



**Town & Village Courts:  
Fiscal Responsibilities  
and  
Recordkeeping Requirements**

DATE: Tuesday, November 1, 2022  
Instructor(s): Hon. David Gideon, Matthew Pokigo  
MCLE: 1.0 Law Practice Management

This program has been approved for credit in  
New York State for all attorneys  
including those who are Newly Admitted  
(less than 24 months) and administered by  
the Onondaga County Bar Association.



## **HON. DAVID S. GIDEON**

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Hon. David S. Gideon currently presides as Town Justice in the Town of DeWitt, New York; a suburb of Syracuse. Judge Gideon formerly presided as an Acting City Court Judge in the Syracuse City Court. Judge Gideon graduated from Syracuse University in 1979 with a Bachelor of Science Degree, with a dual major in Biology and Psychology; thereafter receiving his Juris Doctor Degree from Western New England College, School of Law in 1982 where he was a member of the Legal Fraternity of Phi Delta Phi.

Judge Gideon is a lifelong resident of the DeWitt, New York community and currently is employed as a Court Attorney Referee to the Hon. James P. Murphy, Administrative Judge for the Fifth Judicial District. In particular, Judge Gideon is Special Counsel to the Town and Village Courts in the Fifth Judicial District, coordinating and implementing the Action Plan for the Justice Courts within the District. Judge Gideon has been instrumental in the development of the Centralized Arraignment Parts in Oneida, Onondaga, Oswego and Jefferson Counties.

Judge Gideon was admitted to the New York State Bar and the United States District Court, Northern District of New York in 1984. Judge Gideon has previously served as a senior faculty member for the Office of Justice Court Support, Town and Village Court Education Program, having also appeared as a prior panel member in its statewide satellite broadcasts. Judge Gideon has also been an instructor for the Onondaga County Bar Association Continuing Legal Education Program.

Judge Gideon is a Past President of the Onondaga County Magistrates Association and currently serves as a Past President of the New York State Magistrates Association. In 2014, Judge Gideon was the co-recipient of the Hon. Eugene W. Salisbury Magistrate of the Year Award given by the New York State Magistrates Association.

## Matthew Pokigo

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Matthew Pokigo is an Associate Internal Auditor with over fourteen (14) years experience with the New York State Court System Internal Audit Services (IAS) unit. Mr. Pokigo has performed over thirty (30) Town and Village audits over his career.

Mr. Pokigo has a Bachelor of Science degree in Accounting from Daemen University and a Master of Science degree in Global Business from Daemen University. Mr. Pokigo is a Certified Government Auditing Professional (CGAP).

**NYSMA TRAINING  
TUESDAY, NOVEMBER 1, 2022**

**T&V COURTS:  
FISCAL RESPONSIBILITIES &  
RECORD KEEPING REQUIREMENTS**

***Presented By:***  
***Matthew Pokigo***  
*Associate Internal Auditor, CGAP*

*Knowledgeable \* Reliable \* Trusted*



**New York State  
Unified Court System  
Internal Audit Services**

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## Today's Agenda:

1. Introduction to Internal Audit Services
2. What to Expect When Selected For an Audit
3. Control Environment
4. Separation of Duties
5. Receipt Process
6. Computer Controls and Data Security
7. Reconciliation Procedures
8. Recordkeeping Practices
9. Bail
10. Common Findings
11. Questions

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## Our Mission and Vision

- Internal Audit Services' mission is to ensure proper controls through internal audits and internal control reviews designed to add value and improve the UCS' operations, and help ensure the UCS' assets, information systems, and reputation are adequately safeguarded.
- Internal Audit Services is a trusted partner with UCS leaders committed to excellence through continuous improvement and innovation.

