



New York City Department of Correction

Manhattan Detention Complex: Control and Accountability Over Bail Funds

Report 2009-N-3



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of State Government Accountability

November 5, 2009

Dora B. Schriro
Commissioner
New York City Department of Correction
Bulova Corporate Center
75-20 Astoria Boulevard, Suite 305
East Elmhurst, NY 11370

Dear Ms. Schriro:

The Office of the State Comptroller is committed to helping State agencies, public authorities and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of the New York City Department of Correction's control and accountability over bail funds at the Manhattan Detention Complex. The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article III of the General Municipal Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

*Office of the State Comptroller
Division of State Government Accountability*



State of New York Office of the State Comptroller

EXECUTIVE SUMMARY

Audit Objectives

Our objectives were to determine whether bail funds collected at the New York City Department of Correction's Manhattan Detention Complex are adequately controlled and appropriately safeguarded, deposited and remitted promptly to the New York City Department of Finance for safekeeping.

Audit Results - Summary

Bail for individuals in the custody of the New York City Department of Correction may be posted at the Manhattan Detention Complex. The facility is responsible for recording the receipt of such bail funds, depositing the funds in its bank account, and remitting the funds to the New York City Department of Finance (DOF) for safekeeping. In the two years ended December 31, 2008, the facility reportedly received \$27.3 million in bail from approximately 14,000 bail transactions.

We found that bail funds are not always adequately controlled and appropriately safeguarded while they are in the possession of the Manhattan Detention Complex. We also identified delays in the deposit and remittance of the funds. While our audit identified no instances of missing bail funds, the risk of such irregularities increases if the funds are not adequately controlled, appropriately safeguarded, promptly deposited and remitted for safekeeping.

We determined that the bail funds are not always securely maintained before deposit, as they are sometimes kept in an unlocked desk drawer in an unsecured office for several hours while awaiting transfer to the facility's Bail Drop Safe. We recommend that such funds be stored in a more secure manner. In response to our recommendation, the facility installed a locked box for the funds.

We also found that the funds are not adequately accounted for after they are deposited in the facility's bank account and a proper bank reconciliation is not performed. In the absence of such accountability, any loss or misappropriation of funds is less likely to be detected.

The bail funds received at the facility should be deposited in its bank account by the end of the next business day and remitted, by check, to DOF's fiscal agent within two business days. We examined a sample of bail transactions to determine whether the funds were deposited and remitted within these time frames. We found that, in some instances, the funds were not deposited on time, and in many instances, the funds were not remitted to DOF's agent on time (the longest delay was six days). In addition, in several instances, the date of remittance was not documented.

Opportunities for irregularities increase when bail funds are not deposited and remitted promptly for safekeeping. We recommend certain actions be taken by the facility to better ensure the timeliness of the deposits and remittances.

Our report contains eight recommendations for improving the Department's controls and accountability over bail funds. Department officials agreed with our recommendations and indicated that they have begun to take steps to implement them.

This report, dated November 5, 2009, is available on our website at <http://www.osc.state.ny.us>.

Add or update your mailing list address by contacting us at: (518) 474-3271 or

Office of the State comptroller

Division of State Government Accountability

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Introduction

Background

The New York City Department of Correction (Department) provides for the care, custody and control of persons accused or convicted of crimes or sentenced to one year or less of jail time. More than 100,000 inmates are admitted to the Department's three facilities annually.

An individual awaiting trial is released from the Department's custody when the bail authorized by the court is posted on his or her behalf at a Department facility. The facility is responsible for recording the receipt of the bail money, promptly depositing the money in its bank account, and promptly remitting the funds to the New York City Department of Finance (DOF) for safekeeping.

According to the Department's records, in the two years ended December 31, 2008, its facilities remitted a total of \$71 million in bail funds to DOF from more than 34,000 bail transactions. One of these facilities, the Manhattan Detention Complex, accounted for \$27.3 million of these bail funds and approximately 14,000 of these bail transactions.

The Department's Bail Procedures Directive 1502R (Directive 1502R) establishes detailed policies and procedures for the receipt, recording, depositing, remitting and processing of bail funds at Department facilities. For example, Directive 1502R states that the funds should be deposited in the facility's bank account by the end of the next business day and remitted to DOF within two business days of receipt. Directive 1502R also describes how the funds should be handled prior to deposit.

