Town of Greenburgh

Justice Court

Consulting Report

September 20, 2013
September 20, 2013

Town of Greenburgh Town Board
Attention: Paul Feiner
Town Supervisor
Town of Greenburgh
177 Hillside Avenue
Greenburgh, New York 10607

Dear Mr. Feiner:

We are pleased to attach our reports for the Town of Greenburgh Justice Court. The consulting report, pages 1 through 34, consists of a narrative of Court’s current processes, including certain work we performed, observations made and internal control weaknesses identified. Our report also includes our 39 recommendations on pages 35 through 44. The Agreed Upon Procedure report presents the 51 procedures we were asked to perform and our findings thereon.

We want to take this opportunity to express our appreciation to all the Court staff, especially Annu Jacobs, Court Administrator and Cecile Sia, Chief Court Clerk, for their assistance and cooperation during our time at the Court Office.

Thank you for the opportunity to assist the Town of Greenburgh.

Very truly yours,

O’Connor Davies, LLP

O’Connor Davies, LLP

Attachments
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TOWN OF GREENBURGH JUSTICE COURT

In connection with the consulting portion of our special engagement with the Town of Greenburgh Town Board (the “Board”) we have documented the business operations, accounting and reporting functions of the Town of Greenburgh Justice Court (the “Court”). Our engagement incorporated 8 broad areas including Parking and Traffic Tickets, Bail, the Justice Court Fund (“JCF”), Cash Receipts, Records Retention, Town Board Oversight, Computer Controls and Access and compliance with the Handbook for Towns and Village Justices and Court Clerks.

Justice Courts are courts in New York State that handle parking and traffic tickets, criminal matters, small claims and local code violations such as zoning. Though justice courts constitutionally are part of the New York State Unified Court System, state law generally makes justice courts independent of New York’s Office of Court Administration (OCA) and instead makes Justice Courts the joint responsibility of their sponsoring localities and the Justices.

The Court operates with 3 Justices and 15 employees whose function is to administer the activities of the Court. Those employees include a court administrator, a senior bookkeeper, a chief court clerk, a court clerk, six assistant court clerks and five court officers. The Court handles cases that include traffic violations, parking violations, zoning issues, criminal matters and misdemeanors and collects fines, fees, summonses, penalties and bail routinely in the execution of its duties. Revenues of the Court are generated principally from parking and vehicle and traffic tickets and related surcharges.

Our engagement included walk through procedures and interviews with 16 individuals who work for the Court or the Town of Greenburgh Police Department. The individuals interviewed and their respective titles are as follows:

<table>
<thead>
<tr>
<th>NAME</th>
<th>TITLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honorable Arlene Gordon- Oliver</td>
<td>Court Justice</td>
</tr>
<tr>
<td>Honorable Delores Scott Brathwaite</td>
<td>Court Justice</td>
</tr>
<tr>
<td>Honorable Walter Rivera</td>
<td>Court Justice</td>
</tr>
<tr>
<td>Annu Jacob</td>
<td>Court Administrator</td>
</tr>
<tr>
<td>Cecile Sia</td>
<td>Chief Court Clerk</td>
</tr>
<tr>
<td>Hector Morel</td>
<td>Court Clerk</td>
</tr>
<tr>
<td>Janet Skirianos</td>
<td>Assistant Court Clerk</td>
</tr>
<tr>
<td>Chikkia Bennett</td>
<td>Assistant Court Clerk</td>
</tr>
<tr>
<td>Shweta Jha</td>
<td>Assistant Court Clerk</td>
</tr>
<tr>
<td>Herbert Lopez</td>
<td>Senior Bookkeeper</td>
</tr>
<tr>
<td>NAME</td>
<td>TITLE</td>
</tr>
<tr>
<td>--------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>Bart Talamini</td>
<td>Comptroller</td>
</tr>
<tr>
<td>Margaret C. Taglia</td>
<td>Deputy Town Attorney</td>
</tr>
<tr>
<td>Tristan Soares</td>
<td>Data Processing Assistant</td>
</tr>
<tr>
<td>John Lucido</td>
<td>Building Inspector</td>
</tr>
<tr>
<td>Liz Gerrity</td>
<td>Staff Assistant, Building Department</td>
</tr>
<tr>
<td>Tim Carroll</td>
<td>Sergeant Police Department</td>
</tr>
</tbody>
</table>

As part of our engagement we have documented certain processes of the Court through both descriptive and flowchart formats. We have also identified weaknesses in internal controls and deficiencies in processes and procedures and have provided recommendations to strengthen or establish internal controls and enhance existing processes and procedures. Our engagement has also updated the status of recommendations put forth by the office of the State Controller and the Independent Accountants in their respective audit reports and assessed compliance with the Justice Court Fund Handbook for Town and Village Justices and Court Clerks.
TICKETS

Tickets are issued to motorists for either a moving violation, such as exceeding the speed limit, or a non moving violation, such as a parking ticket. Tickets are also issued for an ordinance violation such as building code violations.

- **Parking Tickets** - Parking tickets issued by the Town of Greenburgh (the “Town”) or the Westchester County Police Departments are manually prepared and a copy of the ticket is collected by the Court and sent on to a parking ticket management service provider named Complus Data Innovations, Inc. (“Complus”). These parking tickets are then data entered into the Complus parking citation system. Parking tickets issued by the Hartsdale Parking District, which was created as a “Special District” to provide commuter parking to the Town, are electronically prepared using hand held devices and are also uploaded to Complus. Ticket information and images of manually issued tickets are then available to the Town. Complus provides all of the necessary equipment, software and training for the processing of parking tickets and provides delinquent notices and year to date disposition notices.

Tickets are paid and processed under either of three methods; tickets paid by mail, tickets paid at the Court window, and tickets paid at the website.

  o Tickets paid by mail are mailed to a specific mail box where the Town picks up the mail and delivers it unopened to an assistant court clerk who opens the mail, groups the ticket and the check together, and posts the paid ticket to the parking system.

  o If the ticket is paid at the Court window the assistant clerk accepts the ticket, the payment and other documents at the window and issues a receipt. The receipt copy, ticket and any other documents are bundled together. The assistant court clerk for parking picks up and time stamps the documents paid at the Court window and those parking tickets received through the mail and enters the payments into the Complus system noting if the ticket was paid by cash, credit card or check. The assistant clerk endorses the checks and records the ticket number on the checks and issues a receipt for any payments received by mail.

  o For tickets paid at the website the defendant signs on through the town website which is interfaced with the Complus database and enters the ticket number or license plate number and credit card information. Payment is then posted to the Complus system. Complus charges a $3.50 fee to process a payment, which is charged to the defendant not the Town, and collects from the credit card companies. Each week a check and report are delivered to the Court. An assistant court clerk issues a receipt for the check and processes the proceeds in the daily work. At the end of the day, the batch reports are prepared and grouped with checks, cash or credit card receipts, tickets and other documentation for the senior bookkeeper to review and prepare the necessary deposit slips.
We noted during our testing of parking tickets, in which we downloaded 1,126 tickets issued for the month of May 2013, inclusive of 194 manual tickets, that 23 of the manual tickets were issued in an amount different than the amount listed on the Town's parking fee schedule. Town Police officers are encouraged to refer to the fee schedule when issuing tickets. When we inquired about this issue it seems that some officers do not always refer to the parking fee schedule and rather rely on memory to write the tickets as a result the incorrect amounts are entered on the parking tickets. A parking fee schedule is kept in patrol cars of all officers who write parking tickets.

For the years 2008 through 2012 collection rates on parking tickets were 92.04%, 92.24%, 91.34%, 91.45% and 90.68% respectively as compared to the industry average of 85%. There are $3,292,861 of unpaid parking tickets inclusive of penalties of $2,470,500 as of June 30, 2013 as illustrated in the aging listed below. The initial parking fines comprise $823,221 of the total balance.

<table>
<thead>
<tr>
<th>Age of Ticket</th>
<th>Number of Tickets</th>
<th>Value of Fines</th>
<th>Value of Penalties</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-30</td>
<td>705</td>
<td>$15,380</td>
<td>$325</td>
<td>$15,705</td>
</tr>
<tr>
<td>31-60</td>
<td>339</td>
<td>8,825</td>
<td>1,685</td>
<td>10,510</td>
</tr>
<tr>
<td>61-90</td>
<td>248</td>
<td>7,595</td>
<td>2,585</td>
<td>10,180</td>
</tr>
<tr>
<td>91-180</td>
<td>812</td>
<td>22,535</td>
<td>16,950</td>
<td>39,485</td>
</tr>
<tr>
<td>181-365</td>
<td>817</td>
<td>23,970</td>
<td>33,290</td>
<td>57,260</td>
</tr>
<tr>
<td>over 1 year</td>
<td>1,763</td>
<td>44,492</td>
<td>88,738</td>
<td>133,230</td>
</tr>
<tr>
<td>over 2 year</td>
<td>1,568</td>
<td>32,645</td>
<td>79,848</td>
<td>112,493</td>
</tr>
<tr>
<td>over 3 year</td>
<td>1,588</td>
<td>36,430</td>
<td>80,370</td>
<td>116,800</td>
</tr>
<tr>
<td>over 4 year</td>
<td>1,725</td>
<td>38,290</td>
<td>87,290</td>
<td>125,580</td>
</tr>
<tr>
<td>over 5 year</td>
<td>41,370</td>
<td>593,059</td>
<td>2,078,560</td>
<td>2,671,619</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50,935</strong></td>
<td><strong>$823,221</strong></td>
<td><strong>$2,469,640</strong></td>
<td><strong>$3,292,861</strong></td>
</tr>
</tbody>
</table>

Efforts to collect on these tickets are made routinely by the Court and Complus. Complus issues up to 6 notices of delinquency for an outstanding parking ticket. The older the tickets become the more difficult they are to collect and challenges to the collection process can be asserted by the violator. In addition individuals routinely move, die, become hospitalized and experience other life changing events that impede the collection process of the Court. In some instances the violators are from out of state or country and are more readily able to evade enforcement measures. Additionally the New York State Department of Motor Vehicles, upon notification from the Court, will impede the registration renewal process of a violator having three unpaid parking tickets in the same municipality within an 18 month period. If however, the 3rd violation is within a 19 month period the renewal of registration process will not be interrupted. There are no such suspensions imposed on violators with only 1 or 2 unpaid parking tickets.

The aging illustrated above is represented by 50,935 tickets outstanding. We have analyzed the aging data and the following presents comparative agings on outstanding parking tickets as of...
December 31, 2011 and 2012 and June 30, 2013. This aging only illustrates tickets that are within the range of 0-30 days to over 4 years because the dollar value of the remaining accounts that are over 5 years are out of scale with this presentation.

The aging that follows presents comparative agings on outstanding parking tickets as of December 31, 2011 and 2012 and June 30, 2013 that are over 5 years old. Clearly the majority of the money outstanding resides in the 5 years and over category.
In furtherance of our analysis of the Court's outstanding parking tickets, we noted that 39,648 of the 50,935 of tickets outstanding at June 30, 2013 or 78% of all tickets outstanding, represented by a value of approximately $2,500,000, were issued to vehicles with New York state license plates. The balance of 11,287 tickets or 22% of all tickets outstanding, represented by a value of approximately $800,000, were issued to out of state vehicles or vehicles for which data was entered erroneously on the parking ticket and no name could be located.

