

# Town of Fishkill

## *TOWN OF FISHKILL JUSTICE COURT FINANCIAL MANAGEMENT & OVERSIGHT PRACTICES*

**January 1, 2011 through  
December 31, 2015**

July 2016

**Table of Contents**

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<b>Index</b>	<b>Page/Reference</b>
Letter to Town of Fishkill Board	
Town of Fishkill Response to Audit Results/Findings	
Agreed Upon Procedures Report.....	1
Appendix	
Internal Control Assessment.....	A
Recommendations/Corrective Actions.....	24
Agreed Upon Procedures .....	B
Flow Charts .....	C

**Town of Fishkill Town Board**  
**RE: Town of Fishkill Justice Court**

July 20, 2016

Dear Town of Fishkill Town Board:

The objective of this engagement was to complete the agreed-upon procedures derived from the Handbook for Town and Village Justices and Court Clerks issued by the New York State Office of the State Comptroller as well as procedures which were agreed to by the Town of Fishkill Town Board (the "Board") all of which were to be performed solely to assist in the Board's evaluation of the Town of Fishkill Justice Court (the "Court") fiscal management and related internal controls from the period starting January 1, 2011 to December 31, 2015 (pursuant to New York State Unified Justice Court Act Section 2019-a).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I make no representation regarding the sufficiency of the procedures described either for the purpose for which this report has been requested or for any other purpose. Included within those agreed-upon procedures was the performance of an internal control assessment. The assessment of internal controls was for the limited purpose of assessing the Town of Fishkill Justice Court's management of related funds received and distributed and was not designed to identify all potential internal control issues. Therefore, there can be no assurance that all control issues have been identified.

*Management's Responsibility*

The Town of Fishkill Town Board is responsible for overseeing the fiscal affairs of the Town, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through routine 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 Town assets.

The Town of Fishkill Justice Court Justices are responsible for adjudicating cases brought before them and for the accounting and reporting of all related court financial activities. The New York Codes, Rules and Regulations require Justices to maintain complete, accurate and timely accounting records; reconcile bank accounts with recorded cash activity; maintain separate bank accounts; deposit monies in a timely manner; and report court activity to the New York State Justice Court Fund (JCF) accurately and timely. For each case brought before the court, Justices must maintain a separate case file and unique index number, as well as a cash book that chronologically itemizes all receipts and disbursements. Such records must include all relevant case information, including the date of appearance, fees and fines imposed and amount collected. All moneys received by the Justices must be deposited within 72 hours of the date of receipt. State Finance Law requires Justices to forward all fines, penalties and forfeitures received to the JCF. Justices are also personally responsible for moneys received by the court. Thus, a Justice may be personally liable for money paid to the court and then lost or stolen from his/her office, even when he/she is free from negligence or malfeasance. Therefore, fines, fees, and other moneys payable to the court must be received by a Justice or by personnel under his/her supervision and control, and may not be collected by other municipal personnel.

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Deliverables

The attached report entitled, “Town of Fishkill Justice Court – Financial Management and Oversight Practices” includes 1) an assessment of the Town of Fishkill Court’s internal control framework (Appendix A); 2) the agreed-upon procedures and related results (Appendix B); and 3) flow charts outlining court financial operations (Appendix C).

Scope Restriction

The Court was unable to provide sufficient appropriate evidence (records and documentation) necessary to reasonably complete all of the agreed-upon procedures outlined within this report. Specifically, the Court was 1) unable to locate/find all of the requested records and supporting documentation; and/or 2) unable to provide access to requested records and documentation in a timely manner, which materially impacted both the cost and time necessary to complete the engagement.

In light of these restrictions, as well as in conjunction with Town of Fishkill Town Board approval, this engagement was discontinued as of July 20, 2016. The report and attached Appendices provide details as to areas that could not be completed due to scope limitations encountered and those areas where sufficient and reasonable evidence was obtained to provide comment for Board consideration in their assessment of the Town of Fishkill Justice Court’s fiscal oversight and management of the Court.

I was not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Town of Fishkill Justice Court financials. (Note: The Town of Fishkill Justice Court is not required to generate and issue separate financial statements independent of those issued by the Town of Fishkill). Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you. This report is intended solely for the information and use by the Town of Fishkill Town Board and is not intended to be and should not be used by anyone other than this specified party.

*Tim Riordan, CPA CIA*  
*TPR Services*  
*PO Box 30*  
*Fishkill, NY 12524*

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Robert P. LaColla  
Supervisor  
E-mail: [supervisor@fishkill-ny.gov](mailto:supervisor@fishkill-ny.gov)  
(845) 831-7800 Ext. 3309  
(845) 831-6040 Fax



Fishkill Town Hall  
807 Route 52  
Fishkill, NY 12524-3110  
website: [www.fishkill-ny.gov](http://www.fishkill-ny.gov)

October 26, 2016

TPR Services  
P.O. Box 30  
Fishkill, NY 12524

**RE: Management Response to Justice Court Audit Report Dated July 2016**

Dear Mr. Riordan:

Thank you for the thorough final report of your examination of the Justice Court. We appreciate your efforts despite the difficulty you encountered in your attempts to collect pertinent information from the courts. The Board considers your controls assessment findings especially troubling.

The Town of Fishkill Town Board recognizes its responsibility for oversight of the fiscal affairs of the Town Justice Court, as well as ensuring compliance with relevant statutes and observance of good business practices. Prior to 2012, we found no record to support or indicate that the required annual audit of the TOF Justice Court occurred. The Town has made repeated attempts over the past four years to exercise this required oversight with the Justice Court. The Town Board's attempts to perform a review were stymied by the Justice Court records not being in "audit ready" condition. A previous review by the current Town Comptroller, performed in 2103 while she was an accountant with the Town, reported the lack of readiness of the Court staff and records. The Comptroller reported her findings to the State as a "review" of the Court records. The Town reported the discrepancies and inefficiencies identified during this previous review to both Town Justices.

Since 2013, annual attempts by the Town's independent auditor have been unable to perform an assessment of the TOF Justice Court financial records and internal controls because the Court Clerk was unable or unwilling to provide the following information:

- Bank Reconciliations for the full fiscal year plus the first month of the following year for each Justice's fine and bail accounts.
- Monthly confirmations from the state for submission of fees collected – full fiscal year for each Justice.
- Outstanding Bail listing as of year-end for each account.
- Check registers for each account.
- Cash receipts for each account.
- Aging schedule of outstanding parking tickets.

-continued-

Domenick Consolo, CPA and partner at O'Connor Davies, LLP, issued a statement to the Town in November 2015 stating that an audit of the TOF Justice Court could not be accomplished if bank reconciliations did not balance and staff do not cooperate.

For the 2015 calendar year, the Town engaged your services to ascertain, to the best of your ability, the current conditions of the Court's records and processes. To this end, the Town engaged you as a CPA and CIA at considerable additional expense, to accomplish the review that the Justice Court seemed unwilling to allow. Your report of a scope limitation is an indication that the Court continues to restrict attempts at financial oversight.

Although the New York State Office of State Comptroller (OSC) provides clear direction regarding the Town's obligation to review the books. The OSC also provides clear guidance for the Town Justices for their responsibility to implement controls, monitor those controls and to provide access to the Town Board to review those controls. However, the remedies for Town Board for non-conforming Justice Courts is not so clear. While the Town Board agrees with your findings, we recognize the limited authority we have to effectively address the issues of non-compliance as well as internal control deficiencies in the court. We intend to seek the guidance of the State Comptroller and the Office of Court Administration for their recommendations.

Very truly yours,



Robert P. LaColla  
Supervisor

**Town of Fishkill  
Town of Fishkill Justice Court  
Agreed Upon Procedures Report  
July 2016**

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## **Background**

Justices are charged with accounting for their Court's financial transactions, and generally with safeguarding public resources. Justices are responsible for ensuring that an effective system of internal controls are in place to help them protect public resources from misuse, loss or fraud; process and record Court financial transactions in a timely manner; file accurate financial reports in a timely manner; observe pertinent laws, rules and regulations; and regularly monitor and review Court personnel's work performance. Town Boards (Boards) share with the Justices the responsibility of ensuring that an effective system of internal controls is in place to oversee Court financial operations.

Unlike other municipal operations, town and village justices do not account for financial transactions on a fiscal year basis, and are not required to complete annual financial statements. However, town and village justices are required to account for cash receipts and disbursements from month to month, and reconcile their cash books and bank balances as of the end of each month. Each month, court personnel should compare information from their accounting records with the information shown on their bank account statements. As of the end of each month, court personnel should reconcile all bank accounts and perform a cash book reconciliation (i.e., compare reconciled [adjusted] bank balances with cash book totals). Cash book reports and bank reconciliations should be reviewed by each justice on a monthly basis ensuring that all financial transactions are appropriate and authorized.

## **Engagement Basis**

The basis of this engagement was pursuant to the New York State Unified Justice Court Act (Section 2019-a) which states, "It shall be the duty of every such justice, at least once a year and upon the last audit day of such village or town, to present his records and docket to the auditing board of said village or town, which board shall examine the said records and docket, or cause same to be examined and a report thereon submitted to the board by a certified public accountant, or a public accountant and enter in the minutes of its proceedings the fact that they have been duly examined, and that the fines therein collected have been turned over to the proper officials of the village or town as required by law."

The Unified Court System's (UCS) Internal Audit Unit monitors both the Town Board and the Justice Court's compliance with Section 2019-a, requiring that the Town Board submit a record of their examination of the Court's records and dockets to the UCS on an annual basis.

## **Scope and Objective**

The Town of Fishkill Justice Court's records and dockets reviewed was for the period of January 1, 2011 through December 31, 2015. Information was obtained from prior years when necessary to complete the agreed-upon procedures. The objective was to perform the agreed-upon procedures, including a control assessment of the Town of Fishkill Justice Court's operations, and provide the results to the Town of Fishkill Town Board.

## **Agreed-Upon Procedures**

Agreed-upon procedures performed as part of this engagement were primarily derived from the Handbook for Town and Village Justices and Court Clerks issued by the New York State Office of the State Comptroller but also included an assessment of the Town of Fishkill Justice Court's internal controls. All procedures performed were agreed to by the Board.

## **Results**

The Internal Control Assessment (Appendix A) and Agreed Upon Procedures (Appendix B) and the results of those procedures and respective recommendations are detailed within those appendices, where possible and not limited by the Town of Fishkill Justice Court.

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

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**Appendix A – Internal Control Assessment**

Those procedures agreed upon at the start of this engagement included the performance of an internal control assessment of the Town of Fishkill Justice Court (“Court”) operations. The objective of this assessment was to identify risks to the Court’s financial processes and identify those controls established by the Court which would reasonably mitigate those risks. The effectiveness of those controls established by the Court would be assessed through the performance of the remainder of those procedures agreed upon. However, due to the scope restrictions encountered throughout this engagement, an assessment as to the effectiveness of those controls which may have been established by the Justices or the financial impact as a result of any lack of controls could not be completed. Note that the absence of a control would not warrant further testing, as lack of a control results in a potential financial exposure to potential errors and/or irregularities.

**Overview of Procedures Performed**

Procedures included, but were not limited to, 1) performance of process walkthroughs and discussions with Court Clerks and Justices; 2) identification of associated process level risks; 3) assessment of controls established to mitigate those risks; and 4) provide recommendations for control improvements, where needed.

**Background**

The Town of Fishkill (Town) is located in Dutchess County and is governed by the Town Board (Board), which is composed of four elected members and an elected Town Supervisor (Supervisor). The Board has the overall responsibility for overseeing the Town of Fishkill’s financial activities, including the Court. The Board’s general oversight responsibilities include ensuring that Court duties are segregated, so that no one person is responsible for all steps in a financial transaction and ensuring that proper data-security controls are in place over Court network passwords. The Board is also responsible for completing the annual audit of the Court pursuant to the New York State Unified Justice Court Act (Section 2019-a).

The Justices’ principal duties involve adjudicating legal matters within the Court’s jurisdiction, and they are personally responsible for all money received and disbursed by the Court. The Town also employs and provides to the Court three (3) full-time Court Clerks and one (1) part-time Court Clerk. The Court reported collecting the following in fines, fees, surcharges, bail and parking violation fines.

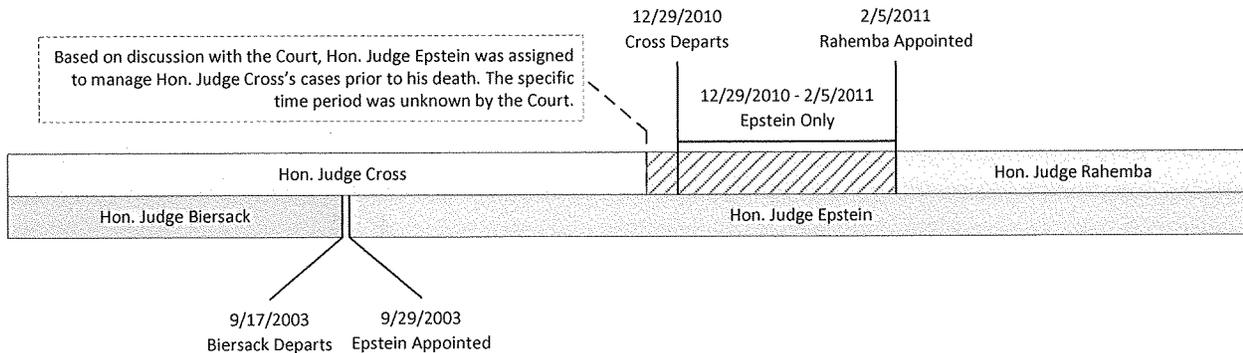
The Court has jurisdiction over certain criminal and civil matters as well as motor vehicle and traffic violations. The Justices impose and collect fines and bail money and are responsible for reporting on adjudicated cases heard. Each Justice is required to report monthly to the Office of the State Comptroller Justice Court Fund (JCF) the financial activities of the preceding month.