Audit Scope and Methodology

We audited to determine whether bail funds collected at the Department's Manhattan Detention Complex are adequately controlled and appropriately safeguarded, deposited and remitted promptly to DOF. Our scope period was January 1, 2007 through December 31, 2008. To accomplish our objectives, we interviewed officials and reviewed records at the Complex. In particular, we selected a random sample of 50 of the 13,955 bail receipts processed by the Complex during our two-year audit period and reviewed its processing of the related bail funds. We also evaluated the internal controls over bail funds at the Complex.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit

objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions, and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

As is our practice, we requested a representation letter from Department management. The representation letter is intended to confirm oral representations made to the auditors, and to reduce the likelihood of misunderstandings. Agency officials normally use the representation letter to assert that, to the best of their knowledge, all relevant financial and programmatic records and related data have been provided to the auditors. They affirm either that the agency has complied with all laws, rules and regulations applicable to their agency's operations that would have a significant effect on the operating practices being audited, or that any exceptions have been disclosed to the auditors. However, officials of the Mayor's Office of Operations have informed us that, as a matter of policy, Mayoral agency officials do not provide representation letters in connection with our audits. As a result, we lack assurance from Department officials that all relevant information was provided to us during this audit.

Authority

The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article III of the General Municipal Law.

A draft copy of this report was provided to Department officials for their review and comment. Their comments were considered in preparing this report and are attached in their entirety.

Within 90 days after the final release of this report, we request that the Commissioner of the New York City Department of Correction report to the State Comptroller, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, and the reasons why.

**Contributors
to the Report**

Major contributors to this report include Frank Houston, Albert Kee, Christine Chu, Jeffrey Marks, Jean-Renel Estime, Ryan Wendolowski and Dana Newhouse.

Audit Findings and Recommendations

Controls Over Funds

We identified weaknesses in the internal controls over bail funds at the Manhattan Detention Complex. In particular, the funds are not always securely maintained before they are deposited and are not adequately accounted for after they are deposited. While our audit identified no instances of missing bail funds, the risk of loss or misappropriation increases if the funds are not properly safeguarded and adequately accounted for.

Security Over Funds

According to Directive 1502R, when bail is posted, the facility's Bail Clerk should verify the bail amount against the court document authorizing the bail, count the money in full view of the person providing the bail, issue a press-numbered receipt to the person, and place the funds in a specially designated bail receipt envelope. The Tour Commander and designated Captain should verify the contents of the bail receipt envelope and seal the envelope. The Tour Commander should then take the bail receipt envelope to the Bail Drop Safe (Safe) in the Control Room. Even though the Department has no written requirement as to how timely the bail receipt envelope should be transferred to the Bail Drop Safe, facility officials stated that the transfer should be done as soon as possible.

To determine how long it typically took for bail funds to be transferred to the Bail Drop Safe at the Manhattan Detention Complex, we examined the transfer times for the 50 bail transactions in our sample. We reviewed the press-numbered receipt for each transaction to identify the time of receipt, and the Log for the Bail Drop Safe to identify when the bail funds were placed in the Safe. We found that, in 32 of the 50 transactions (64 percent), it took more than one hour and as long as 12.5 hours to transfer the funds to the Safe, with ten of the transactions taking more than three hours.

We also determined that the bail funds were being kept in an unsecured desk drawer in the General Office while they were awaiting transfer to the Safe. When bail funds are not properly secured for long periods of time, there is an increased risk they could be stolen or misused. In addition, if it were discovered that bail funds were missing from the desk drawer, it would be difficult to identify the person responsible for the loss, because several individuals have access to the General Office.

If bail funds cannot be transferred to the Bail Drop Safe immediately upon receipt, we recommend that the funds be stored in a secure manner until the transfer can be completed. In response to our recommendation, facility

officials stated that they have installed a locked box in the General Office to safeguard the funds while they are awaiting transfer.

Monthly Bank Reconciliations

All bail funds received by a facility should be deposited into the facility's Bail and Fines Account (Bail Account) by the end of the next business day. The funds should then be remitted to DOF within two business days of receipt. The funds are to be remitted by a check that is drawn upon the Bail Account.