Of the 39,648 tickets issued to New York state vehicles we noted above, 31,756 of those tickets or 62% of all the tickets outstanding, represented by a value of approximately $2,000,000 were issued during or prior to 2007. The 7,892 tickets remaining representing 15% of the tickets outstanding and with a value of approximately $500,000 were issued between January 1, 2008 and June 30, 2013.

The following are breakdowns by year of the remaining 7,892 tickets issued to vehicles with New York state license plates between January 1, 2008 and June 30, 2013:

<table>
<thead>
<tr>
<th>Year</th>
<th>Tickets</th>
<th>Total Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,104</td>
<td>$79,425</td>
</tr>
<tr>
<td>2009</td>
<td>1,137</td>
<td>$85,415</td>
</tr>
<tr>
<td>2010</td>
<td>1,257</td>
<td>$89,600</td>
</tr>
<tr>
<td>2011</td>
<td>1,158</td>
<td>$86,250</td>
</tr>
<tr>
<td>2012</td>
<td>1,299</td>
<td>$98,622</td>
</tr>
<tr>
<td>2013</td>
<td>1,937</td>
<td>$89,215</td>
</tr>
<tr>
<td></td>
<td>7,892</td>
<td>$528,527</td>
</tr>
</tbody>
</table>
The following are breakdowns by vehicle of the remaining 7,892 tickets issued between January 1, 2008 and June 30, 2013:

<table>
<thead>
<tr>
<th>Tickets Per Vehicle</th>
<th>Vehicles</th>
<th>Tickets</th>
<th>Total Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3,673</td>
<td>3,673</td>
<td>$ 251,372</td>
</tr>
<tr>
<td>2</td>
<td>742</td>
<td>1,484</td>
<td>101,475</td>
</tr>
<tr>
<td>3 or more</td>
<td>476</td>
<td>2,735</td>
<td>175,680</td>
</tr>
<tr>
<td></td>
<td>4,891</td>
<td>7,892</td>
<td>$ 528,527</td>
</tr>
</tbody>
</table>

For the period January 1, 2008 to June 30, 2013, the Court has declared 226 individuals, representing 1,629 tickets, to be scofflaw violators. It should be noted that although scofflaws are so declared after 3 parking tickets within an 18 month period it is possible to have 3 tickets and not be declared a scofflaw. If the 3rd ticket is issued after the 18 month period then the violator is not subject to the loss of registration discussed above.

It is important to note that although the balance in unpaid parking tickets is $3,292,861 at June 30, 2013 approximately 75% or $2,469,640 of that balance is represented by penalties. With that much added to the original ticket fines there is no inducement for the violator to pay as the penalties increase exponentially. In addition the restrictions imposed on drivers do little to enhance the collectability of tickets.

The Court and Complus need to do more in order to reduce the outstanding balance. Some municipalities in New York and other states have instituted amnesty programs. Recently, in April of 2013, the Town of Brookhaven, NY adopted a parking ticket amnesty program as it was owed $2,700,000 in old unpaid fines and hoped to collect about $300,000 under the program. Nassau County, NY also adopted an amnesty program in May of 2011 on parking violations. Another measure includes collecting the outstanding parking tickets of Town residents by adding the ticket to their property tax bill. Consideration should also be given to the use of a collection agency. Such agencies are useful as they make phone calls rather than just send notices. The agencies will take a percentage of what is collected however they are performing a valuable service as the Court has little time to follow up over the phone. Another option would be to report unpaid balances to credit reporting agencies such as Trans Union, TRW and Equifax if the balance remains unpaid after a certain time period. Such a strategy would interfere with the ability of violators to get mortgages, credit cards and even jobs in some cases. This strategy was instituted in the City of Atlanta, GA in 2011 as well as in other municipalities and could be a strong deterrent to avoiding the payment of parking tickets. Before adoption of any of these measures, consideration should be given to the legality of their implementation.

- **Traffic Tickets** - Most traffic tickets are issued electronically however some of the Town’s police cars are not outfitted with the necessary computer equipment to generate electronic tickets and are forced to issue manual tickets. In addition it is necessary for all officers to possess some manual tickets in the event they are unable to generate
electronic tickets due to equipment failures in the field. Traffic tickets are issued by Town police officers as well as NY State and Westchester County police officers. Manual traffic tickets issued by Town police are prepared on a pre-numbered five part form in which one copy goes to the violator, one copy goes to the State of NY, two copies go to the Court and one copy is retained by the police department. At the end of a shift manual tickets are first returned to the Greenburgh Police Headquarters. The Court then picks up the manual tickets from the Greenburgh Police and enters the information into the state database, a DMV database where vehicle and Traffic Tickets issued in New York State are recorded, which is downloaded in 72 hours to the Court Room Program, a universal case management system for New York States Justice Courts developed by Service Education, Inc. ("SEI") and the ticket information is printed and filed by appearance date.

Defendants who mail in their plea have the option of a plea of guilty or not guilty. For those who plead guilty an assistant court clerk will determine the fine due from Magill's Vehicle and Traffic Law Manual and send a letter advising the amount of the fine imposed. The guilty plea and fine amount are then entered into the SEI system by the assistant court clerk. A manual file is maintained that keeps track of the payment due and if it is not paid then the license of the defendant is suspended. The SEI system is an electronic docketing system designed to track every case from start to finish. It allows the Court to immediately update the case with current adjournment information, preventing cases from 'falling through the cracks' and assuring timely adjudication and reporting. Over 200 forms and letters are included in the program. The Court has the ability to create their own letters or customize existing letters to their own specifications. We are not sure that the Court utilizes all the capabilities of the SEI system and, as a result, is a paper intensive work place. However, we also noted in our engagement that some features of SEI are not utilized due to their limited functionality.

For those who plead not guilty by mail the SEI system is updated by the assistant court clerk to record the not guilty plea and a letter is sent to advise the defendant as to the date of Court appearance. The SEI system creates the Court calendar entry and on the scheduled day of appearance the defendant appears before the judge who determines the outcome and may impose a fine. The court clerk enters the disposition and fine into the SEI system and records the fine on the court calendar.

For electronic tickets Town police officers utilize the traffic and criminal software system ("TraCS"). TraCS is an application software that is loaded onto mounted laptop computers in the Town's police cars. Accordingly computer generated traffic tickets and incident related reports can be prepared utilizing the software. TraCS represents an efficient way to simplify data collection associated with ticketing and reporting incidents. TraCS eliminates the need to enter repetitive information such as names, addresses, plate numbers etc. on multiple forms. During the course of their patrols, officers will issue tickets and at the end of their shift data from their laptop will be uploaded to the state
data base which in turn will be downloaded to the SEI system within 72 hours. In turn ticket information is printed and filed by appearance date.

Vehicle and Traffic tickets are paid and processed in the same manner as are parking tickets, either; by mail, at the Court window, or at the website.

- Tickets paid by mail are mailed to the Court where they are delivered unopened to an assistant court clerk, who opens and groups the tickets and the checks together. The paid tickets are posted to the SEI system and to the state database.

- If the ticket is paid at the Court window the assistant clerk accepts the ticket, the payment and other documents at the window, enters the payment into the SEI system and the state database. The SEI system issues a receipt for the payee. Another copy of the receipt, the ticket and any other documents are bundled together and placed in a file. This file is reviewed by the Court Clerk to insure that the state database has been updated properly.

- For tickets paid at the website, the defendant goes to PayCourtOnline.com, a State of New York provided web site. The violator enters their ticket or case number and their last name to access their ticket. They then enter their credit card information. The site charges a sliding scale fee depending on the amount of the ticket. The Court downloads the on line transactions every other day, updates the state database and, also receives wire transfers into the respective Justice’s bank account for the paid tickets.

Unlike parking tickets there is no aging available for unpaid traffic tickets. There is a report called the Partial Payment Due Report generated by the SEI system upon request. The report does not offer a report date other than the date the request for the report is being made. Accordingly we were unable to request a June 30, 2013 report however we did obtain a report dated September 13, 2013. The Court Administrator informed us that she did not find the balances to be reliable.

In addition the report is not represented by just traffic tickets where violators have plead guilty, were fined but didn’t pay. It also includes individuals who are paying on account and a variety of civil infractions. The balance listed on the September 13, 2013 report of $179,004 is too low in the opinion of the Court Administrator and might be closer to $500,000. In any event the SEI system can’t seem to provide a reliable number. As a result this report is not used and traffic tickets are monitored through a manual process with paper files to keep track of the status of tickets.

We were provided with a case aging report from the SEI system which was printed as of September 18, the date requested. The report ages open case inventory by Justice by year. The case aging report is not routinely used by the Court. The report does not seem to be as reliable as one of the Justices has approximately 59,000 open vehicle and traffic ticket cases.
There also exists a class of tickets for those individuals who ignore their tickets and don’t respond until they are threatened with a suspension of their license. Such individuals eventually respond and in many cases will also have to pay a termination of suspension fee in addition to the ticket fine. In any event, certain of those individuals will continue to ignore the ticket even though their driver’s license is suspended and the Court is powerless to go after them beyond a notification of their status. The SEI system can’t produce a report on these individuals except that they appear on the court docket but are never calendared for appearance as they have never pleaded not guilty, which would entitle them to a hearing before the judge. The Court does maintain a manual file of these individuals. We also became aware that residing within the Court building are numerous boxes of processed and unprocessed cases from the early 1980’s through to 2007. The Court has, as staffing is available, attempted to clear these cases but it remains uncertain the number of open cases within the boxes. It is important to keep in mind that cases that have not been adjudicated, regardless of their quantity, have no dollar value assigned to them because the violators have neither plead guilty, which would otherwise affix a value, nor appeared before the Court to establish their innocence.

Through our interviews with the Record Unit’s Police Sergeant, we learned that an officer completes a UTT/Summons Request Form to obtain a new series of parking and vehicle and traffic tickets. The request is given to staff of the Records Unit in the Greenburgh Police Station. Staff removes the tickets from the Unit safe, log the ticket request noting the date, ticket numbers and officer’s name, and gives the tickets to the officer. The officer will use all the tickets issued to them before requesting a new series of ticket numbers. Procedures require that manual voided parking, vehicle and traffic tickets be forwarded to the Police Department’s Records Unit.

In our test work, we confirmed that tickets are purchased pre-numbered. We further tested the May 2013 parking tickets issued to insure that all the manual tickets were accounted for. We received a download from Complus of tickets issued. We sorted and listed manual parking tickets issued and reviewed the ticket sequence to determine if all numbers were accounted for. We found 1 instance of the 176 manual tickets issued where the numbering sequence skipped a number. We reviewed the Complus data base to determine that the ticket had not been processed. The Records Unit was able to locate a voided parking ticket with the skipped number.

We further tested January 2013 vehicle and traffic tickets. We printed the 900 plus vehicle and traffic tickets issued and sorted them by issuer, i.e., Greenburgh Police, State Police. We data entered selective data information from the printed vehicle and traffic tickets for Greenburgh police, ticket number, defendant, date, issuing Police Officer. We sorted and reviewed the ticket sequence to determine if all numbers were accounted for. We found 24 instances or 9% of the 272 Greenburgh Police tickets where the numbering sequence skipped a number.

