported or remitted accurately. For example, original receipts were not always issued for collections, participation rosters were not maintained and retained, and receipts were not always issued when recreation employees delivered swim program collections to the Town.

In addition, clear roles were not defined on who was responsible for receiving and depositing collections received from recreation programs. For example, on occasion, the two previous Clerks would collect program fees from the recreation department and remit them directly to the Supervisor for deposit. Other times, the previous Clerks deposited recreation program collections into the Clerk account before remitting them to the Supervisor. The current Clerk and a former recreation department employee told us that the collection and remittance process for recreation program collections evolved over time, and that no direction had been given on who should perform what functions or what records should be created and maintained.

Without complete accounting records, Town officials cannot be sure that all recreation program fees collected were deposited and remitted to the Town.

### **Collections Were Not Remitted in a Timely Manner**

We reviewed 19 months of water rents collected by the Clerks totaling \$192,300 and found that 11 of the 19 remittances totaling \$101,300 were not remitted to the Supervisor in a timely manner. For example, Clerk A held water rents totaling \$94,200 for approximately two months before remitting them to the Supervisor.

We also reviewed 93 remittances totaling \$88,000 made from the Clerk's account to the Supervisor for Clerk and recreation collections between January 2015 and

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...[W]e could not determine, due to the lack of adequate supporting documentation, the validity of swim program collections deposited and remitted totaling \$21,843.

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... Clerk A held water rents totaling \$94,200 for approximately two months before remitting them to the Supervisor.

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3 2020 summer recreation day programs had no collections due to COVID-19.

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September 2020 and found that 54 remittances, totaling \$55,000, were not paid by the 15th of the month as required. Between January 2015 and February 2020, these remittances ranged from one to 148 days late. However, remittances from March 2020 through September 2020 were made in a timely manner.

We also reviewed 18 months of remittances made by the Clerks to various State agencies totaling \$914. We found that 17 of the 28 remittances totaling \$633 were not made in a timely manner. Clerk A held collections for the New York State Department of Agriculture and Markets and the Department of Health for up to three months before remitting them.

The Clerks and the prior Board members were not aware of remittance requirements. In addition, the Board did not conduct a complete audit of the Clerk's records because remittances were not examined for timeliness. As a result, the Clerks did not remit collections in a timely manner.

While the required deadline is the latest point in time at which remittances may be made, from an internal control perspective, the best approach is to remit money as soon as possible. The longer money remains unremitted, the greater the risk that loss or theft can occur.

### **The Clerks Did Not Perform Bank Reconciliations or Accountabilities**

None of the three Clerks properly completed monthly bank reconciliations and accountabilities. We found no evidence in the Town's records that Clerk A completed monthly bank reconciliations or accountabilities. Clerk B began completing monthly reconciliations in December 2019 but did not complete corresponding accountabilities. The current Clerk, Clerk C, was preparing monthly reconciliations of the Clerk's account but did not begin completing monthly accountabilities until we provided her guidance on how to properly complete them in December 2020.

As a result of not preparing monthly bank reconciliations and accountabilities, the Clerk's account consistently had an unremitted and unaccounted-for balance owed to the Supervisor. We performed an accountability analysis and found the amount remaining in the account was \$400 on December 31, 2019 and decreased to \$191 on December 31, 2020.

The current Clerk told us that she had not received training before taking the position and was unaware until recently that accountabilities should be performed monthly. Additionally, although the Clerks presented their records to the Board for annual audit, the Board's 2019 and 2020 audits did not address the late remittances or the unremitted money. A Board member told us that even though they used an audit checklist provided by our Office to conduct the required audit,

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he and the other Board members did not know what a proper audit of the Clerk's records should include or how to follow-up on deficiencies noted.

When the bank account is not properly reconciled, and monthly accountabilities are not prepared, officials cannot be assured that all collections have been recorded properly. This increases the risk that unrecorded collections could be used for inappropriate purposes without detection.