The check register for the Bail Account should show how much money is in the Account at any point in time. Receipts and disbursements should be recorded as they are made, and a running balance should be maintained. The monthly bank statement for the Bail Account also shows how much money is in the account, as of the date of the bank statement.

The bank statement balance should be reconciled to the check register balance to ensure that the two sets of records agree on the amount of money in the Account. If they do not agree and the difference cannot be reconciled, there is no assurance the money is being accurately accounted for. In the absence of such accountability, any loss or misappropriation of funds is less likely to be detected.

Department facilities are required by Directive 1502R to perform monthly bank reconciliations of their Bail Accounts. We found that the Manhattan Detention Complex does not perform proper bank reconciliations. The facility does not maintain a running balance in the Account's check register and as such, is unable to perform a proper reconciliation between the bank statement balance and the check register balance. Without a proper bank reconciliation, the facility cannot determine what should be the correct bail account balance.

We recommend that the staff who maintain the check register and who perform the monthly bank reconciliations receive appropriate training in these processes. We also recommend that the reconciliations be monitored more closely by the Department's Financial Services Division. In accordance with Directive 1502R, the Financial Services Division is to receive copies of the monthly reconciliations and is expected to review them to ensure that they are appropriate.

We also identified the need for the following improvements related to the facility's monthly bank reconciliations:

- Copies of the reconciliations are supposed to be forwarded to the Financial Services Division within 25 calendar days of the bank statement date. However, the facility was late in forwarding 3 of the 24 bank reconciliations in our audit period, with the delays ranging from 11 to 40 days.
- The reconciliations should be verified and reviewed by the facility's Business Manager and Warden. However, for 4 of the 24 monthly reconciliations we reviewed, there was no evidence that either the verification or review was performed.
- Many adjustments (most were for counterfeit bills) shown on the bank reconciliations have been repeated on the monthly bank reconciliations for years, and in some cases, date back to 1994. According to the New York City Comptroller's Directive 11, such amounts should be written off (i.e., deleted from the check register) after three months, subject to the review and approval of an appropriate official.

In response to our findings, the Financial Services Division acknowledged that the bank reconciliations had not been performed properly for years.

Accountability for Funds

The bail funds received by a facility should be stored in its Bail Drop Safe until the next business day, at which time the funds should be taken to the bank for deposit. Before a deposit is made, the funds should be taken out of the safe and counted. A deposit slip should be prepared, along with a remittance check for the same amount to DOF. The funds and deposit slip should be taken to the facility bank, and either that day or the following business day (within two business days), the remittance check and certain supporting documentation should be taken to the DOF financial agent's lock box processing service (i.e., JP Morgan Chase).

To help ensure full and proper accountability for the funds, these deposit and remittance activities should be recorded in the Bail Drop Safe Log. In addition, the individuals performing the activities should sign the Log to affirm that the Log entries are accurate, and the amounts of money indicated were, in fact, placed in or taken out of the Safe.

For example, according to Directive 1502R, when a deposit is to be made, two individuals (the Business Manager and the Integrity Control Officer) should remove the funds from the Safe, count them, and verify that all the money is accounted for. Once this is done, the individuals should sign the Bail Drop Safe Log in the appropriate place. Similarly, when the remittance

check is about to be delivered to the financial agent, the Deputy Warden for Administration should verify the accuracy of the check and supporting documentation, and sign the Log to affirm that he has done so.

To determine whether these procedures were being followed, we reviewed the entries in the Bail Drop Safe Log for the 50 bail transactions in our sample, focusing on the entries relating to the deposit of the funds and the delivery of the check. We found that, in some of these transactions, the responsible individuals did not sign the Log to attest to the accuracy of the transactions, as follows:

- In 6 of the 50 transactions, the Deputy Warden for Administration did not sign the Log attesting to the accuracy of the checks remitted to DOF.
- In 9 of the 50 transactions, the Integrity Control Officer did not sign the Log attesting to the accuracy of the bail funds taken to the bank for deposit. (The Business Manager or Captain did sign the Log for all nine of these transactions.)

Facility officials could not explain why the responsible individuals failed to sign the Log in these instances. In the absence of their signatures, there is less assurance that the transactions were accurately recorded and the bail funds were properly accounted for.