The Records Unit was not able to locate a voided manual vehicle and traffic ticket or a voided electronic vehicle and traffic ticket for the missing numbers. We noticed that the Police Department does not maintain a log for voided parking and vehicle and traffic tickets. We reviewed the SEI database and noted that the 24 vehicle and traffic ticket numbers that were
skipped were not processed by the Court. We were advised that the New York state numbering system is not strictly numerical and the matrix used to calculate a ticket number can result in apparent “skips” in numbers.

- **Building and Zoning Tickets** – Building and zoning tickets arise after a complaint is made against a property for a building or zoning code infraction and a Building Inspector investigates the allegation by visiting the site. If a violation has occurred, the Building Inspector advises the property owner by letter and gives the owner time to remedy the violation. If the matter is not remedied, the property owner is issued a ticket and the matter is placed on the Court calendar.

Once on the Court calendar, the matter is managed by the Town Attorney’s office. Commonly, the Court will allow more time for the violation to be remedied and, if not, a judicial determination is made and a fine may be imposed on the property owner for the violation.
JUSTICE COURT FUND

The Justice Court Fund ("JCF") is a fund established by the State Comptroller pursuant to NY State Finance Law. The JCF provides centralized accounting for fines, penalties, forfeitures and fees collected by the Justice Courts throughout New York State. JCF receives reports from those Justices that preside over a particular Justice Court. In the case of the Town of Greenburgh, NY (the "Town") there are three Justices currently in office and overseeing cases. As such, each Justice is required to submit monthly a report (the "Monthly Report") of the court activities of the preceding month. The Monthly Report is intended to capture all cases including criminal and civil infractions. Such reports can be filed manually or electronically. In the case of the Town the Monthly Reports are filed electronically and include that Justice’s unique Justice Identification Number. Monthly Reports are due by the 10th of the month immediately following the month being reported on. If the Monthly Report is received after the 10th of the month the report is considered late and continued lateness can suspend that Justices compensation.

Included on the Monthly Reports are the amounts of fees collected on closed cases and cases that remain open where payments are being received in installments or situations where the case is open and bail has been forfeited. The total amount of the fees collected for a given month are required to be paid to the Town and drawn on that Justices individual checking account where that Justices fines, penalties, forfeitures and fees are deposited. The individual justice’s will file electronically with the New York State Office of the State Comptroller and in turn will receive a report certification acknowledging that the monthly report was submitted confirming the amount of fines, penalties, fees and forfeitures collected and the date the check was sent to the Chief Fiscal Officer of the Town ("CFO"). The certification process in previous years required, according to The Handbook for Town and Village Justices and Court Clerks (the "Handbook"), that each Justice fax a Certification Form to the office of the State Comptroller that certifies that the monthly report is a true and complete record of the activity of the court for a particular period. The current certification practice is that each Justice utilizing a unique individual password submits their Monthly Report electronically, that includes that Justice’s unique identification number. Because of the inability for others to file with the same password this process now serves as the certification process as well. The Handbook has not been updated to include this revision to the certification process.

The Office of the State Comptroller will then return to each of the Justices an Invoice Billing Program ("IBP") Distribution Summary (the "Distribution Summary") within 2 to 3 weeks that summarizes the fines, penalties, forfeitures and fees collected by the Justice’s and summarizes the distribution of those funds between the State, the Town and the County pursuant to distribution codes that coincide with the various violations detailed in the Monthly Report. Based on the Distribution Summary from the JCF the Town will retain its share and remit to the office of the State Comptroller the State and county share for subsequent distribution.

As noted above the checks drawn on each Justice’s account are forwarded to the Town waiting further instructions on how much will be returned to the Office of the State Comptroller. The CFO is responsible for accounting for the Justice Court payments and is required to record the
receipts in a liability account until the IBP statement is received. Upon receipt of the IBP statement the town must make payment to the state in a timely manner. The Town in turn is in a position to now reverse the liability account and record as revenue its share of fines, penalties, forfeitures and fees included on the Monthly Reports. If the town fails to make a timely payment it risks being removed from the IBP program and Justices would be required to make Monthly Report payments directly to the State and the Town would then have to wait for its share from the State Comptroller.

We observed in our review of parking tickets that those tickets issued for violations of handicapped parking laws and accompanied by a $30 surcharge were not properly reported in the Monthly Reports filed with the OSC. As a result the monthly reports were inaccurate because they reported parking tickets on a gross basis and did not separately report the $30 surcharges. This omission has gone on for the 18 month period covered by our engagement, with surcharges totaling approximately $6,000 during the period, and for an indeterminate period prior to the start of our engagement.

In a separate agreed upon procedures engagement we had attempted to determine that the distribution summary as prepared by the OSC was accurate based on the coding assigned by the JCF to the various violations indicated in the Monthly Reports. The SEI system does not have a mechanism in place that can translate the violations per the Monthly Reports to the Distribution Codes indicated in the Handbook and on the IBP Distribution Summary. As a result the Town is at the mercy of the OSC that this process is correct and that the amounts remitted by the Town back to the State are correct. The JCF actually audits and codes the Monthly Report data electronically. We had initially attempted to test a particular month by converting a Monthly Report to Excel using Active Data, an Excel sorting and analytical feature, however the text based document did not readily convert to an excel document.

We were able, however to convert the Monthly Reports to an adobe document and from an adobe document to an excel document. This process, however, resulted in an excel document in which the statute and section descriptions, indicated on the Monthly Reports, did not line up with the fine imposed. We, then, manipulated the Excel data in an attempt to line up the statute and section description with the fine, however, this manipulation undermined the integrity of the document. We were able to test several categories of violations yet we could not draw any conclusions as some of the violations listed in the Monthly Reports agreed with the Distribution Summary and some did not but by minor amounts. Accordingly, we can't conclude whether any discrepancies noted by us were the result of a processing error by the state or were created by our data manipulation. We suggest that the Town contact the State Comptroller's office to determine if they can provide the Town with excel reports that reconcile the various information listed on the monthly reports with the distribution codes indicated in the IBP distribution summary.

The bank reconciliation process is an important component of the JCF filings as reported amounts need to be accurate.
We observed during the course of performing our agreed upon procedures that bank reconciliations were not prepared in the specific manner illustrated in Exhibit 9 of the Handbook.

<table>
<thead>
<tr>
<th>Bank Reconciliation</th>
<th>Handbook Illustration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Balance - End of Month</td>
<td>$</td>
</tr>
<tr>
<td>Add: Deposits in Transit</td>
<td></td>
</tr>
<tr>
<td>Less: Outstanding Checks</td>
<td></td>
</tr>
<tr>
<td>Adjusted Bank Balance - Month End</td>
<td>A</td>
</tr>
<tr>
<td>Cash Book Balance - Month End</td>
<td>B</td>
</tr>
</tbody>
</table>

A should agree with B

Since there are several ways to prepare a bank reconciliation we do not take exception to the fact the senior bookkeeper uses a different format. However the bank reconciliations prepared by the bookkeeper leave a lot to be desired. Bank reconciliations are prepared by the senior bookkeeper after first calculating the book balance as of the end of the month. The month end book balance is determined by starting with the ending book balance of the preceding month and adding receipts for the month and subtracting withdrawals for the month. The resulting balance is the end of month book balance which is then reconciled to the ending bank balance. We have illustrated below those bank reconciliations prepared by the senior bookkeeper for the period January 31, 2013 through April 30, 2013 for Justice Gordon Oliver.

### Arlene Gordon - Oliver

<table>
<thead>
<tr>
<th></th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>$ 70,950.00</td>
<td>$ 93,028.00</td>
<td>$ 83,251.70</td>
<td>$ 72,297.30</td>
</tr>
<tr>
<td>Receipts</td>
<td>93,222.00</td>
<td>85,751.70</td>
<td>71,457.85</td>
<td>87,784.10</td>
</tr>
<tr>
<td>Withdrawals</td>
<td>(70,950.00)</td>
<td>(95,528.00)</td>
<td>(81,412.25)</td>
<td>(71,617.30)</td>
</tr>
<tr>
<td>Book Balance</td>
<td>93,222.00</td>
<td>83,251.70</td>
<td>73,297.30</td>
<td>88,464.10</td>
</tr>
<tr>
<td>Bank Charges</td>
<td></td>
<td>(840.00)</td>
<td>(840.00)</td>
<td></td>
</tr>
<tr>
<td>Outstanding Checks</td>
<td>225.00</td>
<td>225.00</td>
<td>225.55</td>
<td>225.00</td>
</tr>
<tr>
<td>Dishonored Checks</td>
<td>(194.00)</td>
<td>(840.00)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank Balance</td>
<td>$ 93,253.00</td>
<td>$ 82,636.70</td>
<td>$ 72,682.85</td>
<td>$ 87,849.10</td>
</tr>
</tbody>
</table>
Clearly it can be seen that the January bank reconciliation for Justice Oliver appears relatively straightforward. The next month, however reveals the error in presentation that occurs frequently throughout the bank reconciliation process. The opening book balance for February of $93,028 does not agree with the ending book balance that was determined in January of $93,222. The difference of $194 is represented by returned checks that were not adjusted against the receipts of $93,222 for the month of January. Returned checks are checks that were dishonored by the bank for parking tickets paid by check. The Court does not allow payment by check for traffic or other violations unless the checks have been certified by a bank so the only returned checks are for parking. Returned checks represent adjustments to the receipts collected in a given month and therefore the receipts for January should have been adjusted downward and reported as $93,028 rather than $93,222. Had this been done the book balance would have been computed as $93,028 and would have been reconcilable to the ending bank balance of $93,253 with the only difference being $225 represented by outstanding checks. Further the roll forward amount from January of $93,028 would have been seamless.

Another frequent oddity is to reflect bank charges as a reconciling item. In the first place there are no bank charges on these accounts. The $840 so classified above is actually dishonored checks originating in February that were properly classified in that month but improperly reported as they should have reduced the monthly receipts amount of $85,751.70 down to $84,911.70. In March the senior bookkeeper rolls forward the ending book balance for February but still needs to reflect a reconciling item of $840 because it was never adjusted in the receipts. If the bookkeeper had followed the same logic he followed in February he would have rolled forward an opening book balance for March of $82,411.70 represented as the $83,251.70 ending book balance reduced by the dishonored checks of $840 and would no longer have needed to reflect a reconciling item.

The problem with this presentation is that receipts are determined on a gross rather than a net basis by the senior bookkeeper. Basically two types of situations can cause for gross receipts to be adjusted. One of those is a dishonored or returned check the other is an outstanding check. When the Monthly Report is prepared dishonored checks adjust the receipts that would otherwise have been reported. This is appropriate because it remains uncertain if or when the dishonored check will ever be collected. The bank reconciliation should also follow this format and reduce receipts by any dishonored checks. In that way the dishonored checks need not be shown as a reconciling item because they have been reflected in both the book receipts and bank account.