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## What to Expect When Selected for an Audit

- Engagement Letter
- Opening Conference
- Obtaining a Copy of the Court's Data
- Fieldwork (Records, Interviews, Requests)
- Discussion of Audit Findings
- Reporting Protocols
  - Preliminary Audit Report + Response
  - Final Audit Report
  - Plan of Corrective Action
  - Post-Audit Review

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## Fiscal Responsibilities

- You are subject to the Fiscal Responsibility Guidelines established by the Office of the State Comptroller.
  - See the *Justice Court Handbook for Town and Village Justices and Court Clerks*
  - *Also available in the CourtRoom Program*

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## Control Environment

- Refers to the “Tone at the Top”
- Encompasses Awareness, Integrity and Ethical Values, Assignment of Authority and Responsibility
- Justices are responsible for implementing and maintaining a system of internal control
- Ability to identify and willingness to correct internal control weaknesses

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## Control Environment

- The foundation of operational efficiency
- Internal control structure determines your Court's ability to detect or prevent errors and irregularities
- A strong control environment lowers the risk for funds to be lost or stolen

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## Next Topic



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## Separation of Duties

An effective system of internal control provides that no one person should be responsible for the handling of a transaction from beginning to end.

- See Handout

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## Separation of Duties

Many courts have one Justice with either no clerk, a part-time clerk, or one-full time clerk.

- Separate the duties to the *extent possible*.
- The court clerk should not be responsible for all functions with little or no oversight by the Justice.

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## Separation of Duties

To the extent possible, the following duties should be separated between court staff: (see Handout)

- Collecting (e.g. receipting of fines, surcharges, bail)
  - Initiating and Review of Voids/Adjustments
- Preparing and Making Deposits
- Recording Payments in Accounting Records
- Disbursements (e.g. return of bail, monthly revenue, overpayments)
- Recording Case Activities
- Bank Account Reconciliation(s)

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## Separation of Duties

Without separating cash related duties, the risk increases for payments to the Court to be lost or stolen and increases the risk for irregularities to go undetected.

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## Next Topic



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## Receipt Process

- Justices are required to issue acceptable receipt forms to acknowledge collection of **all** moneys paid to the court. (See Handbook)
  - Receipt Requirements
  - Over Payments, Partial payments, Bail
- Press-Numbered Receipts (At Least Duplicate)
- Computer Generated Receipts (Software Limitations)

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## Receipt Process

- Common Weaknesses:
  - Courts do not always issue acceptable receipts
  - Receipts are not inventoried
    1. What is the population of the receipts available?
    2. Are your receipts issued in consecutive numeric sequences?
    3. Have you accounted for all of your receipts and reconciled them to your cashbook?

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## Receipt Process

- Control Weaknesses cont'd.
  - Not all monies collected are receipted
    1. Over payments, partial payments
  - Voided and adjusted receipts
  - Promptly endorsing, recording and depositing payments

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**MONEY RECEIPT**

No. \_\_\_\_\_ Jun 9 07

Received of Albert [REDACTED]

Dollars

For 180.00

\$ [REDACTED]

FORM 4161

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No. 0064

JUSTICE COURT  
123 Main Street  
Hometown, NY 12801

January 5, 20XX  
Date

Received From [REDACTED] Dollars

**Good!**

Purpose Speeding 40/30 TP0112562

Fine	<u>100.00</u>	Currency	<u>X</u>
Civil Fee	_____	Check	_____
Surcharge	<u>85.00</u>	Case #	<u>MV 20</u>
Bail	_____	Money Ord.	_____
Other	_____	Credit Card	_____
<b>TOTAL</b>	<u>185.00</u>		

Lady Justice  
Justice Court Personnel

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## Receipt Process

### **Voids vs. Adjustments**

- Once a receipt has been issued, it can no longer be voided and an adjustment is required.

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## Receipt Process

### **Voided and Adjusted Receipts:**

#### **Electronic Receipts**

- The court realizes a mistake was made on an electronic receipt after it was saved in the system. What should the court do?

