October 9, 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 have recently completed our special consulting engagement for the Town of Greenburgh Justice Court. Our engagement included an exhaustive review of the Courts systems, processes and procedures. Our engagement resulted in 37 recommendations, pertaining in some cases to internal controls, however none of our recommendations rose to the level of a significant deficiency or material weakness in internal controls at the Court.

Further some of our recommendations have no bearing on internal controls but are designed to improve efficiency at the court or modify current procedures. Our report groups our recommendations by those broad areas that were covered under our engagement and were not prioritized. In an effort to prioritize our recommendations we have prepared a separate list of our recommendations based on their level of importance. Separate lists have been prepared for both computer recommendations and for general recommendations.

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

Very truly yours,

O'Connor Davies, LLP

O'Connor Davies, LLP

Attachments
1. **Observation** - In our review of procedures in place to establish the collectability of parking tickets, we noted that staff relies upon the Courts 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.

2. **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.

3. **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.

4. **Observation** - In our review of cash receipts from parking tickets, we noted that a $30 surcharge assessed on handicapped parking ticket 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 30, 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.
5. **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.

6. **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.

7. **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 spread sheets that compare monthly receipts by distribution code as reported on the monthly IBP Distribution Summaries. The spread sheets 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 etc.

8. **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.

9. **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.

10. **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.

11. **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.

12. **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.
13. **Observation** - We note that the principal software used by the Court is the SEI system. The software is text-based and is 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.

14. **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.

15. **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.

16. **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.

17. **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.

18. **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.

19. **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.

20. 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 Court's computer systems.

Recommendation - Court staff should periodically agree the paper file back to the Court's computer systems to insure that the files agree.

21. 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 Town should make an effort to remedy the security issues and insure that the Court is properly outfitted with the appropriate security devices.

22. 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.

23. 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.

24. 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.
Computer Recommendations

1. **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.

2. **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.

3. **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.  

4. 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.  

5. 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.  

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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:

   o Access is limited to verified Court employees.
   o Court employee access is limited to defined responsibilities.
   o 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.

12. 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.

13. 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.