Refund checks are also an adjustment to gross receipts because they represent a reimbursement to violators who have overpaid there fines. Accordingly these individuals are entitled to be refunded any overpayments and as a control feature the Monthly Report that is generated by the SEI system will not record a receipt in excess of the required fine under the law. In other words if a traffic ticket is issued for a speeding violation and the fine is $100 the system will only record $100 in the Monthly Report even if the violator sent a check in for $120. While this is an infrequent occurrence it can happen once or twice per month per Justice. When the bank reconciliations are prepared the gross receipts amount used in determining the book
balance as indicated on the bank statement should be reduced by the amount of the overpayment check issued to the violator. It should be noted that sometimes these checks can be outstanding for many months most likely due to the fact that the small amounts create no urgency for liquidation on the part of the violator.

The reason bank reconciliations are done is to account for the differences between the time items are being recorded in the books and when they hit the bank.

We also observed that none of the bank reconciliations ever contained any deposits in transit. This would suggest that each day’s collections of fines, penalties, fees and forfeitures were deposited in the bank the same day they were collected by the Court yet this is not the case. We know that most deposits are made the following day which would give rise to a deposit in transit on every bank reconciliation prepared except that the Court’s practice has been to only record those amounts that hit the bank on a given day. As a result the book receipts are continually understated by the last day of the month’s collections and overstated by the last day of the prior month’s collections. The consequence of this omission is that the funds collected on the last day of the month are not reported to the JCF until the following month. On average these deposits are approximately $12,000.

Further to this discussion we learned that payments by credit card are reversed out of the day’s receipts because the funds do not typically hit the bank account for 2 days. The credit card amounts are then reentered on the date they hit the bank statement. This process is completely unnecessary and should also be discontinued.

Our judgment on the bank reconciliations is that they are unnecessarily complex and should be simplified into a consistent reconciliation process. We noted that there was no evidence of any formal review of the bank reconciliations by someone in a supervisory capacity nor was there an objective determination of when the bank reconciliations were completed. We do believe however that bank reconciliations are prepared on a timely basis.

The following represents a suggested bank reconciliation format that the Court should follow on a going forward basis. This format will utilize cash book receipts which should mirror the cash per the Monthly Reports. Cash receipts need to be recorded properly going forward which means credit card payments should not be reversed out and cash received on the last day of the month should be reported on that day.
Opening Balance per Books $ 100,000
Gross Receipts per Monthly Report 86,000 A
Payments to Town of Greenburgh (100,000)
Ending Balance per Books 86,000
Outstanding Checks 120
Deposit in transit (12,000)
Ending Balance per Bank $ 74,120

A Should agree with total receipts per monthly report

As there are several missteps in the bank reconciliation process it is best to identify them individually as follows:

- **Monthly Receipts** - Unfortunately the determination of the monthly receipts is not accurate and fails to include receipts recorded on the last day of the month and credit card payments made on the last 2 days of the month. These procedures should be discontinued so that an accurate reporting of cash can occur and a proper cash receipts amount can be used by the senior bookkeeper to compute and roll forward the month end cash balances.

- **Overpaid Fines** - As noted in our discussion on the Monthly Reports these reports will reflect the correct receipt for a ticket even if a violator overpays the ticket. On the bank reconciliation the senior bookkeeper should only record monthly receipts that have been correctly computed as discussed above and then reflect any checks issued as overpaid fines as outstanding on the bank reconciliation if they have not cleared the bank by month end.

- **Dishonored Checks** - Another item that causes a disparity between monthly receipts per the bank reconciliation and the monthly reports are dishonored checks from violators. Similar to refunded checks these amounts are not included in the receipts reported in the Monthly Reports. Most of these dishonored checks are for parking tickets as they are not required to be certified.

- **Deposits in Transit** - Deposits in transit present a special problem because the deposits that give rise to them are not included in the Monthly Reports. These deposits must be reported on the day received as discussed above so that the Monthly Reports will be considered accurate. In turn such amounts will properly appear on the bank reconciliations as such.
Revenue Reporting on the JCF Report

Justice Courts do not account for financial transactions on a fiscal year basis, and are not required to complete annual financial statements. Instead, they are required to account for cash receipts and disbursements from month to month. Justices determine accountability for receipts and disbursements by preparing the Monthly Reports which represents amounts due to the JCF. The Monthly Report totals represent the receipts of the Court for a particular Justice for a particular month and are also used to determine that Justice's reconciled cash book balance at the end of each month. The Town has a sense of the month's activity based on the monthly remittances each justice makes to the Town which is confirmed when the IBP Distribution Summary is received. Nowhere during our engagement did we see any analysis or reports issued by the Court that attempt to communicate the monthly receipts in a meaningful way that could be used to aid the Town for budgetary and other purposes.

We reviewed and graphed the primary revenue classifications reported on the monthly IBP Distribution Summaries for the period covered under our review January 1, 2012 through June 30, 2013. We noted that there was $4,404,999 of fines collected during this period of which $3,307,011 or 75.1% is represented by vehicle and traffic law violations, $658,252 or 14.9% is represented by parking violations, $184,790 or 4.2% is represented by Zoning and other ordinance violations and the remaining $254,946 or 5.8% is spread over a variety of infractions of which 72% is distributed to the state and county.

We noted that the Town's highest monthly revenue was for the month of August 2012 in which $199,799 or 62% of the total monthly revenue of $321,832 was received. Conversely the lowest monthly revenue was for the month of February 2013 in which only $112,175 or 53% of total monthly revenue of $213,731 was received. The variance between the months is principally due to additional revenue from Vehicle and Traffic law violations, $46,620, and additional revenue from parking tickets, $30,758 experienced in August 2012 as compared with February 2013. The reasons for such fluctuations between periods are not always easily explained but are best explained if done so sooner as opposed to later. While we see there are fewer parking and VTL violations in February 2013 the reason could be due to many factors. Notably February is shorter than August by 3 days. In addition factors such as the weather, the price of gas, the season and overall economic conditions can have an impact on driving patterns and volume.

The revenues for the period January, 2012 to June, 2013 earned from the State and Town in total are presented as follows:
Clearly a rough correlation appears to exist between the State and the Town in this graph. Unfortunately these trends are not as meaningful as they would be if plotted year after year however such an exercise is beyond the scope of this engagement. There does however appear to be a spike in activity in the summer months.

The revenues for the period January, 2012 to June, 2013 earned from the State and Town for Vehicle and Traffic Fines and Surcharges are as follows:
The State earns its revenue primarily from traffic violations issued within the Town as well as from the various surcharges imposed on motorists for most vehicle and traffic violations. The Town earns its revenues from the same categories except it does not earn as much as the state in surcharges. In addition the Town earns from a host of Town ordinance violations and administrative fees.

The revenues for the period January, 2012 to June, 2013 earned from the Town for Parking are as follows:
Town parking fines reflect a pattern that would be difficult to interpret from the above graph except it appears they are greater in the summer months which may be the case as we don’t have other periods to compare them with.

The revenues for the period January, 2012 to June, 2013 earned from the Town for zoning, building and other fines Vehicle and Traffic Fines and Surcharges are as follows:

Town zoning, building and other fines reflect a pattern that would be difficult to interpret from the above graph except it appears they are greater in the summer months which may be the case as we don’t have other periods to compare them with.

In order to better understand the trends identified in the above graph it would be useful if the Court was able to plot the IBP distribution Summary on a monthly basis and compare the results with the prior month as well as the same period of the prior year. Such a practice would alert the Town of any changes in volume and the reasons therefore as soon possible. This information could be helpful to the Town for cash flow purposes and for budgeting purposes as they would be better able to forecast more precisely.
BAIL

Bail represents some form of property deposited or pledged to a court to persuade it to release a suspect from jail, on the understanding that the suspect will return for trial or forfeit the bail. After a defendant is arraigned by one of the Justices and bail has been established the defendant can post bail at the cashier’s window of the Court. In some cases a defendant can’t post bail immediately and will be turned over to the county jail. Bail can then be posted later with the county who will in turn reimburse the town in the form of a check drawn on the county. Bail can also be received by the police for any individual who has been arraigned in the evening after the Court has closed. The police department will keep the bail in a safe and the next day the Court bookkeeper will pick it up. Ordinarily bail is paid with cash, money order, attorney check, and certified check or, occasionally, a credit card. Bail that has been forfeited by a defendant and poundage are required to be included on the Monthly Reports filed with the JCF. Poundage represents a fee calculated as 3% of the bail that is posted by a defendant. The 3% poundage is withheld from the bail when returned to the defendant. Poundage is not collected on bail that has been transferred to a superior court or to another local court.

The accounting for bail is the responsibility of the Justices. With the consent of the Justices bail can be maintained in a joint account rather than an individual account for each Justice as is the case for the JCF funds. We noted that the Justices of the Court currently uses a joint account pursuant to Section 214.9(d) of the Uniform Civil Rules for the Justice Courts for bail. The Court maintains a bail activity report and a bail ledger that is reconcilable to the cash book balance of bail at any given point in time. The bail activity report records all of the “ins and outs” of bail activity including new bail, return of bail, poundage and forfeiture of bail. The bail ledger represents a listing of each defendants bail balance. Our work performed on the bail ledger revealed that although it should agree with the cash book balance for bail at any given time it did not agree in June of 2013 by $500. The only reason there would be a difference between the bail ledger and the cash book balance for bail is because bail was posted to the bail ledger without a corresponding entry in the bail cash book or an entry was made to the bail cash book without a corresponding entry to the bail ledger.

When an individual who has posted bail has had their case resolved by termination of the criminal proceedings that individual is entitled to get their bail back as the obligation of bail has been exonerated. Exonerated bail is given back to those individuals by the Court net of any poundage. In some cases the checks issued to return exonerated bail are never presented to the bank by the recipients and are carried as outstanding checks in the bail bank account reconciliations. The Court is obligated to make a good faith effort to pursue those individuals that are owed the exonerated bail. If however after 6 years after exoneration the bail remains unclaimed the bail will become the property of the Town. Exonerated bail is reflected in the Courts bail activity report and removed from the bail ledger.

As noted above forfeited bail is recorded in the bail activity report and included in the Monthly Reports as it is the property of the Town unless otherwise provided by law. Bail is forfeited when a court appearance is missed. Generally an accused arrested for most misdemeanor and non-
violent crimes can be released on bail, if they furnish security for their release. The security is originally a guarantee for their appearance before the court on future dates. In case the accused fails to appear before court the bail will be forfeited and the security will be released to the possession of the court without the possibility of repayment based on the decision of the particular Justice hearing the case. In other words it is not automatic that if a defendant misses an appearance before the Court bail will automatically be forfeited. Such forfeiture will depend on that Justice’s decision on why the Court appearance was missed. If a legitimate reason can be offered such as sickness or family matters the justice may excuse the defendant and not require that the bail be forfeited. In the event bail is forfeited a check is written from the bail account to the individual Justices fine account and it is reported on the Monthly Reports sent to the JCF.

As noted above the Court has 5 bail accounts. The active Justices utilize one of the accounts, which had a balance of $184,799.39 at June 30, 2013. In addition there are 2 bail accounts which have a book balance of zero pertaining to former justice, Sandra Forster that need approval to be closed. The remaining bail accounts include an account of former justice Doris Friedman that totals $19,120.08 at June 30, 2013 and the last account, which had a balance of $28,869.11 at June 30, 2013, is represented as the cumulative balance of several prior justices. The Court has recently made efforts to identify those individuals that comprise the balances in Justice Friedman’s account and the account of the prior justices. Accordingly the Court has since transferred these balances to the joint account as all bail amounts have been able to be identified with a particular individual.