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## Receipt Process

### **Voided and Adjusted Receipts:** **Electronic Receipts (Unsecure Version)**

- Correct Answer:
  1. Make an adjusting second entry (negative amounts) to reverse the original incorrect receipt.
  2. Make a third entry to record the receipt correctly.
  3. Make notations in the system to cross reference the two receipt numbers above.
  4. Document in the case file and/or case management system what transpired.

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## Receipt Process

### **Voided and Adjusted Receipts:** **Electronic Receipts (Secure Version)**

- Correct Answer:
  1. Reverse the original incorrect receipt by adjusting (delete cashbook record) the entry.
  2. Record a sufficient explanation for why the deletion occurred.
  3. Make a new entry to record the receipt correctly.
  4. Make notations in the system to cross reference the two receipt numbers above.

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## Receipt Process

### Example #1: Voided and Adjusted Manual Receipts

- Person pays \$50 cash, clerk issues a manual receipt and incorrectly records the amount as \$150.
- Clerk notices the mistake **before** the receipt is handed to the person. What should the court do?

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## Receipt Process

### Example #1: Voided and Adjusted Manual Receipts

- Correct Answer:
  1. Write the word “VOID” across the face of the receipt.
  2. Keep both copies of the receipt (the individual’s and the court’s).
  3. Create a new receipt with the correct information.

**Keep going ...**

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## Receipt Process

### Example #1: Voided and Adjusted Manual Receipts

- Correct Answer (Cont'd.):
  4. Provide the individual with the correct receipt.
  5. Record what transpired in the case file and/or management system.
  6. Cross reference the two receipts above.

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## Receipt Process

### Example #2: Voided and Adjusted Manual Receipts

- Person pays \$50 cash, clerk issues a manual receipt and incorrectly records the amount as \$150.
- Clerk notices the mistake **after** the receipt is handed to the person and the person leaves the court. What should the court do?

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## Receipt Process

### Example #2: Voided and Adjusted Manual Receipts

- Correct Answer:
  1. Write the word “VOID” on the court’s copy of the receipt
  2. Make a note in the receipt book of what transpired
  3. Create a new receipt with the correct amount referencing the original receipt to the correcting receipt number

**Keep Going...**

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## Receipt Process

### Example #2: Voided and Adjusted Manual Receipts

- Correct Answer (Cont’d.):
  4. Maintain both copies of the correct receipt.
  5. Document in the case file and/or case management system what transpired.
  6. Adjust the cashbook as necessary.

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## Receipt Process

### • Voided and Adjusted Receipts: Support and Review

- Voided receipt forms should identify the name of the person who processed and approved the void and the reason for the void should be documented.
- Adjusting entries should identify the same information in the case management system.
- Voids and adjusting entries should be reviewed and approved (if possible) at the time of the transaction, but at a minimum, at least monthly.
- Adjusting entries made using the Secure Version of the CourtRoom Program should be monitored using the Void Cashbook Record Report (see Handout for example).

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## Next Topic!



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## Computer Access Controls

WHY do you need them?

- Cash collection and recordkeeping often occur at the same time.
- Restricting access to the electronic records becomes important for transparency and accountability over transactions.
- Access to confidential information.

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## Computer Access Controls

- Formal procedures for granting and reviewing access to Court data (application and file system rights)
- Restrict access by using unique, user-specific passwords and/or IDs.
  - Password strength needs to be emphasized and should be complex in nature.
- Access Rights: access to data should match job duties.

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## Computer Access Controls

- Server access: define permissions at network folder/file level.(i.e., other town personnel may have access to data)
- Original data should not be altered. Once data has been posted to records, information should not be deleted or altered.
- Changes to data should also be made by someone other than the data enterer.

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## Computer Access Controls

Effect of inadequate access controls:

- Court personnel are sharing passwords or User IDs (lack of accountability)
- Not removing access to users who have separated from service.
- Court personnel have access rights to functions they are not supposed to (e.g. access to delete receipts/cases).