Counterfeit Detector Machines

When bail is posted, the facility's Bail Clerk is required by Directive 1502R to "use a counterfeit detector machine to examine all bills to determine whether or not they are counterfeit." If any bills appear to be counterfeit, the Clerk is to notify the designated Captain immediately, and the Captain is to contact the U.S. Secret Service.

The Manhattan Detention Complex has two counterfeit detector machines; one is located in the General Office, where the Bail Clerk collects the bail funds, and the other is located in the Business Office, where the deposits are prepared. However, we determined that neither of these machines is being used to detect counterfeit bills. The Business Manager told us that the machines are not functioning properly, and accordingly, the facility uses counterfeit detecting pens instead.

We question whether the counterfeit detecting pens are totally effective. According to the facility's records, in the two years ended December 31, 2008, the facility failed to detect \$965 in counterfeit bills that were received in 14 separate bail transactions. These counterfeit bills were detected by the facility's bank when they were deposited. Moreover, according to the

facility's monthly bank reconciliations, between 1994 and 2006, there were 63 other bail transactions with \$3,644 in counterfeit bills that were not detected by the facility, but were later detected by the bank.

It is time consuming to replace counterfeit bills that escape detection by the facility, but are later detected by the bank. Facility officials must locate the person who posted the bail and obtain genuine money to replace the counterfeit bills. If this person cannot be located, the Department incurs a loss as it has to reimburse the bank for the counterfeit bills.

We recommend that the facility comply with Directive 1502R and use the counterfeit detector machines as directed. In response to our findings, facility officials stated that the machines cannot be repaired and they plan to purchase new machines to replace their malfunctioning machines.

Recommendations

1. Store bail funds in a secure manner while they are awaiting transfer to the Bail Drop Safe.
2. Ensure that the monthly bank reconciliations for the Bail Account are performed properly by:
 - providing appropriate training to the staff who maintain the check register and perform the reconciliations;
 - having the reconciliations verified and reviewed by the facility's Deputy Warden for Administration and Warden;
 - forwarding copies of the reconciliations to the Financial Services Division within 25 calendar days of the bank statement date;
 - instructing the Financial Services Division to closely monitor the reconciliations and take prompt corrective action when the reconciliations are not performed properly; and
 - writing off unreconciled differences between the check register balance and the bank statement balance after three months, subject to the review and approval of an appropriate official.
3. Monitor the Bail Drop Safe Log to determine whether the responsible individuals are signing the Log as required, and take corrective action when they are not.
4. Repair or replace the counterfeit detector machines, and use the machines as directed by Directive 1502R.

Timeliness of Deposits

All bail funds received by a facility are to be deposited into the facility's Bail Account by the end of the next business day. We examined whether the funds for the 50 bail transactions in our sample were deposited within this time frame. We found that, in 4 of the 50 sampled transactions, the funds were not deposited in the Manhattan Detention Complex's Bail Account by the end of the next business day. The four delays ranged from one to four business days and averaged 2.25 business days.

For example, in one transaction, \$500 in bail was posted at the facility on Saturday, January 20, 2007. The funds should have been deposited on Monday, January 22, 2007. However, the funds were not deposited until Friday, January 26, 2007, four business days late.

When bail funds are not deposited promptly, there is an increased risk the funds could be lost, stolen or misused. The Warden acknowledged that bail funds were not always deposited promptly in the past. He stated that new procedures were instituted in May 2007 to have daily reports sent directly to him to ensure the timeliness of the deposits. We note that the timeliness of the deposits improved after these procedures were instituted.

Recommendation

- 5. Monitor the timeliness of bail fund deposits and take corrective action if the deposits are not routinely made by the end of the next business day.

Timeliness of Remittances

The bail funds received by a facility are to be remitted to DOF within two business days of receipt. The funds are to be remitted by a check that is drawn upon the facility's Bail Account. The check is to be accompanied by a receipt document that is to be returned to the facility by DOF's fiscal agent. This document indicates when the check was actually received by the agent.

We examined whether the funds for the 50 bail transactions in our sample were remitted to the fiscal agent within the required time frame (two business days of receipt). For 28 of the 50 transactions, we were unable to make this determination, because the receipt documents for the checks covering these funds were either not on file or not dated. In the absence of these receipt documents, there is no assurance that the funds were remitted within the required time frame. We note that 21 of the 28 receipt documents were from 2007, when the procedures for obtaining the receipt documents were not fully implemented.