Justice Harold Epstein and Justice Robert Rahemba are the current Justices as of September 29, 2003 and December 15, 2011, respectively. Justice Frank Cross and Justice William Biersack were the presiding Justices who left office on December 29, 2010 and September 17, 2003, respectively.

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

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**Figure 1 – Timeline Justice Appointment and Departure**



**1. Lack of Appropriate Oversight Over the Court's Internal Controls by the Town's Governing Board**

While Justices are responsible and accountable for the activities of their Courts, the Board is responsible for providing general financial oversight, primarily assessed through annual examination of the Court's records and dockets pursuant to New York State Unified Justice Court Act (Section 2019-a). The Board's assessment of the Court's financial operations includes ensuring that Court duties are segregated, so that no one person is responsible for all steps in a financial transaction as well as that proper data-security controls are in place over Court systems and related networks.

The Board has not recently complied with their responsibility for providing general financial oversight as required by Section 2019-a and has not 1) assessed the Court's controls over financial transactions; 2) ensured that proper segregation of duties within the Court's financial processing exists; 3) assessed the adequacy of system related controls and passwords; and 4) has not performed an annual audit of the Court records and dockets.

In 2013, the Board engaged a consultant to review the Court for the period beginning January 1, 2011 to December 31, 2012. Although the consultant was also unable to complete the audit, many recommendations for control improvement were issued to the Court. The following is a high level summary of those recommendations:

- 1) Bank Reconciliations are not performed on a timely basis
- 2) Court does not maintain copies of bank statements
- 3) Deposits not recorded in a timely manner
- 4) Outstanding bail checks not properly escheated to NYS or exonerated to the Town (approximately \$5,700)
- 5) Unreconciled deposits associated with both bail accounts
- 6) Lack of appropriate follow up and management of unreturned bail
- 7) Segregation of duties concerns; Clerks having control over cash collection, recording, reconciliation and issuance function

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

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*2. Lack of Proper Close Out of Prior Justices Bank Accounts & Bail Funds*

Each Justice is personally responsible and may be liable for lost/stolen funds paid to the Court even when he/she is free from negligence or malfeasance. Therefore, all money collected by the Court should be received by a Justice and/or by personnel under his/her supervision and control. As such, Justices are required to maintain an official bank account in his/her name. Justices may also maintain a separate bank account for bail. Justices may open separate bank accounts to hold bail and may open a joint account for bail, however Justices are not authorized to maintain joint bank accounts for other court funds collected (e.g., fines, penalties, surcharges, civil judgements, etc.).

When opening a bank account, Justices should use the taxpayer identification number of the Town, since it may be difficult to transfer funds upon the death or incapacity of a Justice. When bail is imposed by a Justice it is deposited in that Justice's bail bank account and a record of that transaction recorded in the Court's case management program, SEi CourtRoom system (SEi). If a pending case (with bail) is transferred to another Justice, the associated bail funds should also be transferred to the new Justice's bail bank account. This ensures that the Justice handling the case maintains control over the related funds.

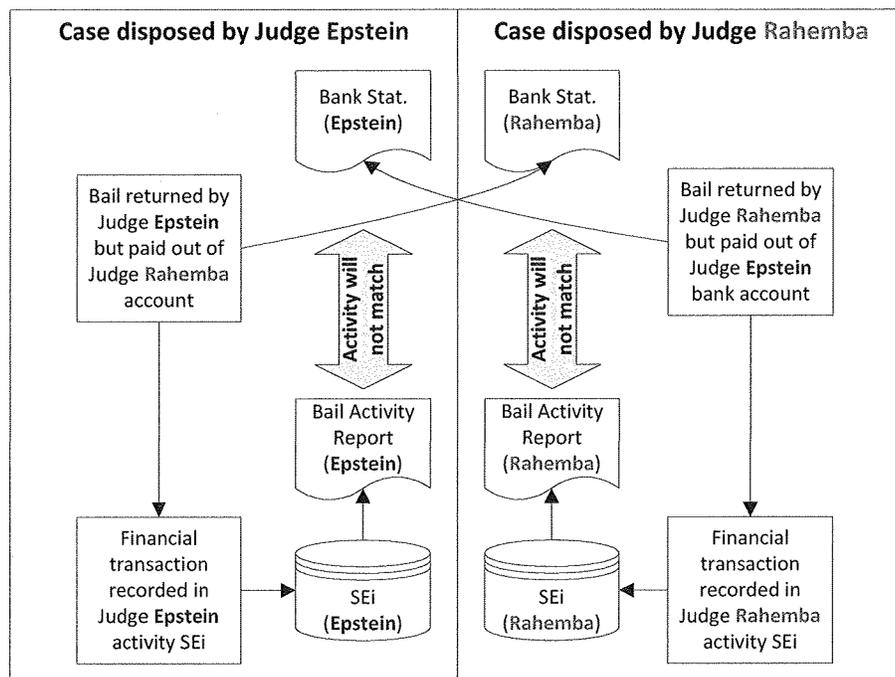
In the event of the death of a Justice, the Town's Comptroller, with the assistance of other Town officials, should 1) inspect the Justice's dockets; 2) contact the Office of Court Administration (OCA) to obtain assistance with transferring pending cases and all moneys received on these cases to a remaining or succeeding Justice; and 3) file the final report with the State Comptroller, including any unidentified money. Consistent with his/her statutory responsibility to have custody of all moneys belonging to the municipality, the Town's Supervisor may then sign checks against a deceased or incapacitated Justice's bank account. Therefore, the Town Supervisor may sign a check forwarding all moneys received by the Justice during a calendar month to the State Comptroller within the first ten days of the following month of the Justice's death. In the event a Justice is incapacitated or for other reasons unable to perform his/her duties, court personnel should contact the JCF for advice about how to submit reports.

Currently each Justice maintains two separate bank accounts; one account for fines/penalties and another account for bail. However, each of these bank accounts were previously the responsibility of the Court's predecessor Justices. The Court could not provide any evidence indicating that the prior Justices' pending cases and all money received on those cases had been properly transferred to the oncoming Justices.

In addition, review of bail activity transactions identified evidence that bail imposed and retained in one Justice's bail bank account would at times be adjudicated by another Justice. Indicating that the Justice handling the case was not in control of the bail related to that case. This practice effectively resulted in the comingling of bail funds managed between both Justice's.

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

**Figure 2 – Diagram Depiction of Bail Management After Departure of Hon. Judge Cross & Hon. Judge Biersack**



Note: In some instances, cases remained with preceding Justice records (Hon. Judge Cross) in SEI but were dispensed from another Justice's bank account, adding to the unreconciled position between SEI and the bank statement.

**3. Non Compliance with Annual Audit Requirements by the Court**

Justices are required by law to present their records and docket at least annually to be examined by the Board or by a certified public accountant (CPA); Section 2019-a. The objective is to determine whether the Court has implemented effective procedures and controls to ensure that the Court's financial transactions are properly recorded and reported and that all moneys are accounted for properly. The last time the Board was able to comply with Section 2019-a was in 2013. Since 2013, the Court has restricted access to their records and dockets limiting the Board's ability to comply with Section 2019-a requirements.

Without an effective annual examination of the Court's records and dockets, the Board is unable to identify potential control issues which they could work with the Court to on necessary corrective actions to reduce the risk of financial error and/or irregularities.

**Critical Internal Controls for Court Operations**

Internal controls for Court operations should include 1) proper segregation of duties; 2) timely reconciliations; 3) adequate oversight by the Justices; 4) computer controls over system data security and access; 5) standard recordkeeping practices and requirements; and 6) a standardized receipt & check issuance process. The remainder of this report will focus on internal control issues identified.

**4. No Separation of Duties**

Justices must ensure that an effective system of internal controls is in place. These controls should ensure that sufficient segregation of duties is in place to prevent any one individual from controlling all phases of a transaction (i.e., collecting, depositing, recording and reconciling funds received). When this is not practical, the Justices should review and provide adequate oversight of the work

**Town of Fishkill**  
**Town of Fishkill Justice Court**  
**Financial Management & Oversight Practices**  
**July 2016**

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performed by the Court Clerk. Justices are personally responsible for money received by the Court and may be liable for money paid to the Court that is lost or misappropriated.

The Justices did not establish appropriate internal controls over the cash handling, recording and reporting processes regarding the segregation of incompatible responsibilities, since there were sufficient resources available to affect appropriate segregation between incompatible job responsibilities. Court Clerks are able to 1) collect and receipt payments made to the Court for both Justices; 2) add, delete or modify either Justices' case information and payment records from the SEi Courtroom system; and 3) have responsibility for reconciling the same Justice's respective bank accounts.

Although Court Clerks have separate responsibilities for overseeing specific Justice bank records, all Court Clerks have control over the entire cash collection process (recording, reporting and reconciling cash receipts) without appropriate oversight by the Justices. Lack of appropriate oversight and proper segregation of incompatible job responsibilities increases the risk of errors and/or misappropriation of funds.

### **Reconciliations - Overview**

The Court does not account for financial transactions on a fiscal year basis like the Town who is required to issue annual financial statements. Instead, the Court is required to account for cash receipts and disbursements on a month to month basis. Justices are required to reconcile court liabilities (cashbook balances) to bank balances on a monthly basis. The reconciled (adjusted) bank balance should always agree with the (adjusted) cashbook balance at the end of the month. Timing differences, bank fees/interest, deposits in transit and checks that have yet cleared the bank all represent adjustments to these balances. Justices have the option to maintain one bank account for fines, fees and bail or may choose to open a separate account for bail. Bank accounts used to collect fines and fees are effectively "cleared" and are disbursed in full on a monthly basis, whereas bank accounts used for bail retain a running balance and should only contain outstanding bail monies for current and undisposed of cases. Each Justice should ensure that they maintain an accurate record of all bail which identifies the amount of bail per case and in aggregate held by the court at any one time.

#### ***5. Unreconciled Bail and No Justice Oversight of Bail Activity***

It is essential that each Justice maintain an accurate record of all bail. The receipt and disposition of bail should be recorded promptly to ensure that records are complete and up-to-date. A corresponding bail activity report should identify all bail for which a Justice is accountable. Exonerated bail should be returned to the person who posted the bail, less any applicable fees. The Court should make a good faith effort for a reasonable period of time to locate the person who posted cash bail. Cash bail that remains unclaimed six years after exoneration becomes the Town's property.

Although both Justices maintained a separate bank account for the collection and management of bail, neither Justice ensured that the bail bank account balances properly reconciled with their respective bail activity reports. The Court uses two separate systems for recording and accounting for bail activity, SEi and Quickbooks (QB). Currently neither systems reconcile with each other or to the respective bank account statement. Although Court Clerks state that the QB application was the only system used for recording and tracking bail transactions, walkthroughs of bail processing

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

determined that SEi was, in fact, also being used to record and account for bail transactions. Further review of both systems' bail activity reports, noted various transactions identified in SEi that were not recorded in QB and vice versa, ultimately exacerbating the unreconciled position between both systems. The following chart (Figure 3) identifies the current bail balances in SEi and QB compared to the bank balances all as of December 31, 2015.

**Figure 3 – SEi, QB and Bank Statement Balances as of December 31, 2015**

SEi Balances (12/31/15) <sup>1, 2</sup>				
	Epstein/ Rahemba	Cross	Hancock	Beirsack
A	94,691.35	(8,023.30)	(25,022.50)	(2,300.00)
<b>Total SEi (All Justices)</b>				<b>59,365.55</b> B
QB Balances (12/31/15) <sup>3</sup>				
	Epstein	27,925.48		
	Rahemba	68,664.31		
<b>Total QB (Epstein/Rahemba)</b> C		<b>96,589.79</b>		<b>96,589.79</b> C
<b>Difference SEi (A) and QB (C)</b>		<b>1,898.44</b>		
Bank Statement Balances (12/31/15) <sup>4</sup>				
		Rahemba	51,009.48	
		Epstein	70,089.31	
		<b>Total Bank Statements (Rahemba/Epstein)</b>		<b>121,098.79</b> D <b>121,098.79</b> D
<b>Difference between SEi (B) and Bank Statement (D)</b>		<b>61,733.24</b>		
<b>Difference between QB (C) and Bank Statement (D)</b>		<b>24,509.00</b>		

**Notes:**

- 1) All cases and financial transactions associated with predecessor Justices should have been transferred to the current Justices; Hon. Epstein and Hon. Rahemba after they departed office.
- 2) Judges Cross, Hancock and Biersack all have SEi Bail Activity reports with "net" negative bail balances. Further discussion with SEi Customer Service Representative verified that the SEi system allows users to process the return of more bail than was originally collected on a case and there is no control which would restrict a user from processing the transaction.
- 3) Epstein/Rahemba bail activity report was combined and separate reports were generated. The magnitude of negative bail balances on the combined report for Epstein/Rahemba was approximately (\$1,500), which was significantly less than the negative bail balances for all other prior Justices.
- 4) Bank accounts for Cross, Hancock and Biersack have been changed to reflected the current Justices. The Court stated that there are no other bank accounts held for bail by the Court.