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## Data Security

- All electronic data should be backed up locally, at least weekly
- Periodically (at least semi-annually) contact the Division of Technology to verify Windows patches, as well as, anti-virus and related applications/software are up-to-date. These help prevent vulnerabilities to the system and programs.
- Judge(s) should be online banking administrator over their bank accounts and limit access to court personnel with permissions commensurate to job duties.

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## Access to Court Records

Privileged, confidential and sensitive Court information (e.g., DOB, SS#, sealed cases) should be limited to authorized Court personnel.

- Paper case files, accounting files, and data back-ups should be stored in a secure location so that only authorized Court personnel have access.

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## Next Topic



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## Accountability and Reconciliation

### **Courts should:**

1. Compare cashbook balances to adjusted bank balances **at least** monthly.
  - If these amounts do not agree, promptly investigate and resolve the discrepancy

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<b>Accountability and Reconciliation</b>			
<u>EXAMPLE #1 – Comparing Cashbook to Adjusted Bank Balance</u>			
<b>Cashbook Balance:</b>		<b>Adjusted Bank Balance:</b>	
March 2022 Revenues:	35,000	Ending Bank Balance as of 3/31/22:	40,250
Open Bail as of 3/31/22:	5,000	<b>Add:</b>	
Total Cashbook Balance:	40,000	Deposit in Transit 4/02/22	250
		<b>Deduct:</b>	
		Outstanding Checks	(500)
		Adjusted Bank Balance:	40,000

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<b>Accountability and Reconciliation</b>			
<u>EXAMPLE #2 - Performing the Reconciliation</u>			
Ending Bank Balance as of 3/31/22:			40,250
<b>Add:</b>			
Deposit in Transit 4/02/22			250
<b>Deduct:</b>			
March 2022 Revenues			(35,000)
Open Bail as of 3/31/22:			(5,000)
Outstanding Checks			(500)
<b>Reconciled Balance:</b>			<b>0</b>

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## Accountability and Reconciliation

### • Common Things We See:

- Courts are not reconciling the bank accounts
- Courts are not taking the steps to verify the cashbook balances are accurate and complete.
- Reconciliations are not accurate or complete
- Variances are not promptly resolved



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## Accountability and Reconciliation

### • Common Things We See:

- Bank service fees are incurred and never resolved
- Court funds inherited from previous Justices are not reconciled or processed in accordance with the Handbook (e.g., reported to the JCF as unidentified funds or for bail, remitted to the Town/Village as unclaimed exonerated bail).
- It's easier to find a \$50 error in the month you are reconciling, rather than reviewing several months or years worth of transactions.

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## Accountability and Reconciliation

### • **Reconcile Monthly:**

- Cash could be misappropriated (stolen or lost) without detection!
- Errors and irregularities will not be identified and resolved in a timely manner.
- Separation of cash related duties!

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## Next Topic!



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## Recordkeeping Practices

General Recordkeeping Requirements for Town and Village Justice Courts are found in the *Handbook for Town and Village Justices and Court Clerks*

Each court is required to:

- Maintain individual case files containing all papers and other documents pertaining to each case (22NYCRR§214.11).

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## Recordkeeping Practices

- Maintain an index of all cases with a unique number assigned to each case when filed (22NYCRR§214.11).
- Maintain a cashbook, which chronologically itemizes all receipts and disbursements (22NYCRR§214.11).
- Maintain an official bank account in his/her name as judicial officer (22NYCRR§214.9).

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## Recordkeeping Practices

- Deposit all moneys received in his/her judicial capacity in the official bank account within 72 hours of collection, exclusive of Sundays and holidays (22NYCRR§214.9).
- Submit a monthly report and remittance to the Justice Court Fund within the first 10 days of the month following collection.
- Issue acceptable receipt forms for all moneys collected (GML §99-b).