During our review of bail account bank reconciliations we observed that outstanding checks are kept track of by year as an aging process to determine when they will become Town property. On an annual basis the senior bookkeeper will review the outstanding checks and designate them as pertaining to a particular year. Any outstanding checks that become six years old are able to be transferred to the Town. The remaining outstanding checks are still part of the bail account and the Court will make every effort to return the funds.

We did note during our review of the bail account bank reconciliations that the bank reconciliations are not reviewed by someone in a supervisory capacity nor does the senior bookkeeper routinely sign and date the bank reconciliations when completed. We do believe that the bank reconciliations are prepared on a timely basis. Further to this discussion we learned that the senior bookkeeper does not have on line “read only” access to the bank accounts activity or statements and can’t begin the review of bank transactions and the bank reconciliation until a copy of the bank statement is provided by the Town.

As part of our procedures we cross checked balances in the bail ledger back to the case files as well as traced balances from the case files to the bail ledger without exception. Similarly we tested forfeited bail payments made to the Town to determine that they were truly forfeitable by reference back to the case files.
CASH RECEIPTS

The Court receives its revenues principally from vehicle and traffic and parking fines and related surcharges. Other revenues are from building and zoning violations fines, civil fines and bail. The Court collected fines and surcharges and bail of $2.1 million in 2010, $2.9 million in 2011, and $3.2 million in 2012.

The Court maintains three fine bank accounts, one for each Judge, and the Court has a joint bail bank account. The Court accepts cash, money orders, attorney checks, and certified checks in payment of bail and accepts the same instruments and credit cards for fines and surcharges. Parking tickets can be paid, in addition to the above listed means, either on line or by personnel check if the check is not in excess of $50.

Cash receipts are received and processed on line, by the Court through the Court Window, and by mail. Violators can pay their outstanding parking tickets on line by accessing the Complus parking system through the Town web site. The ticket can be paid by entering the ticket number or your license plate and your credit card information. The site charges a fee of $3.50 per ticket. On a weekly basis Complus sends a check to the Court for the full amount of parking tickets paid online as well as a report of the tickets. The assistant Clerk for Parking enters the Complus check into the SEI system and issues a receipt.

Violators can pay their outstanding vehicle and traffic tickets on line at PayCourtOnline.com, a New York state provided web site. You access your record by entering the ticket or case number and your last name. Payment is made by entering your credit card information. The site charges a convenience fee based on the value of your ticket to use its services. Every other day the Court downloads the ticket paid information into the SEI, updates the state database and the fines collected are wired to the respective Justice’s fine account.

Collections at the Court Window represent an in person payment made at the Court for vehicle and traffic tickets, parking tickets, building and zoning tickets, bail and civil fines. The Assistant Court Clerk enters the payment into the SEI and, if it is a vehicle and traffic ticket, updates the state database. Staff enters the cash receipt information into the defendant’s electronic case file in the receipts section and differentiates between a cash, check or credit card transaction using alphabetical codes. The system creates a sequential receipt number and assigns it to the transaction and staff enter their and the Judge’s alphabetical identifier to complete the receipt number. At the end of the transaction, a receipt is printed. The daily cashbook lists each transaction separately. The supporting documentation from the Court Window transactions, which includes a copy of the receipt, is placed either into a file of paid parking tickets, for subsequent processing by the Assistant Court Clerk for Parking into the Complus parking ticket system, or into a file of paid vehicle and traffic tickets, for subsequent review by the Court Clerk. Mail collections are received by the Court and distributed to the respective Assistant Court Clerk for Parking or Vehicle and Traffic tickets for their processing into the SEI system and either the Complus parking ticket system or the state database.
The Assistant Court Clerk for Parking enters the cash receipt information into the Complus parking ticket system and closes the ticket for parking ticket payments received by the Court. The system creates a report listing tickets paid in the day. At the end of the transaction, a receipt is printed and mailed to the payee. Daily parking receipts are entered in the cashbook as a single entry recording the total amount paid for parking tickets for the day. The Court advised that the entry of the parking receipts into the SEI system needs to be modified so that the fines and handicapped surcharges are reported in the SEI system. Currently, the entry records only one amount as a fine.

The Assistant Court Clerk for Vehicle and Traffic tickets posts the information related to the mail receipts into the SEI system and also updates the state database for the payment of the fine. Receipts are mailed to the payee only if requested or if the payment was made on a license which had been suspended. Each Assistant Court Clerk counts out their cash draw at the end of the day; the cash is again counted and agreed to by the Court Clerk or the Chief Court Clerk. Once the amounts agree, the cash is placed into a sealed envelope and placed into the Court safe.

The sealed envelopes are retrieved by the Senior Bookkeeper from the safe. Bank deposits are prepared by the Senior Bookkeeper after he has agreed cash, checks and credit cards per each Assistant Court Clerk to their respective daily cash book reports provided by the SEI program and credit card reports. A form is completed that combines all Assistant Court Clerk activity and agrees to the total deposit. The Senior Bookkeeper endorses the checks and prepares a three part carbonless deposit slip. On the next business day, the deposit is taken to the bank by a Court Officer.

In our review of SEI receipt numbers issued for each transaction we noted instances where receipts were not consecutively numbered. We inquired of staff as to the reason for the discrepancy and, after discussion with them, were referred to Terry Wolfe of SEI. We provided Mr. Wolfe with a work paper which indicated the work we had performed and the missing receipt numbers we noted. As of the date of this writing, we have not heard back from Mr. Wolfe and accordingly the issue remains unresolved.

The court administrator reviews the cash receipts daily activity to ensure that pertinent information related to the various fines received by the court have been entered accurately by the Assistant Court Clerk into the SEI system.

The Court Clerk reviews daily the entry work of the Assistant Court Clerks into the State database to ensure the recording and payment of fines are accurately entered into the system.
RECORDS RETENTION

The Town maintains their document storage on site in the basement of the Court Building or at an offsite location. Towns are required to obtain the approval of the State Comptroller’s office before destroying any fiscal records and the Office of Court Administration before destroying any Court records. The Office of Court Administration differentiates between the record retention periods of Civil and Criminal files in their record retention and disposition schedules.

Civil case files can contain summonses, complaints, affidavits of service, judgments, replies, motions, orders, decision, transcripts, executions, records of appeal, and all other papers filed with the court. According to the records retention and disposition schedule for Civil records and depending on the date and type of record, a record is eligible to be destroyed after 1 year and up to 50 years. The majority of records are eligible for disposal in 1 to 6 years. The types of records which are eligible for disposal in 1 to 6 years include arbitration reports, court reporter notes, calendars, and juror master lists. The longer duration documents are records of civil cases, case file indexes and judgment books. Some records, such as recording name changes, judgments affecting real property and juror lists, are retained permanently.

Criminal case files can contain all papers and documents relating to a case includes, but is not limited to, accusatory Instrument; supporting depositions, motions, notices, affidavits, orders, warrants, fine and surcharge letters, medical and mental health reports, probation reports and transcripts. According to the records retention and disposition schedule for Criminal records and depending on the date and type of record, a record is eligible to be destroyed after 1 year and up to 75 years; the more substantive records, misdemeanors, felonies, penal law violations and motor vehicle and traffic infractions, need to be retained from 6 to 20 years, and, in some cases, 75 years. As an example, disposed parking and vehicle and traffic tickets are eligible to be destroyed in 6 years, DWAI cases are eligible in 10 years, criminal misdemeanor and felony arraignments should be held for 25 years, un-disposed cases are held for 75 years. Other records, such as those cases completed prior to 1950 and a sample of felony, criminal misdemeanor, and DWI cases are to be retained permanently.

The Court advised that the last authorization received from the Office of Court Administration to destroy documents was in 1999 when they disposed of Parking tickets from 1981 to 1991 and Motor Vehicle and Traffic infractions excluding DWI from 1967 to 1991.

The State Comptroller’s office provides record retention and disposition guidance in the Handbook for Town and Village Justices and Court Clerks. Fiscal records such as accounts payable, contracts, vouchers and banking records maintained by the Court are eligible for disposition within 3 to 6 years.

The Court advises that they have not sought authority from the State Comptroller’s office to dispose of any Court fiscal records and, accordingly, have not disposed of any of these records.
COMPUTER ACCESS and CONTROLS

Our engagement included understanding the Court’s computer systems development, access and operation procedures and controls. In addition an assessment of data processing environmental controls was performed. The Court’s computer system encompasses standard operating procedures, network architecture, operating systems, password controls, SEI applications, file and folder access, general workstation security, user account management, application Access Control, application change management, physical security, backup management/disaster recovery and records retention.

The Court’s Information Technology (“IT”) applications, systems, and general processing environment reside at 188 Tarrytown Road, Greenburg NY. The general system and environmental controls are managed and maintained by the Town’s IT Department. The primary court application, Service Education Inc. (“SEI”), is managed by the Court Administrator in conjunction with the SEI Vendor.

- **Standard Operating Procedures** - Standard operating procedures are a core component in ensuring that management expectations are followed consistently. We interviewed the Data Processing Assistant and the Court Administrator to assess departmental procedures and requested documentation in support of those procedures. While we are confident procedures exist and are followed, we noted that formal standard operating procedures have not been defined and documented. The lack of detailed policies and/or procedures increases the risk that management expectations and control considerations are not followed consistently. As a result, there is an increased risk that personnel could make errors while carrying out information technology and systems functions. Due to lack of documentation, there is also an increased risk of operation disruption.

- **Network Architecture** - The Court network resides on a dedicated sub network (“subnet”) of the Town’s overall network. The subnet is connected to the Town’s systems via a dedicated T1 connection. With the exception of the Police Department network, the Court network has network level connectivity to all other Town systems, workstations and devices. As a result of this connectivity, all Town systems, workstations and devices pose a risk to the confidentiality, integrity and availability of the Court systems.

- **Operating Systems** - The Court environment consists of two physical servers. The primary server is configured with Windows 2008 R2. The backup server is configured with Windows 2003 R2. The backup server is only to be used if the primary server fails. There are approximately 20 workstations used by the Court. All workstations are configured with Windows XP.

- **Password Controls** - Passwords are the primary method of access control in the Court’s environment. As such, it is critical that the password controls are reasonably
designed to prevent unauthorized access and usage of the Court systems and data. We identified the following configured password controls:

**Court Network**
- Minimum Password Length – 6 characters
- Password Age – 183 Days
- History – 3 prior passwords cannot be reused.
- Complexity – Enabled (Complexity requires that all passwords are created with a combination of three out of the four character types:
  - Upper-case alphabet characters (A....Z)
  - Lower-case alphabet characters (a.....z)
  - Numbers (0...9)
  - Non-alphanumeric characters (e.g., !$#@%$)
- Account lockout – None – Account lockout is a technical control that will prevent any additional login attempts after a set number of failed login attempts. This configuration is critical in preventing a password from being breached as result of password guessing attempts. Not having an account lockout, would allow a malicious application or individual an infinite number of attempts to breach the network.