Although there is evidence that a bail reconciliation worksheet between QB and the respective bank statement was completed, the reconciliation and related analysis did not properly reconcile to the monthly bank statements' end of month cash total to the adjusted book balances for QB. As a result, the Court does not have an accurate record of the amount of bail in its possession for either Justice.

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

When bail cannot be properly accounted for, there is risk that these funds can be substituted for current liabilities and available cash to misappropriate funds without detection or correction.

6. Missing Deposits in Transit & Untimely Recording of Receipts

Bail activity reports from January 1, 2011 through December 31, 2015 were obtained from SEi and QB then compared to the respective bail bank account statements month end balances in an attempt to reconciliation these records. Based on a review of the bail activity recorded in either SEi, QB or both systems, the following deposits are currently identified as “missing” deposits in transit from the Justice’s bank statement activity. Deposits which are identified as “missing” may indicate the receipt of cash which was recorded, but not properly deposited in the bank.

<b>Missing Deposits – Hon. Judge Epstein</b>				
<b>Item</b>	<b>Receipt #</b>	<b>Transaction System</b>	<b>Amount (USD)</b>	<b>Date Recorded</b>
1	BE400	SEi	400.00	01/10/2011
2	BE5968	QB	750.00	04/11/2011
3	BE312	SEi	100.00	07/09/2012
4	BE320	SEi	1,000.00	10/08/2015
5	BE523	SEi	100.00	11/19/2015

**Total Amount Not Recorded in Bank                      2,350.00**

Prompt and accurate recording of receipts is an essential process necessary to ensure the proper accounting for court funds collected. The following deposits were recorded in the Court’s records for Judge Epstein after they were deposited in his respective bail bank account, which would indicate the collection of funds not being recorded in a timely manner.

- a) BE433 for \$2,500.00 was recorded in SEi on 11/19/2012, but was deposited three days earlier on 11/16/2012.
- b) BE469 for \$10,000 was recorded is SEi on 4/3/2014, but was deposited three days earlier on 3/28/2014.

Note: the deposit of funds collected into a financial institution would suggest that the transaction occurred during the Court’s standard work hours.

<b>Missing Deposits – Hon Judge Rahemba</b>				
<b>Item</b>	<b>Receipt #</b>	<b>Transaction System</b>	<b>Amount (USD)</b>	<b>Date Recorded</b>
1	BC362	QB	500.00	02/23/2011
2	BR026*	SEi	500.00	11/01/2011
3	BR028	Both	150.00	12/17/2012
4	BR029	Both	250.00	12/17/2012

**Total Amount Not Recorded in Bank                      1,400.00**

\*Note: BR026 used in SEi twice indicating two separate deposits for the same defendant/payee. One receipt issued on 10/23/2012 and the same receipt issued on 11/01/2012.

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

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The following deposits were recorded in the Court's records for Judge Rahemba after they were deposited in his respective bail bank account, which would indicate the collection of funds not being recorded in a timely manner.

- c) BR010 and BR011 for \$5,000.00 and \$10,000, respectively was recorded in both SEi and QB on 3/1/2012, but was deposited the day before on 2/29/2012.
- d) BR027 for \$100.00 was recorded in SEi on 11/15/2012, but was deposited six days earlier on 11/9/2012.
- e) BR057 and BR058 for \$20.00 and \$2,069.11, respectively was recorded in QB on 9/9/2014, but was deposited 11 days earlier on 8/29/2014.

The following deposits for Judge Rahemba had different amounts listed in SEi, QB or both systems in comparison to the actual deposit slip and amount deposited in the bank.

- f) BR067 recorded on 5/30/2014 is not the receipt number listed on the corresponding deposit made on 5/30/2014. The receipt reference on the deposit slip notes BR1601.
- g) BR056 was used twice; recorded in SEi on 7/18/2014 for \$250.00 and again on 5/26/2015 for \$200.00 for two different defendants/payees. Additionally, the use of BR056 on 5/26/2015 does not match the actual deposit slip documentation for the named defendant/payee, instead the actual deposit slip documentation indicates a different receipt number, BR070 for the same defendant/payee (in SEi as receipt number BR056). However, BR070 was previously issued and recorded in SEi for a completely different defendant/payee on 12/11/2014 for \$10,000.

Due to quantity of reconciling items between these documents, lack of supporting documentation kept by the Court, and budgetary constraints of the engagement, all limited the ability to properly reconcile the related balances.

**7. Improper Identification of Cash Deposits on Bank Deposit Slips (Bail Only)**

Monies received should be deposited intact as soon as possible. Depositing intact means that monies are not split or grouped into lump sum amounts, but are deposited in the same amounts as received. Deposited amounts should always agree with amounts received and recorded. In addition, when funds are prepared for deposit, it is important to accurately identify the source of the moneys. Deposit slips should be prepared in duplicate form, and a copy validated by the bank should be retained as evidence of the deposit.

The Court is not consistently documenting the source of the moneys received on the respective Justice's bank deposit slips regarding bail. A review of the bail bank deposit slips between January 1, 2011 to December 31, 2015:

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

	Hon. Judge Epstein			Hon. Judge Rahemba		
	Unknown Funds On Deposit Slip	All Fund Sources Identified	Total Deposits Recorded in Bank	Unknown Funds On Deposit Slip	All Fund Sources Identified	Total Deposits Recorded in Bank
<i>2011</i>	3	1	4	4	1	5
<i>2012</i>	4	5	9	2	9	11
<i>2013</i>	5	5	10	1	9	10
<i>2014</i>	1	17	18	2	11	13
<i>2015</i>	1	17	18	2	11	13
<b>Totals</b>	<b>14</b>		<b>59</b>	<b>11</b>		<b>52</b>
<b>Error Rate</b>			<b>24%</b>			<b>21%</b>

In addition, Judge Epstein's deposit activity evidenced the following deposits which identified cash deposits which were not properly labeled.

- 5/5/2011 deposit slip evidences a deposit for \$5,675 but does not match the referenced receipt numbers on the deposit slip, which only totaled \$5,500. The 5/5/2011 deposit slip documented a \$675 cash deposit with no identification as to whom provided the deposit. There are two deposits that could represent a portion of this deposit (Receipts BE403 - \$250 and BE404 - \$250) recorded in SEi but due to the lack of documentation, this cannot be confirmed. Either BE403 and BE404 are "missing" and there is an unknown deposit of \$675, or these two receipts are included in the \$675 and there is an unknown deposit of \$175.
- 4/11/2014 deposit slip evidenced a deposit for \$800 but does not match the referenced receipt numbers on the deposit slip, which only totaled \$700. The 4/11/2014 deposit slip documented a \$300 cash deposit with no identification as to whom provided the deposit. There is one deposit that could represent a portion of this deposit (Receipts BE468 - \$200) recorded in SEi but due to the lack of documentation, this cannot be confirmed. Either BE468 is "missing" and there is an unknown deposit of \$300, or the one receipt (BE468) is included in the \$300 deposit and there is an unknown deposit of \$100.

A review of the cash deposit recording process used for the Fine/Penalties bank account could not be completed as part of this engagement due to the scope restrictions encountered.

**8. Missing Bail Reconciliation Financial Support Documents**

All deposit slips should be prepared in duplicate form, and a copy validated by the bank should be retained as evidence of the deposit. All checks issued by the Court should also be retained and kept with the respective bank statement and reconciliation. Recognizing that many financial institutions now only provide electronic copies of canceled checks and do not return the originals, Courts should still retain the electronic copies as they would the original checks.

The Court confirmed that no copies of bail deposit slips or canceled checks were maintained with the bank statement and related reconciliation. Specifically, the Sr. Court Clerk, stated that these documents were either lost or destroyed but could not be sure. (Refer to **Item 15 Inadequate Recordkeeping and File Retention Practices** paragraph below for further details regarding the Court's retention standards and practices). As a result of not being able to produce supporting

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

documentation relating to the Justices' bail bank reconciliations, Justices were non-compliant with retention requirements specifically requiring that they maintain supporting documentation for the bail bank reconciliations for six years relating to the receipt of funds and six years or final payment relating to the disbursement of funds.

*9. Unmanaged and Excessive Bail On Hand*

Once cash bail is imposed, it is the responsibility of the Justice to oversee and manage these funds. When a case is finally disposed, any applicable bail should be returned (exonerated) to the person (surety) who originally posted it less any bail poundage, if applicable (up to 3 percent). Courts should make a good faith effort for a reasonable period of time (approximately six months) to locate a surety and return the bail. Court efforts to contact the surety should be noted in the defendant's case file including any copies of related mailings. If after this reasonable period of time, the Court is still unable to locate the surety, a Court may transfer the bail to the municipality pending a claim. If the surety comes to the Court once bail has been sent to the municipality, the Court must direct them to the municipality for the return and a receipt of the bail must accompany them. Bail held by the Town or the Court still unclaimed six years after exonerated becomes the property of the Town.

Justices are not required to report the majority of their bail activity to the JCF. The only bail activity required to be reported to the JCF is either Forfeited Bail and/or Bail Poundage. When bail is forfeited bail or bail poundage is imposed, the Court will transfer the applicable funds from the Justice's bail bank account to the Justice's penalties/fees bank account. Penalties/fees are required to be reported to the JCF on a monthly basis.

Historically, Court Clerks have not actively attempted to return exonerated bail to known sureties. In 2015, the Court began efforts to reduce the amount of exonerated bail on hand. The following chart (Figure 4) shows a 47% reduction of bail on closed cases in 2015 compared to 2014 supporting the Courts claims that efforts were being made to reduce bail on closed cases.

**Figure 4 – SEi Bail on Closed Cases (All Justices)**

<b>Year End</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Closed Cases</b>	688	710	720	704	560
<b>Bail on Closed (USD)</b>	183,959	196,785	273,370	262,317	140,132*

\*Note: Bail held on account in the bank at the end of 2015 for both Justices represented approximately \$121,000 and bail on open cases in SEi was approximately \$95,000 (reference Figure 3). Bail on open and closed cases in SEi (per the reports) would represent approximately \$235,000 of bail currently held, suggesting the Court was short by \$114,000. However, this cannot be concluded as this engagement determined both the SEi and QB bail activity reports are not accurate/complete as neither report has been reconciled on a routine basis.

Further discussions with the Court Clerks determined that exonerated bail was being reduced (returned to surety or forwarded to the Town), solely based on the SEi and QB bail activity reports. Since neither SEi or QB has been properly reconciled, the Court may be unknowingly making errors as part of their efforts to reduce their bail on hand. Ultimately, the Court is processing adjusting entries to both SEi and QB based on these unreconciled reports, which may ultimately further impair the Court's ability to ultimately reconcile these reports to the respective Justice's bail bank accounts.

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

---

As part of this engagement, an attempt to re-perform the bail bank account reconciliations was made but could not be successfully performed. However, these efforts were used to determine that the SEi and QB bail activity reports used by the Court for the exoneration of bail were incomplete/inaccurate. As of December 31, 2015 the Court had turned over to the Town's Comptroller \$6,185 of exonerated bail of which \$1,100 had been disbursed previously as of that date. However, there is a risk that these amounts may not be completely accurate due to the Courts utilization of unreconciled SEi and QB bail activity reports to turn over exonerated bail to the Town's Comptroller.

Further review of bail exonerated to the Town's Comptroller could not be performed due to the scope restrictions encountered during this engagement.

*10. No Controls Ensuring Transactional Support is Retained with Fine/Penalties Account Reconciliations*

Justices maintain separate bank accounts for the collection of their respective fines, penalties and surcharges imposed. Unlike bail funds which are held until exonerated or forfeited, funds collected for fines, penalties and related surcharges are remitted on a monthly basis to the JCF. The JCF is a special fund established by the NYS Comptroller to provide centralized accounting for the fines, penalties, forfeitures, and fees collected by town and village justice courts throughout New York State. The Court is required by law to report to the JCF their monthly court activities of the preceding month between the 1st and 10th of the month. An AC-1030 report is generated from SEi, which provides the details of the respective Justice's prior months fine, penalties, and surcharges activity. The AC-103 report is initiated by the Court Clerk and submitted to the respective Justice on a monthly basis, along with the Justice's related bank reconciliation for review and approval prior to release of the report to the JCF and funds to the Town's Comptroller.

Based on a walkthrough review of the related reconciliations, there is no requirement to attach and retain the related bank deposit slips for verification purposes to the monthly bank reconciliation supporting the deposits and the respective monthly AC-1030 report. Further review of the Court's retention area identified various unlabeled storage boxes, which contained large quantities of historical bank deposit slips relating to current and past Justices' fine/penalties bank accounts.

Additionally, due to scope limitations imposed on this engagement, further testing and review of the fines/penalties bank reconciliations and the AC-1030 report could not be performed. As a result, this engagement was unable to assess the completeness and accuracy of the AC-1030 reports and related funds submitted to the JCF from January 2011 through December 2015.