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## Recordkeeping Practices

### Data Integrity:

- Taking steps to ensure and verify that information from source documents have been entered accurately into the case management system and cashbook
- Any discrepancies should be investigated as they could indicate that moneys could have been collected and not receipted and/or recorded.
- For example, manual receipt 5001 was issued for \$250 for John Doe on 2/15/22. Did you verify that this information and other disposition information was accurately and timely recorded?

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## Recordkeeping Practices

- Control over changes made to data once it has been posted are also necessary to ensure that transactions are accurate, complete, and valid.
- It is recommended that procedures for modification and approval of such transactions are established and well documented.

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## Next Topic!

Almost there...



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## Bail

- Receipts - a court receipt should always be issued and recorded in the CourtRoom Program.
- Disbursements - should always be recorded in the CourtRoom Program to ensure Open Bail Listing is up-to-date.
- Poundage - should be taken and reported to the JCF when eligible.
- Forfeitures
- Exonerated - *good faith effort should be made for a reasonable period of time (generally six months) to locate person who posted.*
- Unclaimed Exonerated - *if unable to locate person who posted, court may transfer to municipality pending a claim. Bail unclaimed after six years becomes property of the municipality.*

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## Final Topic!



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## Common Findings

- Separation of Cash Related Responsibilities
- Lack of accountability over Financial Stationery (e.g., manual receipts, checks)
- Improper and/or incomplete account reconciliations
- Deleted case and checkbook records
- Lack of accountability over manually issued tickets (e.g., parking, code enforcement, etc.)
- Bail funds not properly disposed
- Parking tickets dismissed without judicial approval

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## Thank you!

Questions?

For future fiscal related questions, please email:

[localtraining@osc.state.ny.us](mailto:localtraining@osc.state.ny.us) (OSC Local Office Training Unit)

Matthew Pokigo  
UCS Internal Audit Services  
(518) 238 – 4303

For more information, contact the  
City, Town, and Village Courts Resource Center  
at

1-800-232-0630 or  
[resourcecenter@nycourts.gov](mailto:resourcecenter@nycourts.gov)

Or visit:  
[www.nycourts.gov/justicecourts](http://www.nycourts.gov/justicecourts)

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Town and Village Justice Courts  
Fiscal Responsibilities  
Separation of Duties

To the extent possible, duties should be segregated between employees as follows:

- Responsibilities for collection and deposit preparation should be segregated from those involving the recording of cash receipts and permanent court record entries.
- Responsibilities for cash receipts should be segregated from cash disbursement responsibilities.
- Disbursement preparation responsibilities should be separated from responsibilities for disbursement approval and the recording of disbursements in the permanent court record.
- Functions involving the preparation and approval of bank account reconciliation should be segregated from all other cash receipt and disbursement functions.

With these principles in mind, the tables which follow define how duties should be separated amongst employees, depending on the court’s staffing compliment:

**Separation of Duties - One Employee**

Employee A	- Posts court proceedings to the permanent court record, including the amount of bail, fine, and surcharge set by the judge.
	- Receives payments and establishes the initial accountability for the receipt of cash. Total cash register and post to daily summary.
	- Prepares daily deposit.
	- Posts payment of fees, bail, fines and surcharges to the permanent court record and to outstanding bail listing as appropriate.
	- Posts daily receipts to the cash receipts journal.
	- Prepares bail refund checks and monthly revenue reports.
	- Posts disbursements and bail refunds to cash disbursements journal and to the permanent court record.
	<b>- Makes special arrangements to have the monthly bank statement independently reconciled to court financial records.</b>