We performed a test to identify all employees that were explicitly excluded from the defined password expiration policy. The effectiveness in a password in preventing unauthorized access decreases over time for a multitude of reasons. We identified that multiple Town employees, in addition to all Court employees, were explicitly excluded. In our discussion with the Data Processing Assistant regarding the Court employees being excluded, we were informed that this configuration is by design to assist with the monthly upgrades of the SEI application. Further, he maintains a spreadsheet of all Court employee network passwords. This allows the Data Processing Assistant to perform the SEI application upgrades and other maintenance in the absence of the Court employees.

Of particular concern, we observed the network “Administrator” account was also excluded from the expiration requirement. The “Administrator” account is the most privileged account in the entire Windows environment and has unrestricted access to all network resources. We reviewed the attributes of the account and identified that the password for the account has not been changed since 2005.

- **SEI Application** - Upon employee hire, the Court Administrator will request that the employee provide a password to be used to access the SEI application. The Court Administrator will enter the password on behalf of the employee. The passwords are not required to be changed thereafter. As such, the Court Administrator has knowledge of all employee passwords.
In our review of the Application password controls, we did not identify any application configurations that would enforce basic password parameters (length, complexity, etc.). To identify if the program enforced a minimum password length requirement, we requested that the Court Administrator change her password to the number "1". The Application accepted the single character password. We than requested that the Court Administrator attempt to enter a blank password. The application did not accept the password; as such, we can conclude the application requires a minimum one character password. Further, we observed that all employees are granted the permission to change their own password at will. Should an employee wish to change their password to a simple one character code, they would not be prevented. In addition, administrative policies and procedures do not exist to educate and govern the employees on how to construct a reasonable SEI application password.

- **File and Folder Access** - We assessed the security of the Court's file server to ensure that electronic documents produced by the Court employees during Court operations are appropriately secured and restricted to authorized individuals.

In our review of the Court's file and folder restrictions, we identified that any Town employee with network credentials was capable of accessing and modifying the Court's electronic documents stored on the file server. The file server also contained the database and application files of the SEI application. In our discussion with the Court Administrator and the Data Processing Assistant, we were informed that this was not the expected configuration.

- **General Workstation Security** - We reviewed the Court's procedures regarding general security practices of the Workstations that are used to access Court data. We observed the following:
  - Antivirus – All Court systems are configured with Antivirus.
  - Operating System Patches – We did not observe a consistent procedure to deploy operating system patches. Of the machines we tested, all had not been updated since 2011.
  - Employee local workstation privileges – Power Users.
  - Idle Session Lockout –
    - SEI Application – 10 minutes of inactivity.
    - Operating System – A time out is not enforced.

- **User Account Management** - The Court has two sets of accounts that must be created to gain access to Court systems and data upon hire and disabled upon termination. A network account and SEI application account, respectively.

- **Network Accounts** - General network accounts are created and disabled by the Town’s IT Department. Notification of new hires and terminations are provided in an e-mail from Human Resources. In our discussion with the Data Processing Assistant, we inquired of
the timeliness of Human Resources in notifying IT of account terminations. We were informed that Human Resources has a tendency to not provide timely notification of employee terminations; as such, an account may remain active for a period of time after termination.

- **SEI Application Account** - The Court Administrator is the only employee with the security level capable of creating and disabling SEI accounts. The Court Administrator is responsible for all account management. Further, the Court Administrator is responsible for the hiring and termination of Court employees. The Court Administrator informed us the application does not have the ability to disable an account; however, she will change the password to the account immediately upon employee termination.

- **Application Access Control** - We interviewed the Court Administrator to gain an understanding of how access is assigned within the SEI application. We were informed that the Court Administrator, upon her hire, implemented a project to review all employee access rights and ensure that the access assigned was commensurate with an employee's responsibilities. Further, the two most sensitive access rights, Edit Check Book and Delete Case Records, are limited to the Court Administrator only.

To verify the access configurations, we obtained from the SEI vendor a report that listed employee access assignments. We reviewed the report to identify the following:

  - Access is limited to verified Court employees.
  - Court employee access is limited to defined responsibilities.
  - The Court Administrator is the only employee that can delete case records and or modify the financial records (check book).

Given the limited Court employee resources, a high degree of segregation of duties is difficult. However, in review of the configurations we believe that the access controls were reasonably defined given the size. We did confirm through review of the access report and physical testing of employee application interfaces, that only the Court Administrator could delete case records and/or modify the financial records.

We further obtained an audit report that listed all case record deletions and voids over a one year period. We did not identify any issues.

- **Application Change Management** - The SEI application is updated at a minimum of once monthly. Because of the significance of the SEI application in court operations, it is critical that changes to the application are conducted in a controlled manner. We inquired of the Court Administrator if any documented procedures exist to ensure the operating effectiveness and data integrity of the application after the upgrade has been performed. We were informed that the Court Administrator will perform certain key checks; however, those checks are not documented as a required procedure.
• **Physical Security** - The Court’s systems reside in a room locked by a physical key. We did not identify any cameras or access logs that could effectively track entry into the room.

• **Backup Management/Disaster Recovery** - The Backup of the Court systems and applications is controlled and monitored by the Town’s IT Department. The backup of the Court systems and applications has a multi layered approach as follows:

  o Symantec Backup Exec is configured to perform a backup to tape media Monday – Friday. The tape is removed once a week and stored onsite in a safe.
  o Daily, the Town will also take a backup to the datacenter in Town Hall. This ensures that a daily backup resides offsite from the Court data room.
  o The SEI vendor takes a daily backup of the SEI application to the Vendor data center.

The Court has a comprehensive set of procedures to ensure that the electronic data is backed up; however, in our discussions with the Court Administrator we were informed that the backups are not tested to verify the integrity of the data upon restoration.

The Court currently does not have a defined and documented Disaster Recovery Plan. We were informed that the Town is waiting for a grant from New York State to fund the Disaster Recovery Initiative.

• **Records Retention** - The NY State Unified Court System has defined and documented retention schedules that the Court is required to follow. We were informed that the Court currently does not follow the documented retention schedules and all data is kept permanently.
Status of Implementation of the Recommendations of the Office of the State Controller and Independent Accountant.

Recommendations of the Office of the State Controller

On November 10, 2010 the Office of the State Controller issued its report in connection with an audit it performed of the Court for the period January 1, 2009 through January 4, 2010. The audit produced 5 specific recommendations which we have listed below along with a discussion on their status.

1. ** Recommendation** - The Justices should maintain a current, accurate and complete list of all bail held at any specific point in time and ensure the total of this listing reconciles to the balances in the individual bail accounts.

   **Status** - The Court began sometime in 2012 to prepare bail ledgers that are agreed to the bail bank account at the end of each month.

2. ** Recommendation** - The Town Board should comply with Town Law and examine records and reports of each Town Justice or engage a CPA firm to perform the examination.

   **Status** - The Court is currently being audited on an annual basis

3. ** Recommendation** - The Court should segregate the duties of processing payments received by mail. If staffing levels prevent such segregation of duties, the Court should establish sufficient compensating controls.

   **Status** - This recommendation has not been implemented by the court as of June 30, 2013.

4. ** Recommendation** - The Court should assign computer system administrative access and responsibilities to someone other than the Senior Court Clerk.

   **Status** - The Court Administrator is the only one with administrative access presently.

5. ** Recommendation** - The Justices should require that a log of deletions from the computerized system be maintained and reviewed periodically.

   **Status** - No log of deletions is presently maintained. According to the Court Administrator no deletions of case files have been made since she began working at the Court in January 2012 however, routinely erroneous receipt entries are deleted.
Recommendations of the Independent Accountants

On April 12, 2012 the independent accountants issued their report “Independent Auditors’ Report on Communication of Internal Control Matters Identified in the Audit”. The audit identified certain deficiencies in internal control that are considered to be control deficiencies.

1. **Recommendation** - We recommend that the Justice Court adhere to the section of the Uniform Civil Rules for the Justice Courts pursuant to the following; The Justice Court has a joint bail account for two justices and an individual bail account for the third justice. Section 214.9(d) of the Uniform Civil Rules for the Justice Courts states that a joint bail account may be opened for the deposit of bail monies only with the consent of all the justices of a town or village and in the names of all the justices.

   **Status** – The Court has combined all the current Justices’ bail accounts into one bail account.

2. **Recommendation** - We suggest that those differences between the bail ledgers and book balances identified during our audit of the Justices bail accounts be investigated and reconciled.

   **Status** – All differences between the bail ledgers and book balances have been investigated and reconciled.

3. **Recommendation** - We recommend that amounts totaling $46,500 that are in excess of 6 years old be investigated. If the cases associated with these outstanding bail amounts are closed, a good faith effort should be made by management of the Court to return this bail to the appropriate individuals. If a good faith effort does not result in the return of the bail to the individuals, the amount should be remitted to the Town.

   **Status** – The Court has complied with this recommendation.

4. **Recommendation** - We suggest that outstanding checks in excess of 1 year of $42,000 that are applicable to individual Justice bank reconciliations be investigated and written off where appropriate.

   **Status** – The Justices bank accounts are free of material old outstanding checks.
COMPLIANCE WITH THE HANDBOOK FOR TOWN AND VILLAGE JUSTICES AND COURT CLERKS AND TOWN BOARD OVERSIGHT

During the course of our special engagement we noted that in general terms the Court is in compliance with the Handbook. We do not sense that anyone at the Court is overly familiar with the document. The Handbook is loosely aligned with the same broad areas covered under our engagement. In some areas the Court compliance is better than others. In particular we believe the JCF fund and electronic filing process compliance is generally pretty good from a timely filing standpoint. We do take exception to the fact that had someone been familiar with page 43 of the Handbook, which discusses the handicapped parking surcharge and how to report lump sum receipts, such as those received from Complus, the omission of these surcharges from the Monthly Reports could have been avoided. We also take exception to the reporting of cash receipts by the Court which exclude receipts received on the last day of the month and credit card receipts entered on the 2nd to last and last day of the month.

The Court appears to be in full compliance as regards bail including the handling of forfeitures and exonerated bail. The bank reconciliation and cash receipts section of the Handbook clearly indicates that cash received on the last day of the month would be expected to appear as a deposit in transit on the bank reconciliation. Had the senior bookkeeper been familiar with this section then the bank reconciliation process would not have been so unnecessarily cumbersome. As this topic segues into the cash receipts section it would have been apparent by reading the Handbook that cash receipts would need to include end of month cash and credit card receipts which they presently do not and as a result the Monthly reports discussed above are incorrect. The Handbook is full of useful information and spends a lot of time on the intricacies of how to report a variety of infractions and on proper reporting to the JCF. The Handbook also provides recommendations on records retention in a very detailed and specific fashion.

Included in the Handbook are checklists, included in appendices 9 and 10 that are designed for use by the Town Board in connection with their requirement to perform an audit of the Justice Court except that said audit may be performed by an outside CPA firm. It is unclear from the Handbook if the checklists are recommended only in instances where the Town Board performs the audit or if they are to be used routinely as part of an oversight function. The current oversight as we understand it from the talking with Court employees has been limited to the audit being performed by an outside CPA firm. We believe that it would be beneficial for the Town Board to utilize the checklists as a means to expand oversight beyond the annual audit requirement. A good portion of the checklists require an understanding of bookkeeping and accounting. Accordingly if someone from the Town Board with the appropriate background could have provided oversight the Court may have been able to avoid some of the missteps we observed during our engagement.
RECOMMENDATIONS

The following lists the various procedural and internal control recommendations that we have identified in connection with our engagement. Implementation of these recommendations is in some cases relatively easy and in others may involve budgetary issues. The recommendations have been classified by the broad areas covered in our report.