*11. Inadequate Justice Oversight*

As previously noted, Justices are personally accountable for all financial activities that occur in their Court. Justices must ensure that effective internal controls are in place to provide reasonable assurance that cash and other resources are properly safeguarded and that financial transactions are properly processed and recorded in a timely manner. When Justices utilize Court Clerks to process Court collections and maintain Court records, it is essential that the Justices provide oversight over the Court Clerks' functions, including routinely reviewing Court records, such as bank reconciliations and monthly accountability analyses, bank statements and the Court's accounting system activity. Justices are required to account for cash receipts and disbursements from month to month and to determine accountability, by preparing a list of Court liabilities and comparing it with cash in the bank accounts and on hand, on a monthly basis. Bank reconciliations and accountability

**Town of Fishkill**  
**Town of Fishkill Justice Court**  
**Financial Management & Oversight Practices**  
**July 2016**

---

analyses document the status of moneys held by the Court at any point in time and provide a means of verifying that the Court is properly addressing its custodial responsibilities.

Neither Justice reviewed the monthly bail bank reconciliations or ensured an accurate listing of bail was maintained. As a result, neither Justice was aware of missing deposits in transit, lack of transactions support such as deposit slip copies being properly retained and/or the increasing list of outstanding checks which had not cleared the bank in a timely manner.

The Handbook for Town and Village Justices and Court Clerks issued by the Division of Local Government and School Accountability of the New York State Office of the State Comptroller recommend that each Justice complete the provided Monthly Checklist for Review of Justice Court Records (the "Checklist") to ensure compliance with applicable laws and accounting practices. The Checklist can help a Justice discover any irregularities early and minimize the time necessary for investigating.

This Checklist is not utilized by the Justices and neither Justice reviews the bail bank reconciliation for their respective bail bank accounts. Justices confirmed that they rely on their Court Clerks to manage their bail funds. However, if the Justices had properly established reasonable oversight over their monthly bail bank reconciliations, they may have been able to detect and/or potentially prevent the errors and/or potential irregularities identified during this engagement.

*12. Insufficient Computer Controls Over System Data Security and Access*

The increasing use of computer systems for case processing and managing financial transactions, have increased the risk of unauthorized access and alteration of sensitive financial and legal information. Courts must take adequate measures to protect the availability and security of this electronic data. For that reason, Courts must implement appropriate internal controls to protect the integrity of their data. These protections should provide protection against unauthorized use and protect against unauthorized alteration. Access to electronic data, including financial information and sensitive or confidential case files, should be restricted.

The following measures should be taken to protect against unauthorized use:

**Password Protection**      Access to electronic data should be restricted through the use of unique, user-specific IDs and/or passwords. Systems Administrators are given the authority to grant, change and/or revoke access to electronic data. Changes made by a Systems Administrator should be routinely monitored to ensure changes are approved and appropriate. The lack of this oversight increases the risk of unauthorized and/or undetected changes to electronic data.

**Observation** – The Court's System Administrator is the Sr. Court Clerk, however; Justices do not monitor any changes to system access made by the System Administrator. Although unique passwords are issued to all users for both SEi and QB systems, the System Administrator has knowledge of all passwords for SEi and requires the Court Clerk responsible for recording bail transactions in QB to disclose/relinquish her password to her. The establishment of passwords along with unique user sign on credentials ensures that activity within each system can be tracked to a specific user. The disclosure of a user's password fundamentally negates the ability to ensure that activity posted to the system was posted by that specific user. Ultimately, this increases the risk that changes

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

---

(adds/alterations/deletions) to electronic data could be made without a user's knowledge and/or approval.

**Tiered  
Permissions**

Access permissions should match job duties. For instance, Court Clerks should have access to data entry only, while Justices should have access to audit logs commensurate with their overall responsibility for financial controls.

***Observation*** – User profiles in SEi can be tailored to restrict users to functionality that is consistent with their job responsibilities and reducing any potential segregation of duties risks. Currently, the Court has given all Court Clerks the “full access” rights to the SEi system. This allows any Court Clerk the ability to add, alter and/or change any records in SEI. The Sr. Court Clerk has the only higher authority in SEi, as the SEi System Administrator. The System Administrator has the ability to setup and/or delete users in SEi. The System Administrator demonstrated the functionality within SEi to tailor user functions when “read only” access to SEi was requested during this engagement but only one feature was ultimately made available to TPR Services. Further inquiry with SEi Customer Service confirmed that only one feature was actually activated and that user profiles can be adjusted to restrict or allow specific functions in SEi. This functionality is managed by the System Administrator, the Sr. Court Clerk.

There is no tiered permission capability within QB and all users are provided the same “full access” rights. Users are provided full access or restricted from access.

**Security &  
Access  
Tracking**

Changes to access rights should be logged with the date of change, the nature of the access change, and the identity of the person making the change. Access to data also should be logged with the date of access, user obtaining access, duration of access and the data obtained.

***Observation*** – Although SEi tracks changes to electronic data, identifying the user, time and what was changed, there is no oversight of these changes by either Justice. In addition, the Court purchases a separate security module to facilitate increase security over electronic data on June 6, 2011, per confirmation by an SEi Customer Service Representative. However, this feature was deactivated by the Sr. Court Clerk/System Administrator on November 13, 2014 as it was thought to be too restrictive since the system (SEi) was prompting users to enter a rationale into the system when voiding, deleting and/or editing a record in the SEi system.

The security module was reactivated on March 28, 2016.

Changes to Court electronic data should be strictly limited. The integrity of the original records should be maintained by taking the following precautions, which can be built into security software and/or the case management system.

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

---

**File  
Protection**

Original data generally should not be altered. Once data has been posted to records, information should not be deleted or altered.

**Observation** – Once a record has been posted in SEi the original transaction information should not be deleted or altered, but rather an adjusting entry should be made, if necessary, with an explanation documenting the reason for the adjustment.

Court Clerks currently have the capability to “delete” original transaction records in SEi. Additionally, there is no oversight of these deleted transactions by the Justices. Deletion of records should be restricted to ensure the integrity of the original transactions. Any deleted record should be identified on a report and issued to the Justice(s). Evidence of their review and approval should be documented and retained on file.

Since there is no oversight of this capability in SEi, there is an increased risk of error and/or irregularities occurring without detection. As part of this engagement two deleted records files were obtained from SEi data.

1. **Deleted Transaction Report (Generated via SEi Reports Menu)** SEi provides users with various reports which they may run on a routine basis to monitor and manage their Court’s data retained in SEi. One of the available reports is a “Deleted Transaction” report. The following tables provides an overview of the details of this report.

Hon. Judge Cross	2011	2012	2013	2014	2015
Bail*	(200)	-	-	-	-
Bail	1,000	890	-	-	-
Fine	200	-	-	-	-
Civil	140	70	-	-	-
Fee	225	-	-	-	-
Other	-	-	-	-	-
<b>Total Financial Impact</b>	<b>1,365</b>	<b>14,313</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Transactions Processed</b>	<b>6</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Charges Impacted</b>	<b>6</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Note:* Hon. Judge Cross had left office at the end of 2010; but deletion of related transactions under this Justice occurred in 2011 and 2012.

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

HDE	2011	2012	2013	2014	2015
Bail*	(5,330)	(48)	-	(565)	-
Bail	7,000	3,500	-	45,500	-
Fine	7,495	5,741	-	2,800	-
Civil	1,968	787	-	296	-
Fee	5,793	4,230	-	1,870	-
Other	267	103	-	-	-
<b>Total Financial Impact</b>	<b>17,193</b>	<b>14,313</b>	<b>-</b>	<b>49,901</b>	<b>-</b>
<b>Total Transactions Processed</b>	<b>151</b>	<b>101</b>	<b>-</b>	<b>39</b>	<b>-</b>
<b>Total Charges Impacted</b>	<b>114</b>	<b>78</b>	<b>-</b>	<b>25</b>	<b>-</b>

RJR	2011	2012	2013	2014	2015
Bail*	-	-	-	-	-
Bail	486	1,000	-	37,000	-
Fine	2,485	4,965	-	2,460	-
Civil	1,339	593	-	171	-
Fee	2,515	2,130	-	1,847	-
Other	135	535	-	2,369	-
<b>Total Financial Impact</b>	<b>6,960</b>	<b>9,223</b>	<b>-</b>	<b>43,847</b>	<b>-</b>
<b>Total Transactions Processed</b>	<b>66</b>	<b>60</b>	<b>-</b>	<b>33</b>	<b>-</b>
<b>Total Charges Impacted</b>	<b>52</b>	<b>48</b>	<b>-</b>	<b>25</b>	<b>-</b>

\*Note – Negative balances are transactions that were originally withdrawals, which have been deleted from SEi records.

2. **Deleted Transaction Report (SEi Customer Service Representative (CSR) Generated)** This report was made available to TPR Services via a SEi CSR. The report was developed by SEi specifically for the NYS Office of Comptroller auditors who audit town and village courts. The file contained three separate data files detailing deleted Cashbook, Charges and Calendar transactions originally entered into SEi.

The following tables detail the deleted check book (CHKBOOK) entries as they represent a potential direct impact to the Court's financials. However, that does not restrict any of the deleted charges (CHARGES) and/or court day (COURTDAY) or court calendar day transactions from also having a potential financial impact to the Court's financials.

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

---

<b>FRC</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>*Bail</b>	(200)	-	-	-	(727)
<b>Bail</b>	1,150	890	-	-	-
<b>Fine</b>	200	-	-	500	-
<b>Civil</b>	140	70	-	-	-
<b>Fee</b>	225	-	-	90	-
<b>Other</b>	-	-	-	-	(727)
<b>Total Financial Impact</b>	1,515	960	-	590	1,454
<b>Total Deleted Transactions</b>	9	5	2	1	1
<b>Total Charges</b>	6	2	2	1	1

**Notes:**

- Similar to the data pulled directly from SEi, there was also deleted transactions in this data for the Hon. Judge Cross who had left office at the end of 2010.
- Not identified in any of the above tables were three (3) deleted transactions in 2013 for the Hon. Judge Biersack) who left office in 2010; one of those transactions identified a \$300.00 Fine and \$35.00 Fee being deleted from SEi.
- An “unknown” justice with initials “ZZZ” were also evidenced in the data. One transaction in 2013 for \$50.00 Bail and one transaction in 2015 for \$260.00 Bail. Other transactions for this judge were evidenced between 1998 and 2004 as well as two transactions in 2016.

<b>HDE</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>*Bail</b>	(5,378)	(48)	(418)	(3,037)	(53,265)
<b>Bail</b>	10,600	3,500	20,200	52,090	14,935
<b>Fine</b>	8,445	6,841	7,575	5,550	7,640
<b>Civil</b>	2,353	1,077	2,623	1,941	1,365
<b>Fee</b>	6,308	5,090	5,686	3,958	2,647
<b>Other</b>	267	103	-	-	36,133
<b>Total Financial Impact</b>	19,143	16,563	35,666	60,502	9,455
<b>Total Transactions Processed</b>	171	117	114	96	168
<b>Total Charges Impacted</b>	130	90	97	73	145

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

RJR	2011	2012	2013	2014	2015
*Bail	(150)	(315)	(300)	(875)	(24,650)
Bail	486	1,000	10,500	37,750	5,080
Fine	4,585	6,315	3,223	2,960	8,269
Civil	1,763	908	885	518	752
Fee	3,305	2,630	2,911	2,452	3,532
Other	135	535	3	53,083	2,585
<b>Total Financial Impact</b>	<b>10,124</b>	<b>11,073</b>	<b>17,222</b>	<b>95,888</b>	<b>(4,432)</b>
<b>Total Transactions Processed</b>	<b>88</b>	<b>72</b>	<b>61</b>	<b>62</b>	<b>131</b>
<b>Total Charges Impacted</b>	<b>68</b>	<b>58</b>	<b>47</b>	<b>44</b>	<b>108</b>

The following is a summary of Judges Data Combined for Hon. Judge Cross, Hon. Judge Epstein and Hon. Judge Rahemba. Data for Hon. Judge Biersack and an "unknown" justice identified as "ZZZ" in the data has been left out.

**Deleted Transaction Report (Available in SEi Menu)**

Total	2011	2012	2013	2014	2015
*Bail	(5,530)	(48)	-	(565)	-
Bail	8,486	5,390	-	82,500	-
Fine	10,180	10,706	-	5,260	-
Civil	3,447	1,450	-	467	-
Fee	8,533	6,360	-	3,717	-
Other	402	638	-	2,369	-
<b>Total Financial Impact</b>	<b>25,518</b>	<b>37,849</b>	<b>-</b>	<b>93,748</b>	<b>-</b>
<b>Total Deleted Transactions</b>	<b>223</b>	<b>166</b>	<b>-</b>	<b>72</b>	<b>-</b>
<b>Total Charges</b>	<b>172</b>	<b>128</b>	<b>-</b>	<b>50</b>	<b>-</b>

**Deleted Transaction Report (SEi Generated)**

Summary – FRC, HDE, RJR	2011	2012	2013	2014	2015
*Bail	(5,728)	(363)	(718)	(3,912)	(78,642)
Bail	12,236	5,390	30,700	89,840	20,015
Fine	13,230	13,156	10,798	9,010	15,909
Civil	4,256	2,055	3,508	2,459	2,117
Fee	9,838	7,720	8,597	6,500	6,179
Other	402	638	3	53,083	37,991
<b>Total Financial Impact</b>	<b>30,782</b>	<b>28,596</b>	<b>52,888</b>	<b>156,980</b>	<b>6,477</b>
<b>Total Deleted Transactions</b>	<b>268</b>	<b>194</b>	<b>177</b>	<b>159</b>	<b>300</b>
<b>Total Charges</b>	<b>204</b>	<b>150</b>	<b>146</b>	<b>118</b>	<b>254</b>

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

---

The above tables identified deleted transactions which have not been subject to secondary review and approval by the Justices to verify that the deletion was proper and authorized. Justices should restrict the ability of users in SEi from deleting transactions to preserve the integrity of the original data. If a change to the original transaction is necessary, a user can “void” the transaction. This ensures that the original transaction remains in SEi records, identifies the user who processed the change and time stamps/dates the change; effectively providing an audit trail to facilitate secondary review by the Justices. This secondary review can be performed by generating the SEi Void report. System Training should be provided to applicable users over use of the void function.