### **What Do We Recommend?**

The Clerk should:

1. Retain adequate supporting documentation and accounting records to demonstrate that all swim program collections are recorded, deposited, reported and remitted accurately.
2. Remit collections to the Supervisor and other State agencies within the required time frames.
3. Properly prepare bank reconciliations and accountability analyses each month to help ensure all money is accounted for.
4. Turn over any unremitted unaccounted-for money to the Supervisor.
5. Attend formal training for performing her duties. This can include local officials training provided by the Office of the State Comptroller.<sup>4</sup>

The Board should:

6. Develop and adopt comprehensive written policies and procedures detailing who is responsible for fees collected and what records should be created, used and maintained.
7. Perform a complete and thorough annual audit of the Clerk's records and follow up on any deficiencies identified during this audit.

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<sup>4</sup> <https://www.osc.state.ny.us/local-government/academy>

# Appendix A: Response From Town Officials



## TOWN OF CARROLL NEW YORK

5 Main Street, Frewsburg, NY 14738  
Office 716.569.5365

June 6, 2022

Office of the New York State Comptroller  
Division of Local government & School Accountability  
PSU-CAP Submission  
110 State Street, 12<sup>th</sup> Floor  
Albany, New York 12236

Town of Carroll  
Town Clerk Report of Examination  
2022M-20

Office of New York State Comptroller,

I am writing in response to the Town of Carroll Clerk Report of Examination, I am acknowledging the state's report and I am agreeing with their findings. This letter will also serve as my Corrective Action Plan.

For each recommendation included in the audit report, the following is my corrective action(s) taken or proposed. For recommendations where corrective action has not been taken or proposed, I have included the following explanations.

1. Retain adequate supporting documentation and accounting records to demonstrate that all swim program collections are recorded, deposited, reported, and remitted accurately.

**Implementation Plan of Action:** In response to the Clerk's Office supporting documentation and accounting records, as of January 1, 2020, when I took office, I have followed procedures to be sure all swimming documentation is recorded and all Swim monies have been deposited, reported, and remitted on time and accurately. As the result of COVID-19 we were unable to continue the town's swimming program as of March 15, 2020. We have not resumed swimming lessons as to date of this letter. The implementation Date was January 1, 2020, as this was a concern of board members when I took office and I immediately began procedures to correctly document and deposit on time the monies collected for all swimming programs, including swimming lessons and open swimming that was offered to the community on Wednesday evenings until March 15<sup>th</sup> when the school closed due to COVID-19. I worked closely with the swimming instructor. For open swim, [REDACTED] would collect the funds at the school and bring them to me on Thursday morning where I would count the money in front of her, we would both sign the paperwork, and I would log the funds collected in my clerk software and include the funds in my daily reports and deposit them accordingly. For Swim lessons, we had a

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sign-up night where parents could drop by the town hall and the swimming director was present, along with myself, to sign their children up for the swimming lessons. I would collect the monies and write the parents a written receipt. At the end of the evening, I would collect all funds and record them in my clerk software, include them in my daily reports and deposit them accordingly in a timely manner. We also allowed parents to come to the town hall during my open hours to register their children for open swim and I would follow the same procedures I mentioned above. I, Susan Rowley, am responsible for implementing these actions as the elected Town of Carroll Clerk.

2. Remit collections to the Supervisor and other State agencies within the required time frames.

**Implementation Plan of Action:** When I took office on January 1, 2020, there were no procedures left for me to follow, and the office files were empty along with my computer files which all had been deleted. I joined the Chautauqua County Clerks Association and received guidance and assistance from other area clerks. I was not able to receive assistance due to all of us collecting taxes, but I did receive some guidance in February and on February 19, 2020, was able to understand and pay the Town Supervisor the correct town income on February 20<sup>th</sup> for the month of January 2020. I was late in paying my monthly remittances for the first 4 months of 2020 for these reasons, however, as of May 2020 I submitted all town income and State agency payments in a timely manner. I was informed by the OSC auditor that Ag and Market payments should be processed by the 5<sup>th</sup> of each month, which I was unaware of, but will be my procedure moving forward, even though I believe I have followed that policy since May of 2020. I work very hard to follow a policy to close out the prior month and pay town funds to our supervisor and pay State agencies no later than the 5<sup>th</sup> of each month. I, Susan Rowley, am responsible for implementing these actions as the elected Town of Carroll Clerk.