Parking and Traffic Tickets

1. Observation - In our review of parking tickets we noted 23 instances, all handwritten tickets, where the fine recorded on the ticket did not agree to the Town’s parking fee schedule. The 23 instances represented 14% of the handwritten Town parking tickets issued in the Month of May 2013. We examined 10 of 23 tickets and determined that the issuing officer had mis-recorded the fine on the ticket.

Recommendation - The Town should advise their Police Officers that they should refer to the Towns Parking Fee schedule, which we understand is in each police car, when manually issuing a parking ticket. The Town may also wish to consider obtaining handheld devices that will allow for electronic issuance of parking tickets for their police cars similar to that used by the Hartsdale Parking District.

2. Observation - In our review of cash receipts from parking tickets, we noted that a $30 surcharge assessed on handicapped parking tickets violators is collected by the Court but is not reported in the monthly report. It appears the Court has failed to report this surcharge properly for a period prior to January 1, 2012, which precedes the scope of our engagement and through June 301, 2013.

Recommendation -
- The Court should calculate the amount of unreported surcharges in this category and report the balance in a subsequent JCF filing.
- On an ongoing basis the Court needs to correctly enter parking ticket fines and surcharges into the SEI system.

3. Observation - In our review of the Court’s practice of tracking unpaid or pending tickets we noted that paper files are maintained and are what is provided to the court. Data associated with the ticket is entered into the Courts computer systems.

Recommendation - Court staff should periodically agree the paper file back to the Courts computer systems to insure that the files agree.
4. **Observation** - In our review of the electronic issuance and transfer of parking ticket data to the Town's parking ticket vendor Complus we noted that Complus does not prepare an SSAE 16 report, Reporting on Controls at a Service Organization.

**Recommendation** - We recommend that the Town insist that Complus prepare an SSAE 16 report, Reporting on Controls at a Service Organization so the Court can establish the adequacy of such controls.

5. **Observation** - In our review of procedures in place to establish the collectability of parking tickets, we noted that staff relies upon the Court's parking ticket vendor, Complus, to perform the follow up work associated with the collection of outstanding parking tickets. The follow up consists of letters which are sent to owners of the ticketed vehicles.

**Recommendation** - The Court should consider other options in pursuit of their outstanding parking ticket balances. Staff should be interacting with Complus more and obtain status reports on collection efforts from them. They need to better understand what balances Complus is pursuing and how far back they go and how Complus measures success with regards to old accounts. Other options to consider, if they can be done legally, are amnesty, the use of collection agencies, adding Town resident unpaid parking tickets to their property tax bill and notification to credit bureaus.

6. **Observation** - The police department unit does not maintain a log of voided vehicle and traffic tickets.

**Recommendation** - We recommend that a voided ticket log be maintained.

**Bail**

7. **Observation** - During our review of the Bail bank statements and ledger we noted one instance where the bank statement did not agree to the ledger.

**Recommendation** - The Bookkeeper should investigate and resolve the $500 difference we noted in May 2013. On an ongoing basis, the Bookkeeper should indicate on the bank reconciliation that the bank balance agrees with the bail ledger.

8. **Observation** - During our review of bank reconciliations we noted that there were no approvals by someone in a supervisory capacity.

**Recommendation** - We recommend that someone in supervisory capacity review, initial and date the bank reconciliations.
9. **Observation** - During our review of bank reconciliations we noted that the senior bookkeeper who prepares them does not date them upon completion. As such no verification as to the timeliness of their preparation can be objectively determined.

**Recommendation** - The senior bookkeeper should sign and date the bank reconciliations as soon as they are completed so that the timeliness of their preparation can be objectively determined.

10. **Observation** - We noted that although the Court complies with §214.9 of the uniform rules for Justice Courts they do not consent to the use of a joint account in writing. Instead such consent is done orally and that is permitted.

**Recommendation** - We believe that the Justices should consent in writing their desire to use a joint account for bail funds.

**Justice Court Fund**

11. **Observation** - During our review of the JCF filings we noted that the cash receipts activity from the last day of the month is not included in those months Monthly Report but is included in the subsequent months report based on the day it is deposited in the bank. Accordingly cash receipts reported on the Monthly Reports is always understated by receipts received by the Court on the last day of the month and overstated by receipts received on the last day of the prior month.

**Recommendation** - The Court should include cash receipts in the monthly Report on the day they are received and not on the day they are deposited.

12. **Observation** - During our review of bank reconciliations we noted that there were no approvals by someone in a supervisory capacity.

**Recommendation** - We recommend that someone in supervisory capacity review, initial and date the bank reconciliations.

13. **Observation** - During our review of bank reconciliations we noted that the senior bookkeeper who prepares them does not date them upon completion. As such no verification as to the timeliness of their preparation can be objectively determined.

**Recommendation** - The senior bookkeeper should sign and date the bank reconciliations as soon as they are completed so that the timeliness of their preparation can be objectively determined.

14. **Observation** - The senior bookkeeper does not have online read only access to the Court’s bank accounts activity or statements. Instead he receives printed copies of the statements at the end of the month directly from the Town.
Recommendation - We believe the senior bookkeeper should have an online read only access to the Court's bank accounts activity and statements so that the bank reconciliation process can be as efficient as possible.

15. Observation - We noted that the manner in which the bank reconciliations is prepared is made unnecessarily complex by the senior bookkeeper.

Recommendation - We believe the Court would be better served if the senior bookkeeper followed the bank reconciliation model we illustrated in our report. In that way all elements of the bank reconciliation process could be determined in a clear and consistent manner and foster oversight of the process.

16. Observation - The Court has no method of keeping the Town apprised on trends in collections that occur from month to month, year to year and from the current month as compared with the same month of the prior year. Such information could be useful to the Town for budgeting and forecasting expected receipts as well understanding the reasons for trend reversals and reductions or increases in receipts on a timely basis.

Recommendation - The Court should develop spreadsheets that compare monthly receipts by distribution code as reported on the monthly IBP Distribution Summaries. The spreadsheets can be in both a year to date and monthly format. The year to date format would compare the current year with the prior year or multiple prior years. The monthly format would compare the current month to the prior month and to the same month in the prior year. Significant variations could be investigated and addressed immediately. Distribution codes would need to be translated to their respective fines and fees.

Cash Receipts

17. Observation - In our review of cash receipts we noted an exception where five transactions from a sample of 1,188 transactions, were deposited more than two business days after the date of transaction.

Recommendation - The Court should endeavor to deposit all funds on the next business day.

18. Observation - In our review of cash receipts we noted an exception where we were unable to account for 215 receipt numbers.

Recommendation - We have not received a response from the vendor regarding the unaccounted for receipt numbers. We recommend that the Court continue to follow up with the Vendor to resolve the issue.
19. **Observation** - The person who opens the mail containing cash receipts for tickets paid by the mail is the same person who enters ticket information into the computer.

**Recommendation** - In order to foster segregation of duties the person who opens the mail should prepare a listing of receipts by ticket number etc. and provide that information to the person that enters the data into the computer rather than have the same person perform both functions.

**General**

20. **Observation** - We have noted that the Court's financial and accounting staff is limited to only a senior bookkeeper. We believe there is a shortage of critical thinking from an accounting perspective at the Court and that the Court would benefit from a higher functioning financial and accounting professional that could perform higher level managerial analysis of the Court activities and processes including ticket collection, monthly reporting, bank reconciliations, monitoring collection efforts and provide guidance to staff and maintain strong internal controls.

**Recommendation** - We recommend that the Town consider adding a higher functioning financial and accounting professional to the Court.

21. **Observation** - The Court is a paper intensive environment and, due to record retention requirements, the paper must be maintained for a considerable length of time. Further, we understand that in addition to storage at the Court, outside storage is also used for Court documents. Outside storage opens up the concerns of document security and the protection of the documents from fire and water damage. Also paper intensive environments require more time to complete tasks.

**Recommendation** - We recommend that the Town consider options related to the imaging of Court documents. Many businesses are going paperless and the court would be a welcome candidate for such a transition. Over time the Town should be able to discontinue its use of an outside storage facility and create additional space at the Court. Further it should improve staff efficiency as they will no longer need to go through volumes of paper to locate a particular document and should eliminate lost documents.

22. **Observation** - During our discussions with the Justices we learned that the court room panic button is not functioning at all and the court room cameras are not functioning properly. Also, the microphones used by the Justices and the witnesses are broken.

**Recommendation** - The Court should make an effort to remedy the security issues and insure that the Court is properly outfitted with the appropriate security devices.

23. **Observation** - The justices do not have law clerks to assist in writing opinions or researching issues before the Court. As a result one of the justices relies on law
students from her alma mater but continuity and availability are constant issues and much of the research and opinion writing is still done by her. The other justices also perform those functions themselves.

**Recommendation** - The Town should consider how the Justice Court can function most efficiently and whether providing a law clerk would be warranted.

24. **Observation** - We note that the principal software used by the Court is the SEI system. The software is text-based and designed to provide electronic docketing and to print and process the Courts monthly reports to the state. We find that it performs those tasks well.

**Recommendation** - Staff should take refresher courses on the SEI system and its capabilities.

25. **Observation** - We note the SEI system is deficient in providing management information beyond its basic reports. Any management report we requested during our engagement had to be specially developed or took a long time before being rendered by SEI.

We inquired of the State Office of Court Administration for what other software was authorized for Court use and were advised that, at present, the OCA does not have a list of approved vendors, as any vendor who received the State certification received it years ago, SEI was certified in 2003.

**Recommendation** - The Court should work with the Office of Court Administration to develop a list of authorized vendors who would provide an expanded functionality for the Courts management as well as processing needs.

26. **Observation** - There are no formal oversight functions performed by the Town Board beyond the annual audit.

**Recommendation** - The Town Board should consider performing the oversight functions included in the Handbook for Town and Village Justices and Court Clerks appendices 9 and 10 by those individuals qualified to do so.
Computer Controls

27. **Observation** - The lack of detailed IT policies and/or procedures increases the risk that management expectations and control considerations are not followed consistently.

**Recommendation** - We recommend that the Court formally define and document key operating procedures for both the IT General and Application environments.

28. **Observation** - With the exception of the Police Department network, the Court network has network level connectivity to all other Town systems, workstations and devices.

**Recommendation** - We recommend the Court request that the Town restrict network level access to the Court’s systems and network devices to only those individuals and devices that would have a business justification. This will provide a greater degree of security to the Court’s operating environment and sensitive information within.

29. **Observation** - There are approximately 20 workstations used by the Court. All workstations are configured with Windows XP.

**Recommendation** - Microsoft is ending support for the Windows XP operating System effective April 2014. As such, the security and integrity of the Court environment will consistently decrease over time as the systems remain in use. We recommend, the Court upgrade all operating systems to supported Microsoft versions prior to April 2014. Should the Court be unable to upgrade the systems by the deadline, compensatory controls should be implemented to offset any increased risk.