Additional deleted transactions outside the scope period of this engagement included deleted transactions from 1999 to 2011 as well as deleted transactions that occurred in 2016.

Based on a sample of transactions traced from one data set to another, these reports are believed to contain different transactions for the same time period (January 1, 2011 through December 31, 2015). This conclusion was also based on the fact that the data available to SEi users directly from the SEi report menu did not include any data from 2013 or 2015, but the data generated by the SEi CSR did. However, without a complete comparison of the data, there is a probability that some duplications may exist. The differences between the two reports could not be explained by the SEi CSR. The SEi CSR was also unable to provide any type of data dictionary or related documentation regarding availability of reports to SEi users other than those documents and guidance available online.

**Disclosure: Deleted transactions have been reported due to the quantity of transactions and potential financial materiality/magnitude implications. Further testing of these records could not be performed due to scope limitations, including the condition and availability of the Courts retained records and budgetary restrictions. The Board and Justices should ensure that these transactions, including those outside of the scope period, are validated for authority and/or appropriateness.**

*Receipt Issuance SEi Concern*

Review of SEi receipts and verification via SEi CSR, confirmed that receipt numbers assigned to and issued from SEi can be altered/changed/deleted in the SEi by a user. This feature is only “locked” when the SEi Security features are turned on an active in the SEi system. As previously noted, the Security module was activated originally on 6/6/11, deactivated on 11/13/14 and then reactivated on 3/28/16. Allowing a user to alter/change/delete a receipt number issued in SEi effectively removes the control inherent in issuing consecutive receipt numbers for tracking purposes.

Confirmation of this capability once the security module is deactivated was confirmed by a SEi customer service representative who stated that the Court could have greater control over the system assigned receipt numbers if the SEi security module was activated but since it was deactivated users are able to

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

---

alter/change/delete these pre-assigned numbers. The deactivation of the SEi security module also allows users to delete records/transactions within SEi without detection. Changes to original records should be documented and monitored by the Justices to ensure these changes are appropriate and authorized.

**Data  
Tracking**

Changes to data should be logged with the date of change, the nature of the change, and the identity of the person making the change.

**Observation** – Refer to File Protection section above. In addition, during the engagement the Court stated that the master file supporting the QB application seemed to be inadvertently deleted and/or moved from the Court’s secure server in the Court’s office. This server can only be accessed by authorized users who request and are granted access to the server. Users who routinely use SEi and/or QB would not have direct access to server files as they are maintained under a different user ID and login.

Ultimately the electronic file was recovered but the original loss of the data could not be reasonably explained by the Court Clerks or Justices.

**Segregation  
of Duties**

Changes to data should be made by someone other than the person who initially entered the data. Persons with entry rights should **not** have “change” rights.

**Observation** – As noted above, (refer to Password Protection observation), the System Administrator has full access and control over all phases of a financial transaction (i.e., collecting, depositing, recording and reconciling funds received), including full access to SEi and QB electronic data. Along with the lack of sufficient oversight by the Justices, the control environment does not adequately mitigate the risk of financial errors and/or irregularities from occurring.

***13. Missing Case Files***

The Court is required to maintain individual case files containing all papers and other documents pertaining to each of the respective cases. Based on a selection of case files identified as part of the re-performance of the bail reconciliation, 52 of 169 (31%) cases selected and requested could not be found/provided by the Court.

Missing case files may contain confidential and sensitive case details which could be susceptible to unauthorized access and/or use. Missing case files should have contained documentation that would have provided additional evidence supporting bail transactions and the efforts to re-perform the reconciliation of the Justice’s bail bank accounts.

***14. Non-Compliant with Turning Over Prior Justice Records to the Town Clerk***

When a Justice’s term has ended, his/her closed case records are transferred to the clerk of the municipality. Once custody of the records has changed hands, it is important for the clerk of the municipality to cooperate with court staff members who require access to those records. The clerk must also follow all rules and regulations set forth by the Unified Court System’s Office of Records Management to ensure the records are properly maintained. TPR was unable to obtain evidence that the Court has ever turned over to the Town Clerk closed records of prior Justices in compliance with

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

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this requirement. Prior Justices' records regarding closed cases were found amongst the current Justices' records.

*15. Inadequate Recordkeeping and File Retention Practices*

Justice Court records are subject to the Unified Court System's Records Retention and Disposition Schedules which provide the minimum length of time court records need to be maintained. Once records have reached their retention period, a written request must be submitted to the Office of Records Management before they can be destroyed. The Unified Court System also provides guidelines and procedures outlining reproduction and destruction of records, and standards for offsite storage of records.

No record of destruction approval was provided by the Court during this engagement. Observations and walkthrough of the Court's retention storage room, back offices, closets and break room identified various Court records placed in secured and unsecured locations. Records included personal documents of the Sr. Court Clerk, such as mail and other personal banking statements, contained within official Court records retention boxes. The Sr. Court Clerk stated these documents had been stored in these boxes before they were moved to a new storage location. However, no explanation could be provided as to how personal documents were originally placed into the Court's storage facility.

Further inspection of Court records identified numerous bank deposit slips/tickets relating to current and past Justices' Fine/Penalties bank accounts in no particular order and placed in boxes. In many instances, boxes were labeled with more than one box number or were simply tagged with a piece of paper that was not fully secured to the box. These labels risked being accidentally removed. In addition, Record Logs that should identify the location of boxes, their contents and a scheduled date for destruction were not kept up to date and were inaccurate. The destruction of the Court's records is performed by a seasonal part time worker who is given unrestricted access to these records as part of his process to destroy them. This increases the risk of confidential and/or sensitive court records being disclosed to unauthorized individuals.

Justices' signature stamps were also found amongst boxes labeled "Misc" and stored in the Court's retention area. Note that signature stamps should not be used in Court operations and Justices should ensure all signed documentation includes a "wet" signature. Although Court Clerks stated that they adhere with the Unified Court System's Records Retention and Disposition Schedules and requirements, we were unable to obtain clear evidence of these practices for observation during this engagement.

*16. Comingling of Sealed Records*

Cases that are sealed should be separated from other cases and clearly mark that they have been sealed with the appropriate statute. Cases that are sealed pursuant to CPL 160.50, 160.58 or held confidential as a Youthful Offender status (YO) should be covered in such a way that no identifying information about the defendant is visible to someone searching for another record. The storage area should be secure from unauthorized access.

Based on observation, some sealed records were kept separate but organization was not consistent within the storage areas. Collection of some of these "sealed" case files pulled for verifying bail were located in boxes marked "miscellaneous files". Sealed records associated with YO status did

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

---

not cover the case jackets in a manner so as no identifying information of the defendant was visible. Additionally, there is no controls and/or secondary oversight over the labeling of case files as "sealed". Since "sealed" cases should remain unavailable to the public and are restricted from audit oversight, there is an increased risk of error and/or irregularities in regards to the related financial transactions for these files.

*17. Receipt Practices Limit Court's Ability to Clearly Identify the Actual Collection Date*

Cash receipts are required to be issued for all transactions to acknowledge the collection of all monies paid to the Court. The receipt forms (both manual or system generated) should be pre-numbered and issued consecutively with the Court retaining a duplicate copy of each receipt as evidence of collection and used as part of the reconciliation process. Each receipt should be recorded in the cashbook (aka SEi or QB) promptly upon issuance.

Court Clerks have the responsibility for collecting monies for the Court, issuing a receipt and recording the transaction in the cashbook of record. The Court uses two different manual receipt stock (two-part and three-part receipt forms) and also has the ability to issue a system generated receipt directly from SEi. Receipts issued from SEi are pre-numbered and automatically identify the user who issued/generated the receipt. Although system generated receipts automatically assign a receipt number to the transaction, the current user access authorities setup by the System Administrator give the Court Clerks the authority to alter/change and/or delete the system generated receipt number.

There are no controls which monitor or oversee the timeliness of recording funds received when a manual receipt is issued. Although manual receipt logs were used in prior years for the collection of bail, at the time of this engagement the Court stated that they are no longer being utilized. Additionally, manual receipt copies which are retained in the manual receipt book are not kept secured or are not required to be retained on file to support the transaction. System generated receipts from SEi are typically identified on file, however these receipts may not necessarily represent the actual collection of monies to the Court since Court Clerks can issue a manual receipt and then at a later time record the transaction in the Cashbook (SEi or QB) and issue a separate system generated receipt (SEi only). In those cases, the system generated receipt only provides evidence of when the transaction was entered into the Cashbook and not when the actual monies were collected. The Justices explained that this practice of issuing manual receipts and then recording the transaction at a later date is typically done during traffic court when there is a high volume of funds being collected. However, there are no controls that ensure that the monies collected via a manual receipt are actually recorded in the Cashbook of record. Justice oversight to ensure that these funds are properly recorded relies solely on the Court Clerks who collect, record and reconcile these funds. Additionally, there is no oversight over the manual receipt copies and/or manual receipt stock. Neither Justice has accounted for receipts issued by the Court Clerks or reviewed manual receipts issued to the cashbook of records or bank deposits on a monthly basis.

*18. Lack of Accountability for Financial Stationary – Manual Receipt Records/Logs*

Justices did not maintain a perpetual inventory of manual receipts. As a result, the Court could not account for all of the manual receipts issued and therefore could not ensure that all of the receipts were recorded in the cashbook. The lack of a perpetual inventory of used and unused manual receipts should be retained to ensure that all monies collected have been properly deposited and recorded in the cashbook. Manual receipt forms should ensure that the method of payment (cash, check, credit

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

card, or money order) is identified, which can allow for the daily verification of the day's total receipts to the respective bank deposit slip.

Based on an analysis of receipt numbers issued compared to receipts deposited, the following chart (Figure 5) identifies receipts which were not identified as being deposited but were missing from the sequence numbering evidenced in the applicable year. Due to the lack of controls over manual receipt copies, further assessment to determine if these receipts had been properly voided, could not be performed.

**Figure 5 – Receipt Gap Analysis**

Year	Judge Epstein		Judge Rahemba		
	Out of Sequence	Missing from Sequence – Unknown Usage	Out of Sequence	Missing from Sequence – Unknown Usage	Receipt Used for Multiple Transactions
2011	BE5968	-	BC362	-	
2012	BE312	-	-	-	BR026, BR035
2013		-	-	-	BR035
2014	BE357- BE359	BE459 - BE465, BE473 - BE476, BE484 - BE487, BE489	-	-	
2015	BE320	-	-	-	BR051 - BR056

**19. Payments and Case Dispositions Not Recorded in Court Records**

As previously noted, cash receipts should be issued for all monies collected by the Court and a copy should be retained in the respective case file and as evidence for reconciliation purposes. The receipt provides evidence as to the amount received, who collected the funds and the date the funds were taken in by the Court. Since the Court also incorporates the usage of manual receipts, there is a risk that a SEi generated receipt retained within a case file does not necessarily represent the receipt issued at the time the funds were collected. During this engagement, the Court confirmed that there are instances where a Court Clerk issues a manual receipt to a payee but may not record the transaction in SEi until a later date. Ultimately when a Court Clerk records the transaction in SEi, SEi will issue a receipt but this receipt only identifies when the entry was recorded in SEi not necessarily when the funds were actually taken in by the Court.

An assessment of this control issue was attempted as part of this engagement by examining a sample of “closed” Vehicle and Traffic Law (VTL) cases and testing if there is a receipt on file and if the receipt on file reconciles to the respective bank statement cash deposit date. However, due to scope limitations, this testing could not be completed. The risk associated with “closed” VTL cases is that 1) if there is no receipt on file, the cases was potentially never paid and may have been improperly/erroneously “closed”; or 2) if there was a receipt on file, the receipt may properly reflect the date the funds were taken in by the Court.

During the collection of bail case files, some retention boxes evidenced the following “live” checks (funds collected by the Court) which had not been properly recorded and deposited in the Court’s financial records.

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

- \$235.00 / Issued 2010
- \$185.00 / Issued 2011
- \$80.00 / Issued 2010
- \$5.00 / Issued 2006

Since the identification of “funds” amongst the Court’s stored files was not an objective when collecting bail case files, it is unknown if additional funds would be located amongst these files maintained by the Court.

*20. Non-Compliant with 72 Hour Rule - Inadequate Tracking of Cash Received*

Justices are required to deposit, intact (in the same amount and form of payment as received), all funds collected by the Court as soon as possible, but no later than 72 hours from the date of collection. Deposited amounts should always agree with amounts received and recorded.