Town and Village Justice Courts  
Fiscal Responsibilities  
Separation of Duties

**Separation of Duties - Two Employees**

Employee A	- Posts court proceedings to the permanent court record, including the amount of bail, fine, and surcharge set by the judge.
	- Receives payments and establishes the initial accountability for the receipt of cash. Total cash register and post to daily summary.
	- Prepares daily deposit.
	- Posts payment of fees, bail, fines and surcharges to the permanent court record and to outstanding bail listing as appropriate.
Employee B	- Posts daily receipts to the cash receipts journal.
	- Prepares bail refund checks and monthly revenue reports.
	- Posts disbursements and bail refunds to cash disbursements journal and to the permanent court record.
	<b>- Makes special arrangements to have the monthly bank statement independently reconciled to court financial records.</b>

**Separation of Duties - Three Employees**

Employee A	- Posts court proceedings to the permanent court record, including the amount of bail, fine, and surcharge set by the judge.
	- Receives payments and establishes the initial accountability for the receipt of cash. Total cash register and post to daily summary.
	- Prepares daily deposit.
	- Posts payment of fees, bail, fines and surcharges to the permanent court record and to outstanding bail listing as appropriate.
Employee B	- Posts daily receipts to the cash receipts journal.
	- Prepares bail refund checks and monthly revenue reports.
	- Posts disbursements and bail refunds to cash disbursements journal and to the permanent court record.
Employee C	- Reconciles the monthly bank statement to court financial records.

Town and Village Justice Courts  
Fiscal Responsibilities  
Separation of Duties

**Separation of Duties - Four Employees**

Employee A	- Posts court proceedings to the permanent court record, including the amount of bail, fine, and surcharge set by the judge.
	- Posts payment of fees, bail, fines and surcharges to the permanent court record and to outstanding bail listing as appropriate.
	- Posts daily receipts to the cash receipts journal.
	- Posts disbursements and bail refunds to cash disbursements journal and to the permanent court record.
Employee B	- Receives payments and establishes the initial accountability for the receipt of cash. Total cash register and post to daily summary.
	- Prepares daily deposit.
Employee C	- Prepares bail refund checks and monthly revenue reports.
Employee D	- Reconciles the monthly bank statement to court financial records.

**Separation of Duties - Five Employees**

Employee A	- Posts court proceedings to the permanent court record, including the amount of bail, fine, and surcharge set by the judge.
Employee B	- Receives payments and establishes the initial accountability for the receipt of cash. Total cash register and post to daily summary.
	- Prepares daily deposit.
Employee C	- Posts payment of fees, bail, fines and surcharges to the permanent court record and to outstanding bail listing as appropriate.
	- Posts daily receipts to the cash receipts journal.
	- Posts disbursements and bail refunds to cash disbursements journal and to the permanent court record.
Employee D	- Prepares bail refund checks and monthly revenue reports.
Employee E	- Reconciles the monthly bank statement to court financial records.

Town and Village Justice Courts  
Fiscal Responsibilities  
Separation of Duties


**Separation of Duties - Six Employees**

Employee A	- Posts court proceedings to the permanent court record, including the amount of bail, fine, and surcharge set by the judge.
Employee B	- Receives payments and establishes the initial accountability for the receipt of cash. Total cash register and post to daily summary.
	- Prepares daily deposit.
Employee C	- Posts payment of fees, bail, fines and surcharges to the permanent court record and to outstanding bail listing as appropriate.
	- Posts daily receipts to the cash receipts journal.
Employee D	- Prepares bail refund checks and monthly revenue reports.
Employee E	- Posts disbursements and bail refunds to cash disbursements journal and to the permanent court record.
Employee F	- Reconciles the monthly bank statement to court financial records.

# Town Court Void Cashbook Record Report

Voided Records from: 10/01/2021 To: 10/31/2021

Report date: 11/23/2021  
Page 1 of 1

CHECK or RECEIPT	PAID	DEPOSIT	CASE#	PAYEE	REASON	FINE	CIV-FEE	SCHG	BAIL	OTHER
saf 0206993	10/12/21	10/12/21	21080014		Fine/Fee Payment	92.00	0.00	93.00	0.00	0.00
				On 10/12/21 total of \$	185.00					