30. **Observation** - We observed the network "Administrator" account was also excluded from the password expiration requirement. The "Administrator" account is the most privileged account in the entire Windows environment and has unrestricted access to all network resources. We reviewed the attributes of the account and identified that the password for the account has not been changed since 2005.

**Recommendations** -

- The configured password policy is not consistent with industry best practices. The policy should be amended to:
  
  i. Have a minimum password length of 8 characters

  ii. Expire every 60-90 days.
iii. Lock accounts after 5-10 failed password entry attempts.

- All employees should be required to adhere to the password expiration policy.

- All passwords should be confidential to the respective employees. Without confidentiality of the passwords, there cannot be an effective environment of accountability for actions performed with the network credentials.

- The “Administrator” account password should be changed as soon as possible and every 60-90 days thereafter.

31. **Observation** - Should an employee wish to change their password to a simple one character code, they would not be prevented. In addition, administrative policies and procedures do not exist to educate and govern the employees on how to construct a reasonable SEI application password.

**Recommendations** -

- The configured password policy is not consistent with industry best practices. The policy should be amended to:
  
  i. Have a minimum password length of 8 characters
  
  ii. Expire every 60-90 days.
  
  iii. Accounts should lock for a period of time after 5-10 failed password entry attempts.
  
- The configured password policy should be documented in a formal written password policy.

- All passwords should be confidential to the respective employees. Without confidentiality of the passwords, there cannot be an effective environment of accountability for actions performed with the SEI application credentials.

32. **Observation** - We identified that any Town employee with network credentials was capable of accessing and modifying the Court’s electronic documents stored on the file server.

**Recommendation** - The Court should work with the Town IT Department to ensure that the Court’s electronic documents stored on the file server are appropriately restricted. Further, the Town should conduct an assessment to determine what Personally Identifiable Information (“PII”) is stored on the file server and the
likelihood that the information may have been compromised. If it is likely that a breach of that information has occurred, the Court should follow the State-required breach notification requirements.

33. Observation -

- Operating System Patches - We did not observe a consistent procedure to deploy operating system patches. Of the machines we tested, all had not been updated since 2011.

- Idle Session Lockout -
  - SEI Application - 10 minutes of inactivity.
  - Operating System - A time out is not enforced.

Recommendations -

- Operating system patches are critical in ensuring the security of the Court environment. Operating system security patches should be deployed on a monthly basis.

- Workstations should be configured to enforce a password protected screen saver after 15-30 minutes of inactivity.

34. Observation -

- Network Accounts - We were informed that Human Resources has a tendency to not provide timely notification of employee terminations; as such, an account may remain active for a period of time after termination.

- SEI Application Accounts - The Court Administrator informed us the application does not have the ability to disable an account; however, she will change the password to the account immediately upon employee termination.

Recommendation - To ensure the timely termination of network accounts, the Court should work with the Town IT department to ensure that employee terminations are communicated immediately.

35. Observation - The two most sensitive access rights, Edit Check Book and Delete Case Records, is limited to the Court Administrator only. We obtained from the SEI vendor a report that listed employee access assignments and identified the following:

- Access is limited to verified Court employees.
- Court employee access is limited to defined responsibilities.
- The Court Administrator is the only employee that can delete case records and or modify the financial records (check book).
Recommendation - Currently, only the Court Administrator is authorized to delete Case records; however, there is no oversight of the Court Administrator’s activities. We recommend that an individual other the Court Administrator periodically obtain and review a record of all case deletions for appropriateness. This procedure should be formally defined and documented. Further, a formal procedure should be defined and documented that requires the Court Administrator to perform an annual recertification of access for all SEI application user accounts. The reviews should be stored for reference and audit support.

36. Observation - We inquired of the Court Administrator if any documented procedures exist to ensure the operating effectiveness and data integrity of the SEI application upgrade after the upgrade has been performed. We were informed that the Court Administrator will perform certain key checks however, those checks are not documented as a required procedure.

Recommendation - The Court Administrator should formalize the post upgrade check procedures for the SEI application. This will ensure that the checks are consistent across each upgrade. Further, should the current Court Administrator not be available to perform the procedures, another individual could execute the required tasks.

37. Observation - The Court’s systems reside in a room locked by a physical key. We did not identify any cameras or access logs that could effectively track entry into the room.

Recommendation - Because of the confidential and sensitive information that reside on the Court systems, we recommend that the Court implement a mechanism to track and record all physical entry into the room. This can be accomplished via a camera, magnetic card access and/or written log form posted on the door.

38. Observation - The Court has a comprehensive set of procedures to ensure that the electronic data is backed up; however, in our discussions with the Court Administrator we were informed that the backups are not tested to verify the integrity of the data upon restoration.

Recommendation - The Court should perform periodic restoration tests of the Court data at a minimum of semi-annually.

39. Observation - We were informed that the Court currently does not follow the documented retention schedules and all data is kept permanently.

Recommendation - The Court should review the published retention schedules by the NY State Unified Court System and implement the necessary controls to ensure adherence with the defined schedules.
Cash Receipts Parking - Hartsdale Parking District

1. Third party that has access to Complus system to update parking tickets.
2. On an average, Complus is updated the following day.
3. On-line collection (website) also has access to Complus system.

1. Note, at this point, open tickets are inputted to Complus.

1. Receives collection through mail:
   1a. Checks, money order, credit card and personal check up to $50.
2. Receives collection through on-line website (Website):
   2a. Website provider mails in a check an average of twice a month depending on the volume.
3. Receives collection through window:

1. Closes tickets receipts for collection from mail:
   1a. Rare that cash was paid through mail.
2. Closes tickets for receipts for collection from on-line through mail.
3. Closes tickets for receipts for collection from window by getting the ticket from assistant clerk. Assistant clerk puts in a box all receipts. Clerk signs off on the receipts.
4. Assistant clerk cannot void a ticket that is recorded in Complus.
5. Date of collection posted is the following day.

1. Assistant prepares daily collection report.
2. Daily Collection report (DCR) is reconciled at the end of the day to the actual collection received during the day (from mail and window).
3. Assistant clerk signs off on DCR and gives the report to Court Clerk for review.
4. Checks, receipts, tickets and on-line summary reports are attached to DCR.
5. Collection are broken down to check, cash, etc.

1. Court Clerk reviews the DCR together with the attachments.
2. Signs-off in-front of Assistant Clerk if report agrees to the collection.
3. In case of discrepancy, reconciliation is done before sign-offs.
Cash Receipts Parking - Manual Ticket issued by Greenburgh Police

1. Court Clerk reviews the DCR together with the attachments
2. Signs-off in-front of assistant controller if report agrees to the collection.
3. In case of discrepancy, reconciliation is done before sign-offs.

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1. Note, at this point, open tickets are inputted to Complus
2. Receives collection through mail
   1a. Checks, money order, credit card and personal check up to $50
   2a. Website provider mails in a check an average of twice a month depending on the volume.
3. Receives collection through on-line website (Website)
4. Receives collection through window

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1. Assistant prepares daily collection report.
2. Daily Collection report (DCR) is reconciled at the end of the day to the actual collection received during the day (from mail and window)
3. Assistant signs off on DCR and give the report to Court Clerk for review.
4. Checks, receipts, tickets and on-line summary reports are attached to DCR.
5. Collections are broken down to check, cash, etc.
Vehicle and Traffic Law Collections

Assistant Clerk/Police officer

1. Assistant Clerk enters manual tickets to State Ticket System (STS).
2. Police officer enters electronic tickets to STS.

Assistant Clerk

1. Service Education, Inc. (SEI) is the courtroom program used by the court.

Head guide

File

Yes

Update STS

1. Head guide

File

No

Appears in court

1. Update STS.

Letter and including fine and date of payment

Court Clerk

1. Court Clerk enters the letter that includes certified checks, money order and cashier checks.
2. Note: The Court does not receive online payments which will not be covered in this flowchart so it is the same process as online parking collection.

1. Included in the letter that only certified checks, money order and cashier checks.
2. Included in the letter that only certified checks, money order and cashier checks.

1. Stamp date received

Cash, checks, money order from mail

Receipt

Assistant Clerk

1. Payments for case report

1. Searches for file in Court Room Program (CRP).
2. Updates CRP for payment and close file.
3. Amount, name and dates are verified.
4. Violation ticket is pulled from file.
5. Update DMR program.

Assistant Clerk

1. Updated CRP.
2. Clerk should log out of CRP if he or she is away from the computer.
3. Date of collection posted is the following day.

1. Violation ticket is pulled from file.
2. Update DMR program.
3. Check, receipts, tickets and other supporting documents are attached to OCR.
4. Collection are broken down to check, cash, etc.

Assistant Clerk

1. Daily Collection report (OCR) is reconciled at the end of the day to the actual collection received during the day (from mail and window).
2. Assistant Clerk signs-off on OCR and give the report to Court Clerk for review.
3. Checks, receipts, tickets and other supporting documents are attached to OCR.
4. Collection are broken down to checks, cash, etc.

1. Daily Collection report (OCR) is reconciled at the end of the day to the actual collection received during the day (from mail and window).
2. Assistant Clerk signs-off on OCR and give the report to Court Clerk for review.
3. Checks, receipts, tickets and other supporting documents are attached to OCR.
4. Collection are broken down to checks, cash, etc.
On a Daily Basis

1. Removes credit card transactions processed on the second to the last day of the month.
2. Records bounced checks
3. Reviews to insure that information on sealed cases have been properly reported.
4. Make necessary changes
5. Reviews first draft of report prepared and reviewed by court administrator.

On a Monthly Basis

1. Prepared checks to be issued to the town.

JCF Report Preparation


1. Updated SEI for corrections
1. Clerk prepares daily collection report.
2. Daily Collection report (DCR) is reconciled at the end of the day to the actual collection received during the day (from mail and window).
3. Assistant clerk signs off on DCR and gives the report to Clerk for review.
4. Checks, receipts, tickets and other support documents are attached to DCR.
5. Collection are broken down to check, cash, etc.

1. Clerk reviews the DCR together with the attachments.
2. Signs-off in-front of Clerk if report agrees to the collection.
3. In case of discrepancy, reconciliation is done before sign-offs.

Bail can be posted through the following:
1. Bail posted at courtroom - Same process as parking traffic and violation, etc.
2. Police station - Senior accountant go to police station everyday to check if bail is posted. Count bail in front of police station clerk, reconcile to station receipt and sign-off log book.
3. County Jail - Receives check through mail from Department of Finance.
4. County Police - Receives checks from Westchester County Development and Public Safety.
5. NYS Police - Receives checks or window transaction.
1. Receipts in the window are from vehicle and traffic, criminal cases, parking tickets and civil cases (filing fee).

1. Each Clerk has their own drawer and key.

1. Cash is deposited to the bank the following day.

1. Court Clerk prepares daily collection report.

2. Daily Collection report (DCR) is reconciled at the end of the day to the actual collection received during the day (from mail and window)

3. Assistant Clerk signs off on DCR and give the report to Court Clerk for review.

4. Checks, receipts, tickets and other supporting documents are attached to DCR.

5. Collection are broken down to check, cash, etc.