The following charts provide a breakdown of bail activity deposit transactions for both Justices from 2011 to 2015:

Hon. Judge Epstein 2011 – 2015 Activity	2011		2012		2013		2014		2015	
	Receipts Issued	Funds Collected								
Non-Compliant 72 Hour Requirement	12	9,850	13	5,950	17	43,890	18	78,430	14	22,550
Missing Deposits	2	1,150	1	100	-	-	-	-	2	1,100
Receipts Deposited Before Receipt Issuance Date	1	1,000	1	2,500	-	-	1	10,000	-	-
No Receipt Number / Unknown Deposit							Unknown	100		
72 Hour Requirement Compliant	2	2,100	6	14,150	5	18,600	10	8,950	10	29,210
<b>YTD Totals</b>	<b>17</b>	<b>14,100</b>	<b>21</b>	<b>22,700</b>	<b>22</b>	<b>62,490</b>	<b>29</b>	<b>97,480</b>	<b>26</b>	<b>52,860</b>

Hon. Judge Rahemba 2011 – 2015 Activity	2011		2012		2013		2014		2015	
	Receipts Issued	Funds Collected								
Non-Compliant 72 Hour Requirement	5	8,063	8	15,350	8	7,650	15	93,804	4	4,500
Non-Compliant 72 Hour / Missing Deposits	1	500	3	900	-	-	-	-	-	-
Receipts Deposited Before Receipt Issuance Date	-	-	3	15,100	-	-	2	2,099	-	-
72 Hour Requirement Compliant	4	1,450	9	27,014	7	41,550	6	14,510	10	3,640
<b>YTD Totals</b>	<b>10</b>	<b>10,013</b>	<b>24</b>	<b>58,364</b>	<b>15</b>	<b>49,200</b>	<b>23</b>	<b>110,413</b>	<b>14</b>	<b>8,140</b>

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

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**Note:** Testing for compliance with the 72 Hour Rule utilized the copies of the bank deposit slips and related bank statement for verification purposes.

The lack of oversight/review by the Justices to review their respective bail reconciliations may have contributed to the Court Clerk's noncompliance with the 72 hour requirements as well as the missing deposits "in transit".

Due to the scope limitations placed on this engagement, a review of the Fine/Penalties deposit activity was not performed.

*21. Bail Check Numbering Sequence Reused and Check Stock (Bail & Fine/Penalties) Unsecured*

Disbursement of moneys received by the Court and deposited to a Justice's bank account should be made only for purposes authorized by law. Generally, disbursements from a Justice's bank account are limited to the returning of bail, transferring moneys to other courts, remitting moneys to the CFO of the Town or remitting funds to the State Comptroller. All disbursements of Court moneys should be made by check signed by the Justice. Signature stamps should not be used by the Court. Checks should 1) pre-numbered; 2) issued in consecutive numerical sequence; and 3) contain sufficient information to identify the court, payee, amount, and purpose of payment. All unissued checks should be inventoried and kept secure.

Although bail activity reports from SEi and QB evidenced that checks were pre-numbered, identified the court, payee, amount and purpose. However, the reports also evidenced that bail checks were being issued out of sequence and that the Court had utilized the same check numbers on both Justices' bail account checks. Check number sequencing allows for proper control/tracking of disbursements. Reusing check numbers and using checks out of sequence would create potential reconciliation issues and/or identification errors when recording check numbers into SEi and/or QB.

In addition, check stock for both the Bail and Fines/Penalties bank accounts were not being routinely secured. Court Clerks disclosed that all check stock was maintained by the Sr. Court Clerk prior to approximately mid-2014. After that time, Bail bank account stock was turned over to one of the Court Clerks for management but not secured.

*22. Unknown Petty Cash Startup and/or Usage*

During the engagement, we noted that each Justice maintains a petty cash drawer with \$50. However, the Court Clerks have no knowledge as to how these petty cash drawers were originally funded. Additionally, the usage of petty cash by the Court was not fully disclosed by the Court Clerks. Petty cash is also maintained with the all funds (e.g., bail, fines, penalties, surcharges, etc.) collected by the Court for each of the Justices. Comingling of petty cash funds with funds collected on behalf of the Town, NYS Comptroller, JCF and/or regarding bail, increases the risk of these funds being potentially retained in petty cash if inadvertently labeled as "unknown".

**Recommendations/Corrective Action**

The following recommendations were identified as a result of this engagement, and have been discussed with Town Board. The Town Board has indicated that they will further discuss these recommendations and related findings with both Justices and will monitor the corrective actions taken.

The Board has the responsibility to ensure that the Justices implement these corrective actions, which will be assessed as part of the 2016 annual review of the Courts.

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

#	Recommendations	Owner
1	The Town Board should ensure they comply with their responsibility for providing general financial oversight as required by Section 2019-a.	Board
2	Justices should ensure they comply with their responsibility turning over their docket and records on an annual basis to the Town Board to assist in the Town Boards requirement to provide general financial oversight as required by Section 2019-a.	Justices
3	Ensure sufficient segregation of duties is in place to prevent any one individual from controlling all phases of a financial transaction (i.e., collecting, depositing, recording and reconciling funds received). Since the specifics as to assignment of responsibilities will have to ultimately be determined by the Justices, the measure of success for adhering to this recommendation should be evidence by ensuring no one person controls all phases of a financial transaction.	Justices/Board
4	Reconcile the Justice bail bank accounts to both SEi and Quickbooks and ensure the performance of a timely reconciliation of these accounts on a monthly basis. Best practice would be for each Justice to sign and date each reconciliation generated by the Court Clerks as evidence of their timely review of these documents.	Justices/Board
5	Reconcile SEi to Quickbooks bail activity records. Research negative bail balances in SEi for current and prior Justices and make any necessary correcting entries. Ensure both SEi and Quickbooks are reconciled monthly.	Justices/Board
6	Research missing deposits in transit (Item 6 above) regarding both Justice's bail bank accounts.	Justices/Board
7	Ensure all monies collected by the Court are recorded in SEi and Quickbooks in a timely manner.	Justices/Board
8	Ensure all monies received are deposited intact within 72 hours of collection. All deposited amounts should agree with amounts received and recorded.	Justices/Board
9	Maintain all related financial records with the monthly bank reconciliations. Retained documents should include bank statements, deposit slips and copies of cancelled checks. Retention of these documents should adhere to applicable retention requirements.	Justices/Board
10	Properly identify all bail on closed cases which has not been returned to the surety. Ensure all funds turned over and to be turned over to the Town's Comptroller are properly supported by reconciled reports.	Justices/Board

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

#	Recommendations	Owner
11	Verify that all funds currently held in each Justice's bail bank accounts is properly supported by a bail activity report. Any variances should be researched.	Justices/Board
12	Each Justice should complete a <u>Monthly Checklist for Review of Justice Court Records</u> as outlined in the Handbook for Town and Village Justices and Court Clerks to ensure compliance with applicable laws and accounting practices.	Justices
13	Increase application level controls, specifically for SEi: a) Ensure passwords are kept confidential and ensure Court Clerks do not share passwords. b) Reassign responsibility of the SEi system administrator to the Town's IT group, which can be overseen by each Justice. c) Ensure Security module is kept active.	Justices/Board
14	Due to the volume of records identified as deleted during this engagement, all deleted records should be researched and assess for appropriateness. The Courts should document these efforts which can support past deletions. A determination as to how far back to research should be discussed with the Board.	Justices/Board
15	Restrict all SEi users from deleting the records in SEi.	Justices/Board
16	Provide training regarding how to properly void a record in SEi. All voids should include a description as to the rationale for audit trail purposes. Additionally, a Voided transaction report should be generated and reviewed by the Justices on a monthly basis.	Justices/Board
17	The Court should ensure that they maintain individual case files containing all papers and other documents pertaining to each of the respective cases.	Justices/Board
18	The Court retention/storage area should be organized in a manner ensuring that case files are not lost or misplaced. Proper organization will also enable better control over the destruction of case files per the applicable retention requirements.	Justices/Board
19	Cases that are sealed should be separated from other cases and clearly mark that they have been sealed with the appropriate statute.	Justices
20	Justices should ensure all signature stamps are not be used in Court operations and Justices should ensure all signed documentation includes a "wet" signature.	Justices

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

#	Recommendations	Owner
21	Ensure receipt forms (both manual or system generated) are pre-numbered and issued consecutively. Court Clerks should retain a duplicate copy, on file, of each receipt as evidence of collection and used as part of the reconciliation process. Each receipt should be recorded in the cashbook (aka SEi or QB) promptly upon issuance. Manual receipts issued and later recorded in SEi should be documented in SEi for proper audit trail purposes. Both SEi and manual receipts issued should be retained on the applicable case file as evidence.	Justices
22	Ensure all manual receipt logs are kept secured and controlled. Research any missing receipts and ensure all receipts are issued in consecutive order. Ensure receipt numbers are not duplicated or reused in either SEi and/or Quickbooks. Manual receipt logs should be retained in accordance with applicable retention requirements.	Justices/Board
23	Ensure all check stock is inventoried and kept secure. Check stock reordering should ensure that check sequencing is not duplicated and the same check numbers are not used for both Justices.	Justices/Board
24	Due to the nature of petty cash and the inherent risk associated with cash transactions, the Justices should ensure petty cash activity is reviewed on a monthly basis. All activity should be supported by a receipt. Justices may want to consider removal of petty cash and the establishment of a reimbursement process. This establishes greater controls over expenditures and removes the need for continuous monitoring of cash outside of the established Justices' bank accounts.	Justices/Board

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

**Appendix B - Agreed Upon Procedures**

#	Area	Procedure		Yes	No	Unclear	Comments/Observations
		Are pre-numbered receipt forms issued for all collections?	Are duplicate receipts kept for court records?				
1	Cash Receipts Book	Are pre-numbered receipt forms issued for all collections?				X	Numerous types of pre number receipt books are maintained by the court. Receipts can be issued manually or via SEi system. Manual receipts are issued during peak hours but then recorded in SEi under a new system generated receipt number.
2	Cash Receipts Book	Are duplicate receipts kept for court records?		X			Refer to <b>Appendix A – Internal Control Assessment, Items 12 &amp; 18</b> for further details regarding this procedure. Based on review of a sample of case files regarding bail transactions, evidence of bail receipts maintained on file were not consistently identified.
3	Cash Receipts Book	Are receipts recorded up-to-date?				X	Refer to <b>Appendix A – Internal Control Assessment, Items 17 &amp; 18</b> for further details regarding this procedure. Due to the usage of multiple manual receipt books as well as receipts generated from the SEi system, an assessment of the accuracy of the receipt book cannot be determined.
4	Cash Receipts Book	Is the receipt book maintained in a manner to identify date received, payer, and the amount of the related fine/fee/bail and/or other categories of collection?				X	Refer to <b>Appendix A – Internal Control Assessment, Item 18</b> for further details regarding this procedure. Refer to <b>Appendix A – Internal Control Assessment, Item 18</b> for further details regarding this procedure.
5	Cash Receipts Book	Are deposits identified?	X				Refer to <b>Appendix A – Internal Control Assessment, Items 6, 7, 8 &amp; 12</b> for further details regarding this procedure.

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

#	Area	Procedure	Yes	No	Unclear	Comments/Observations
6	Cash Receipts Book	Are duplicate deposit slips kept for court records?		X		No evidence could be provided to support compliance with this procedure. Duplicate deposits slips were not retained with court financial records for the scope period of this engagement.  The Sr. Clerk stated that duplicate deposit slips for both Justices' bail accounts were either misplaced and/or thought to be accidentally destroyed.  Duplicate deposit slips regarding the Fine/Penalties bank accounts for both Justices were evidenced in various retention boxes marked "misc" and were not organized in a manner that would facilitate ease of collection from retention, if necessary.  Refer to <b>Appendix A – Internal Control Assessment, Items 8 &amp; 10</b> for further details regarding this procedure.
7	Cash Receipts Book	Are deposits made within 72 hours of collection (exclusive of Sundays and Holidays)?		X		Refer to <b>Appendix A – Internal Control Assessment, Item 20</b> for further details regarding this procedure.
8	Cash Receipts Book	Are deposits recorded up-to-date?		X		Refer to <b>Appendix A – Internal Control Assessment, Items 17 &amp; 19</b> for further details regarding this procedure.  Review of the Fine/Penalty bank deposits could not be conducted due to scope restrictions.
9	Cash Receipts Book	Is the receipt book totaled and summarized at the end of the month?		X		Receipt books are not controlled and are not summarized at the end of the month.  Refer to <b>Appendix A – Internal Control Assessment, Items 17, 18 &amp; 19</b> for further details regarding this procedure.