3. Properly prepare bank reconciliations and accountability analyses each month to help ensure all money is accounted for.

**Implementation Plan of Action:** I must admit that I did struggle in this area when I first began my term in January of 2020 as I have not had a background as an accountant. I did receive assistance with learning how to reconcile my accounts from one of my deputy clerks who is an accountant and has retired from [REDACTED] as their bookkeeper, and who began assisting me in February 2020. I also struggled with being unaware that I was doing my accountability incorrectly until I was shown what was expected of my position from the state auditor. I have corrected that issue and now am performing the reconciliations and accountabilities correctly. There was a left-over amount from the previous clerk that I was not knowing where to submit it or how to correct it. With the guidance and suggestion of the state auditor, I understood that this amount needed to be paid to the town supervisor as town income. This action was corrected on October 15, 2021, with a balance transfer from [REDACTED] our accountants did a balance transfer from my clerk account to the General account, as that was our accountants suggested procedure. My clerk account is now balancing to \$0.00 at the end of every month and this issue has been corrected and all monies have been accounted for correctly. I, Susan Rowley, am responsible for implementing these actions as the elected Town of Carroll Clerk.

4. Turn over any unremitted unaccounted-for money to the Supervisor.

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**Implementation Plan of Action:** There was a left-over amount from the previous clerk that I was not knowing where to submit it or how to correct it. With the guidance and suggestion of the state auditor, I understood that this amount needed to be paid to the town supervisor as town income. This action was corrected on October 15, 2021, with a balance transfer from [REDACTED], our accountants did a balance transfer from my clerk account to the General account, as that was our accountants suggested procedure. My clerk account is now balancing to \$0.00 at the end of every month and this issue has been corrected and all monies have been accounted for correctly. I, Susan Rowley, am responsible for implementing these actions as the elected Town of Carroll Clerk.

5. Attend formal training for performing her duties. This can include local officials training provided by the Office of the State Comptroller.

**Implementation Plan of Action:** I have completed many online trainings from the Office of State Comptroller regarding trainings for reporting NYS Retirement Standard Workday, among many others. My Deputy Clerk and I will also be attending the 27<sup>th</sup> Annual Local Government Conference at Houghton College, sponsored by the Southern Tier West Regional Planning and Developing Board on June 9, 2022. We will be training on 4 sessions that are offering on Clerk Duties. I also have taken Association of Towns trainings in Rochester when they were offered in January 2020 when I first took office, and online when time permits. I, Susan Rowley, am responsible for implementing these actions as the elected Town of Carroll Clerk.

I hope I have been able to answer these five discrepancies regarding the Clerk Report of Examination, 2022M-20, that was performed by the State Comptroller's Office. Many of the discrepancies that were reported happened before my term of office, however, I hope I was able to satisfy your office as to those discrepancies that occurred during my time at office.

I want to thank you for your time and for all the assistance your office provided my office and our town during their time here. Your staff was very professional and informative, kind and patient with us during this process. I also want to thank you for the time that was spent to investigate the issues that we have experienced, to show us how to move forward and make this town run ethically and with the integrity that we promised when we took office.

Signed:

Susan J Rowley

Town of Carroll Clerk

June 7, 2022  
Date



## TOWN OF CARROLL NEW YORK

5 Main Street, Frewsburg, NY 14738  
Office 716.569.5365

June 6, 2022

**Office of the New York State Comptroller  
Division of Local Government & School Accountability  
PSU-CAP Submission  
110 State Street, 12<sup>th</sup> Floor  
Albany, New York 12236**

Town of Carroll  
Town Clerk Report of Examination  
2022M-20

Office of the State Comptroller,

I am writing in response to the Town of Carroll Clerk Report Examination captioned above. I hereby acknowledge the State's report and I am in agreement with their findings. This notification will also serve as my Corrective Action Plan.