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

#	Area	Procedure	Yes	No	Unclear	Comments/Observations
10	Cash Disbursement Book	Are pre-numbered checks used for all disbursements other than petty cash?	X			<p>Although pre-numbered checks are used, they are not kept in a secure location. Check sequence numbers used for prior Justices have been recycled for current Justices. Evidence also identified that the same check sequence numbers were used for two different Justices.</p> <p>Refer to <b>Appendix A – Internal Control Assessment, Item 21</b> for further details regarding this procedure.</p> <p>Petty cash is maintained but there is no evidence as to how the petty cash fund was originally funded, how the funds are used and/or how the funds are replenished once used.</p> <p>Refer to <b>Appendix A – Internal Control Assessment, Item 22</b> for further details regarding this procedure.</p>
11	Cash Disbursement Book	Are all checks signed by the Justice?			X	<p>The Sr. Clerk maintains Justice signature stamps for both Justices. During this engagement, a prior Justice's signature stamp was also found in retention.</p> <p>Per the Office of Court Administration (OCA) Handbook, Justice signature stamps should not be available to Court Clerks. Further discussion with each Justice confirmed that they are aware that the Sr. Clerk has each of their signature stamps. Both Justices are also aware that the Sr. Clerk has access to check stock, bank statements, reconciliations, cash receipts, deposits and related court record systems, which represents a material segregation of duties issue/weakness.</p>
12	Cash Disbursement Book	Are canceled checks (or check images) returned with bank statements and kept for court records?		X		<p>Copies of canceled checks are not maintained with respective bank statements. During the audit, the court requested copies of all canceled bail checks from their financial institution.</p> <p>Due to scope restrictions encountered during this engagement, no assessment of the Justice's fine/penalty bank accounts could be sufficiently performed.</p>

**Town of Fishkill**  
**Town of Fishkill Justice Court**  
**Financial Management & Oversight Practices**  
**July 2016**

#	Area	Procedure	Yes	No	Unclear	Comments/Observations
13	Cash Disbursement Book	Are checks recorded up-to-date?		X (Bail)	X (Fine)	<u>Bail</u> - There are outstanding checks still being maintained on the reconciliation beyond a reasonable time period. It is unclear if these checks represent valid payments of returned bail as bail reconciliations and related bail activity reports have not been reasonably reconciled by the Court.  Refer to <b>Appendix A – Internal Control Assessment, Items 5 &amp; 21</b> for further details regarding this procedure.
14	Bank Reconciliations	Are bank account reconciled promptly after bank statements are received?		X (Bail)	X (Fine)	<u>Fine</u> - Due to scope limitations reasonable assessment of checks associated with the Justice's Fine accounts could not be completed.  <u>Bail</u> - Evidence of bail reconciliations performed confirmed that there are two separate systems being used to record bail transactions. Neither system is reconciled properly to the respective Justice's bank statements.  Refer to <b>Appendix A – Internal Control Assessment, Item 5</b> for further details regarding this procedure.
15	Additional Support	Is a list of bail maintained?	X			<u>Fine</u> - Due to scope limitations, a review of the Fine/Penalties bank reconciliations could not be performed.  Although a record of bail activity is maintained on both the SEi Courtroom system (SEi) and Quickbooks (QB) systems, the reports have not been properly reconciled to the Justice's respective bail bank statements.  Refer to <b>Appendix A – Internal Control Assessment, Item 5</b> for further details regarding this procedure.
16	Additional Support	Is a list of uncollected installment payments maintained?		X		The Court Clerks and Justices stated that installment payments are not accepted by the Court. No partial payments were evidenced on related SEi reports provided.

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

#	Area	Procedure	Yes	No	Unclear	Comments/Observations
17	Dockets and Case Files	Are separate dockets maintained for various classifications of cases, such as Vehicle and Traffic, Criminal, Civil and Small Claims?			X	Refer to <b>Appendix A – Internal Control Assessment, Item 15</b> for further details regarding this procedure.
18	Dockets and Case Files	Are case files maintained for all cases? If manual, an index is an alphabetical list of cases with case numbers as a cross reference. This will assist in locating cases since case files are filed by disposition date. If computerized, the index is maintained in the system and can be accessed at any time by name, ticket number or address.			X	Due to scope limitations, the condition of the retained files and the court's retention standards sufficient testing of case files could not be performed. As a result, although there is a listing of all cases maintained within SEI this audit could not assess the completeness and/or accuracy of that list.  Refer to <b>Appendix A – Internal Control Assessment, Items 13, 14 &amp; 15</b> for further details regarding this procedure.
19	Dockets and Case Files	Do dockets for disposed cases appear to be complete?			X	Due to scope restrictions encountered during this engagement, this procedure could not be completed.
20	Dockets and Case Files	Do dockets for disposed cases agree with amounts reported?			X	Due to scope restrictions encountered during this engagement, this procedure could not be completed.

**Town of Fishkill**  
**Town of Fishkill Justice Court**  
**Financial Management & Oversight Practices**  
**July 2016**

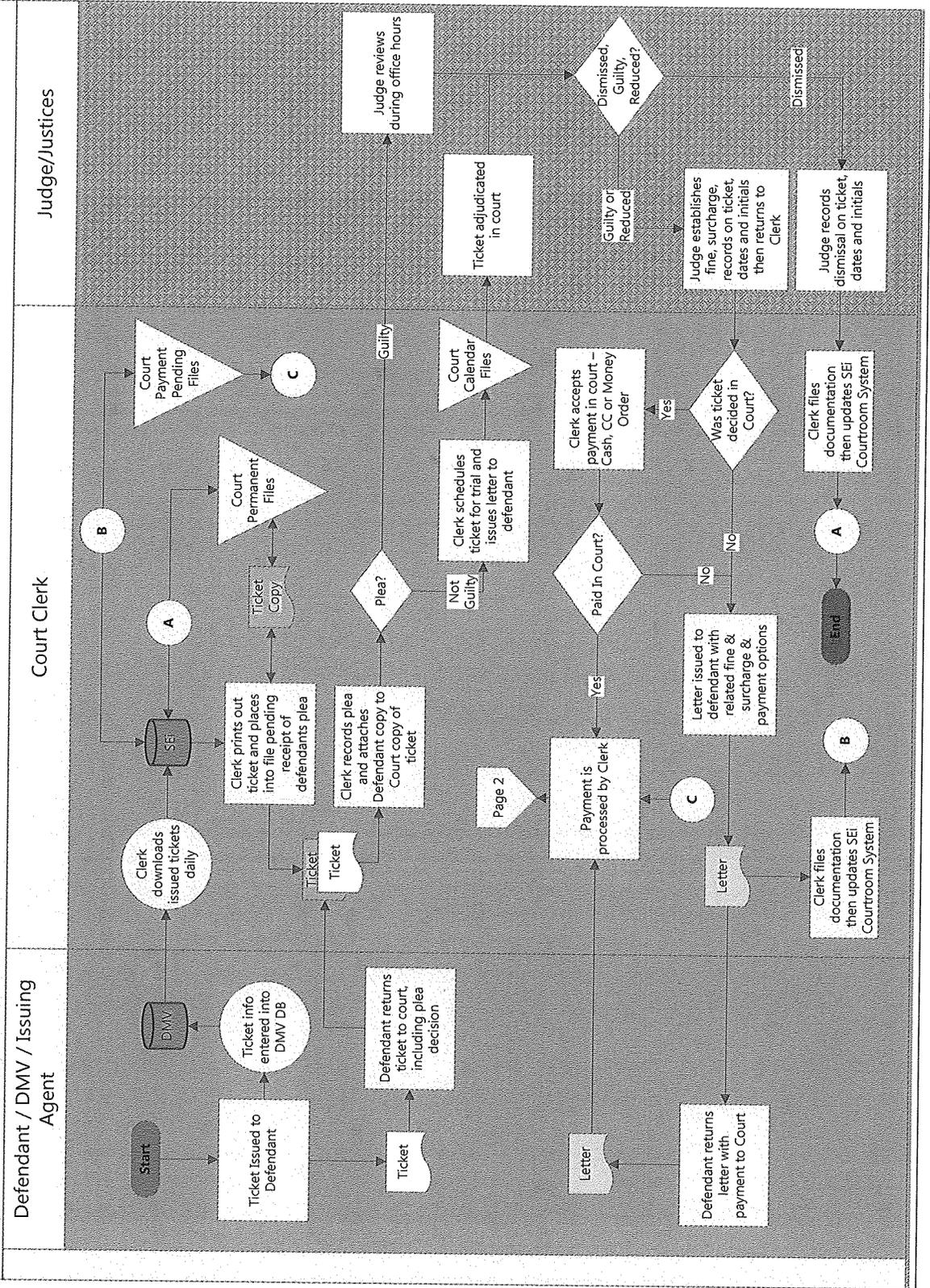
#	Area	Procedure	Yes	No	Unclear	Comments/Observations
21	Case Book Reconciliation	Is the cash book reconciled to the adjusted bank balances at the end of each month?		X		The reconciliations performed only reconcile the activity within the month and do not reconcile to the adjusted bank balance. Initial review of both reconciliation process for bail and the fine/penalty accounts confirmed.
22	Case Book Reconciliation	Does the cash book total agree with the bank reconciliation and supporting information?		X (Bail)	X (Fine)	Refer to <b>Appendix A – Internal Control Assessment, Item 5</b> for further details regarding this procedure.
23	Reports to the Division of Criminal Justice Services	Are reports made timely to the Division of Criminal Justice Services?			X	Due to scope restrictions encountered during this engagement, this procedure could not be completed.
24	Reports to the Division of Criminal Justice Services	Has the court received any notices regarding late reporting?			X	Due to scope restrictions encountered during this engagement, this procedure could not be completed.
25	Reports to the Justice Court Fund	Are reports made timely to the Justice Court Fund?			X	Due to scope restrictions encountered during this engagement, this procedure could not be completed.
26	Reports to the Justice Court Fund	Do reported amounts agree with docket dispositions and case files?			X	Due to scope restrictions encountered during this engagement, this procedure could not be completed.
27	Reports to the Justice Court Fund	Do reported amounts agree with cash receipt and disbursement books?			X	Due to scope restrictions encountered during this engagement, this procedure could not be completed.

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices  
July 2016**

#	Area		Procedure	Yes	No	Unclear	Comments/Observations
	Area	Area					
28	Reporting to the Justice Court Fund		Has the court received any notices regarding late reporting?			X	Due to scope restrictions encountered during this engagement, this procedure could not be competed.
29	Reporting to the DMV - TSLED Program		Has the court received any notices regarding pending cases?			X	Due to scope restrictions encountered during this engagement, this procedure could not be competed.
30	Reporting to the DMV - TSLED Program		Are reports from TSLED to the court maintained and utilized?			X	Due to scope restrictions encountered during this engagement, this procedure could not be competed.
31	Reporting to the DMV - TSLED Program		How many cases are shown as pending in the last TSLED report?			X	Due to scope restrictions encountered during this engagement, this procedure could not be competed.
32	Reporting to the DMV - TSLED Program		Does the cash book total agree with the bank reconciliation and supporting information? Is the number of pending cases reasonable? How many cases are shown as pending for more than 90 days? What actions have been taken to dispose of these cases?			X	Due to scope restrictions encountered during this engagement, this procedure could not be competed.

**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices: Appendix C – Flow Charts  
July 2016**

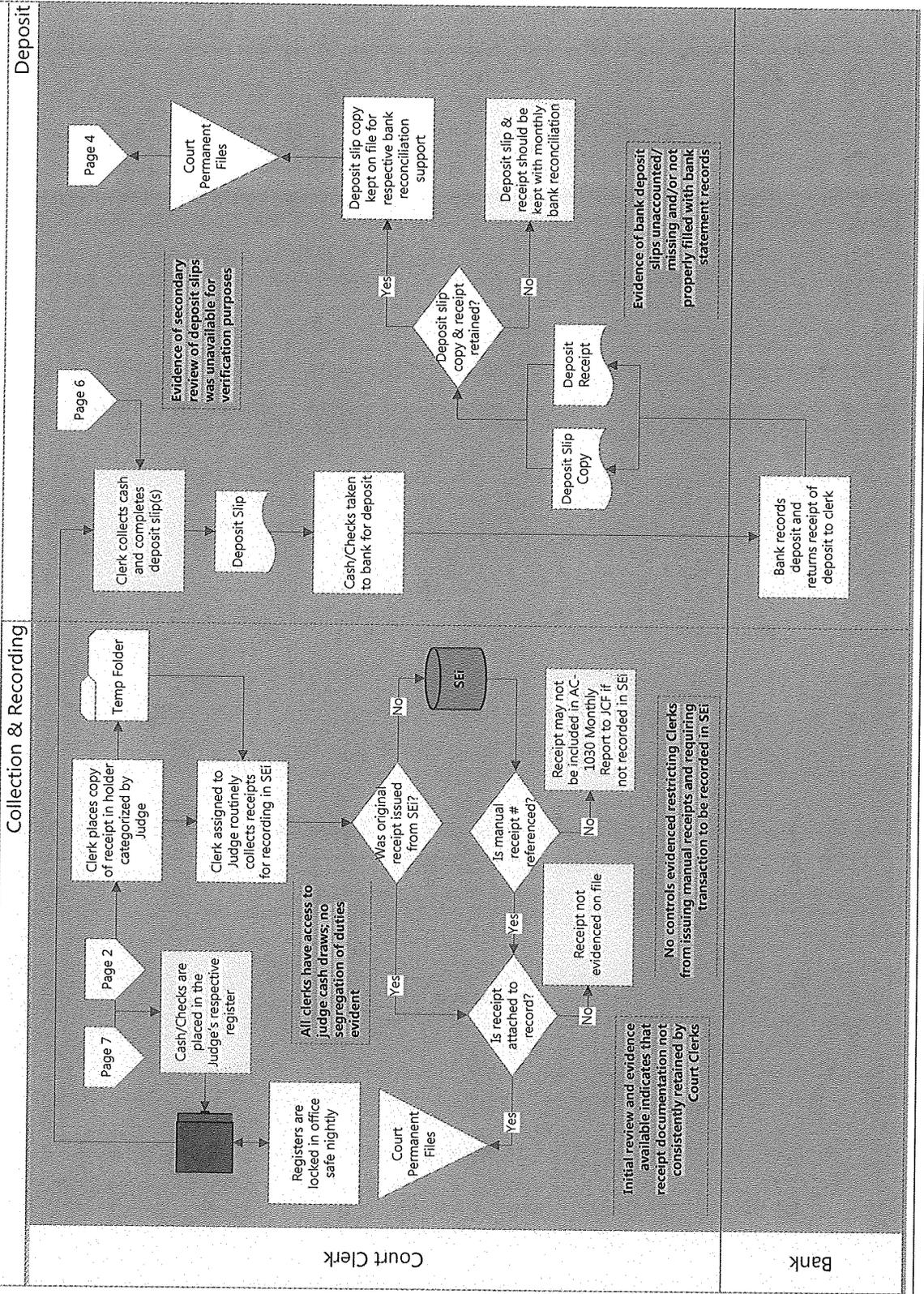
**VTL Processing – Establishing the Fines & Surcharge Due (Page 1)**



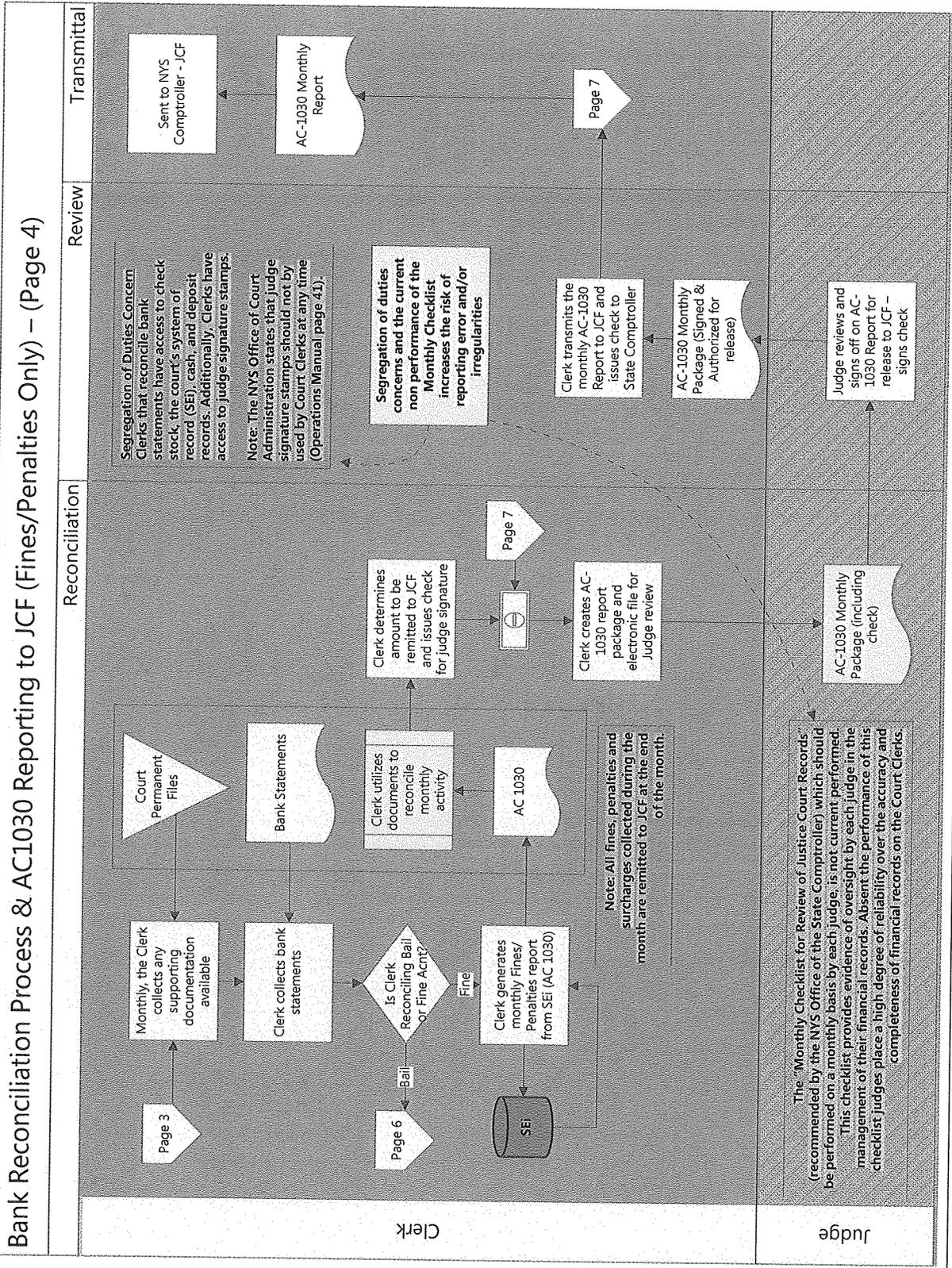


**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices: Appendix C – Flow Charts  
July 2016**

**Cash/Check Collection, Recording (Fines & Penalties) and Deposit Processing (All) – (Page 3)**



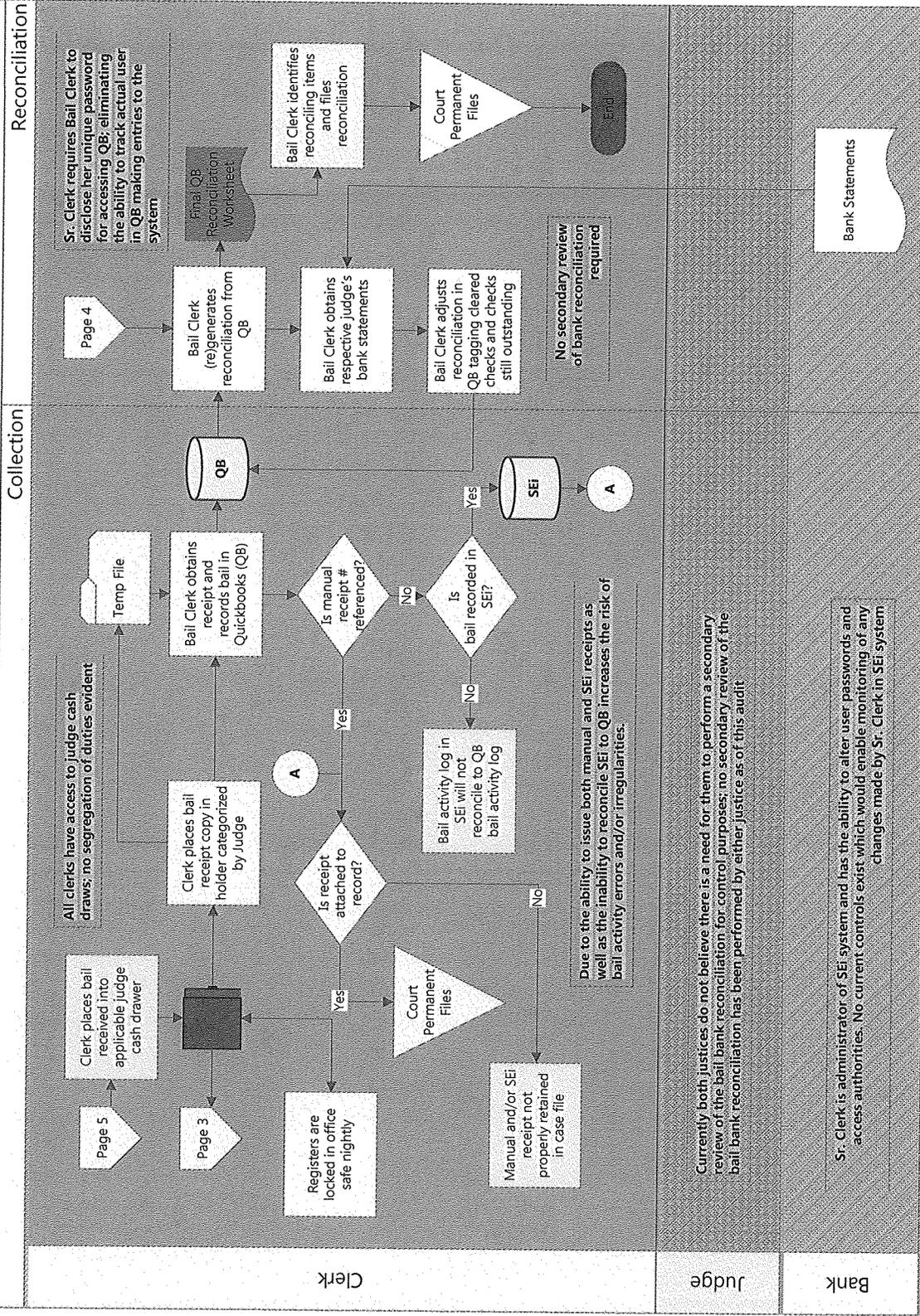
**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices: Appendix C – Flow Charts  
July 2016**



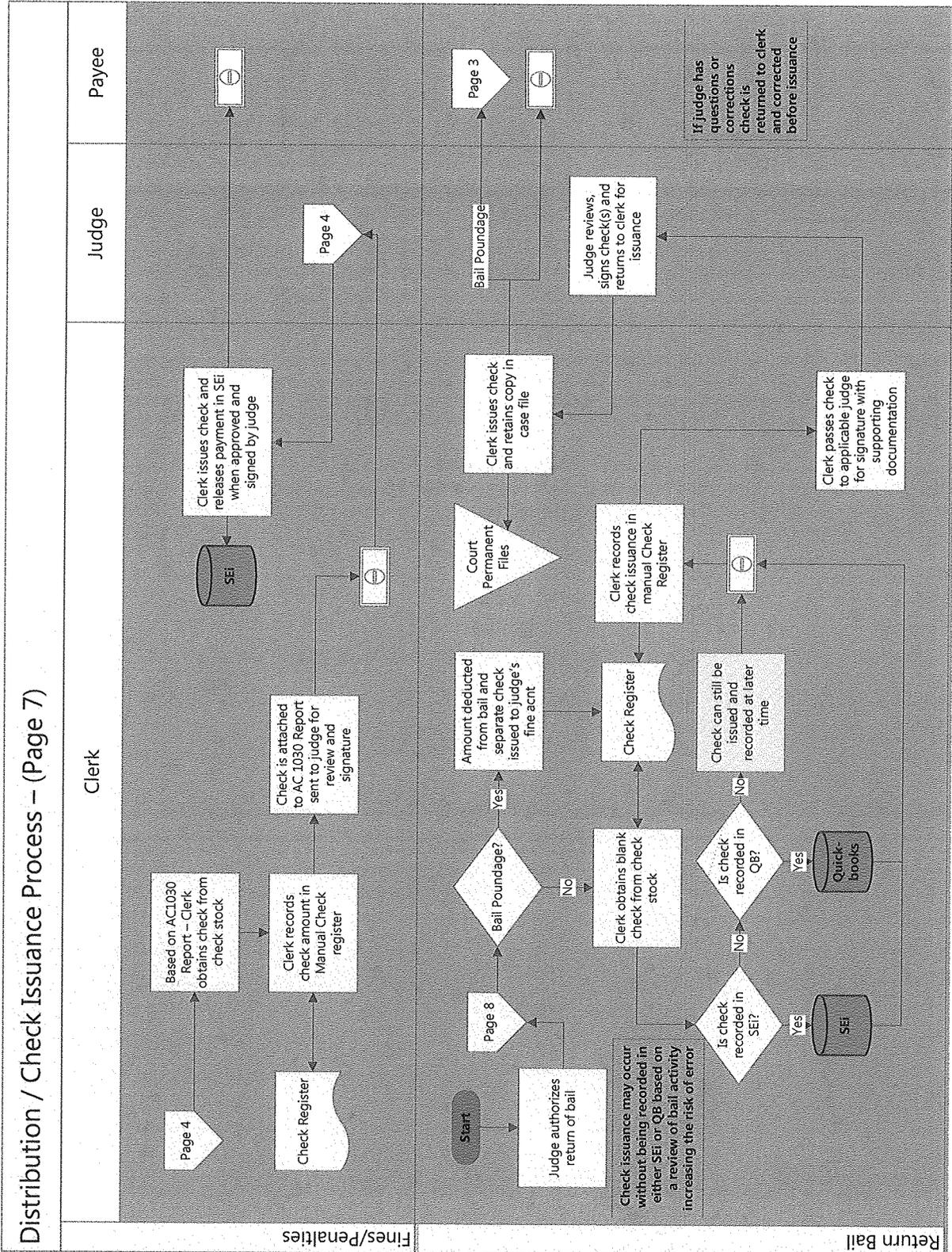


**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices: Appendix C – Flow Charts  
July 2016**

**Collection and Reconciliation Process (Bail) – (Page 6)**



**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices: Appendix C – Flow Charts  
July 2016**



**Town of Fishkill  
Town of Fishkill Justice Court  
Financial Management & Oversight Practices: Appendix C – Flow Charts  
July 2016**

**Return Bail and Bail Management Processing – (Page 8)**