For each recommendation included in the audit report, the following is my corrective action(s) taken and /or proposed. I have included the and procedures and explanations which will properly address the New York State Comptroller's Office recommendations.

1. *Develop and adopt a comprehensive written policy which details who is responsible for fees collected and what records should be created, used and maintained.*

**Implementation of Plan of Action:** In response to the request of providing a set of written policies is being developed by the Town of Carroll Town Board which specifically addresses the responsibilities for Town fees collected as well as what records should be created to assure the proper procedures for the collection and maintenance of same. In addition, the Town Board is creating a written Employee Handbook for each Town Department and the employees who work within those Departments.

2. *Perform a complete and through annual audit of the Clerk's records and to follow up on any deficiencies identified during this audit.*

**Implementation of Pan of Action:** A through audit will be completed by the Town Board and appropriate documentation will be provided and signed off on by the Town Board of the Town of Carroll as per the recommendations set forth in the New York State Comptroller's Office Audit Procedures Manual. Audit documentation will be conspicuously posted on the appropriate records containment receptacle and stored in the records vault of the Town of Carroll Municipal Building.

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Respectfully submitted,

Russell L. Payne  
Town of Carroll Supervisor

6/7/2022

Date

## Appendix B: Audit Methodology and Standards

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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 Town officials and reviewed Board minutes and financial reports to gain an understanding of the Clerk's financial operations and to determine whether adequate policies and procedures were in place.
- We selected a sample of 19 months within our scope period and compared recorded water transactions against bank deposit compositions to determine whether they were recorded, deposited, reported and remitted properly. We reviewed the last month of each fiscal year within our audit scope period and, based on initial testing, expanded our review to include an additional 11 months in 2016 and one month each in 2017 and 2018.
- We reviewed all Clerk fees recorded in the last month of each fiscal year within our audit scope period and compared them against bank deposit compositions to determine whether they were recorded, deposited, reported and remitted properly.
- We reviewed recorded recreation collections from January 1, 2015 through December 31, 2020, to determine whether proper supporting documentation was created and maintained, and to determine the accuracy of deposits and remittances.
- We reviewed all canceled check images from the Clerk's account from January 1, 2015 through September 30, 2020, remitted to the Supervisor to determine whether remittances were made in a timely manner.
- We selected a sample of 18 months within our audit scope period and reviewed canceled check images from the Clerk's account remitted to State agencies to determine whether remittances were made in a timely manner. We reviewed the last month of each fiscal year within our audit scope period and, based on initial testing, expanded our review to include an additional 11 months in 2016 and one month in 2017.
- We selected 18 months within our audit scope period and reviewed records to determine whether monthly bank reconciliations and accountabilities had been completed and were accurate. We reviewed the last month of each fiscal year within our audit scope period and, based on initial testing, expanded our review to include an additional 11 months in 2016 and one month in 2017.
- We reviewed Board minutes for 2015 through 2020 to determine whether the Board audited the Clerk's records. We discussed the 2019 and 2020 Board audit with officials to determine the extent of their review.

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We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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 Town Clerk's office.

## Appendix C: Resources and Services

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### **Regional Office Directory**

[www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf](http://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](http://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](http://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](http://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](http://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](http://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](http://www.osc.state.ny.us/local-government/required-reporting)

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

[www.osc.state.ny.us/local-government/publications](http://www.osc.state.ny.us/local-government/publications)

### **Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

[www.osc.state.ny.us/local-government/academy](http://www.osc.state.ny.us/local-government/academy)

## Contact

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[www.osc.state.ny.us/local-government](http://www.osc.state.ny.us/local-government)

Local Government and School Accountability Help Line: (866) 321-8503

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