The receipt documents were available for the remaining 22 transactions, and we determined that in only five of these transactions were the funds remitted to the fiscal agent within two business days of receipt. In the remaining

17 transactions (77 percent), the funds were remitted between one and six business days late, and on average, were remitted 3.5 business days late.

For example, in one transaction, \$5,000 in bail was posted at the facility on Monday, June 23, 2008. The funds should have been remitted to the fiscal agent by Wednesday, June 25, 2008. However, the funds were not received by the fiscal agent until Monday, June 30, 2008, three business days late. Since the funds are deposited in interest-bearing accounts when they are received by DOF, such delays could reduce the amount of interest earned by the individuals who posted the bail.

According to Directive 1502R, two signatures are required on the check remitting bail funds to DOF. The Warden at the Manhattan Detention Complex told us that, because of scheduling conflicts and other situations, there are times when they are unable to obtain signatures from two of the six officials who are authorized to sign the checks, and as a result, the remittances are delayed. In response to our finding, the Warden suggested that the facility obtain additional authorized signatories but that its bank has restrictions on the number of authorized signatories on an account.

We recommend the facility either work with the bank to obtain permission to authorize additional officials to sign the checks, or develop alternative procedures for obtaining the signatures of the officials who are currently authorized.

Recommendations

6. Monitor the receipt documents for the checks remitted to the New York City Department of Finance and take corrective action whenever a receipt document is not obtained for a remittance.
7. Either work with the bank to obtain permission to authorize additional officials to sign checks remitting bail funds to the New York City Department of Finance, or develop alternative procedures for obtaining signatures from the currently authorized officials.
8. Monitor the timeliness of bail fund remittances and take corrective action if the remittances are not routinely made within two business days of receipt.

Agency Comments



NEW YORK CITY DEPARTMENT OF CORRECTION
Dora B. Schiro, Commissioner

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October 5, 2009

Frank Houston, Audit Director
Office of the Comptroller
Division of State Government Accountability
123 William Street – 21st Floor
New York, N. Y. 10038

Dear Mr. Houston,

Attached is the New York City Department of Correction's response to the Draft Audit Report 2009-N-3, entitled Controls and Accountability over Bail Funds – Manhattan Detention Complex. Please include our response and this cover letter as an appendix to the final report.

If you have any questions regarding this response, kindly contact Joel Lampert, Agency Audit Liaison, at (718) 546-0646.

Sincerely,

Dora B. Schiro

C: Jeffery Kay, Director, Mayor's Office of Operations

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New York City Department of Correction Response

**Audit Report on Controls and Accountability over Bail Funds – Manhattan
Detention Complex**

Recommendation # 1

Store Bail Funds in a secure manner while they are awaiting transfer to the Bail Drop Safe.

Response to Recommendation #1

A small safe, used expressly for the temporary storage of bail funds awaiting transfer to the Bail Drop Safe, has been procured and placed in the facility's General Office.

Recommendation #2(a)

Ensure that the monthly bank reconciliations for the Bail Account are performed properly by providing appropriate training to the staff who maintain the check register and perform the reconciliations.

Response to Recommendation #2(a)

The Department's Financial Services Division will revise the existing Bail and Fine Bank Reconciliation cover sheet for use by the facility this calendar year to provide a clear distinction between bank statement balances and check register balances. A running balance will be maintained in the check register to ensure that the bank statement balance and the check register balance agree as to the amount of money in the Bail and Fine account. Appropriate training will be given to facility staff responsible for maintaining the check register and performing the monthly bank reconciliations.

Recommendation #2(b)

Ensure that the monthly bank reconciliations for the Bail Account are performed properly by having the reconciliations verified and reviewed by the facility's Deputy Warden for Administration and Warden.

Response to Recommendation #2(b)

We acknowledge that 4 of the 24 bank reconciliations reviewed by the auditors did not contain a verification signature by facility management. These four signature omissions on the reconciliations pre-date the implementation of a new procedure in November 2008, requiring the Financial Services Division to review these documents to ensure

appropriate signatures are affixed, and when necessary, inform facility management to facilitate correction.

Recommendation #2(c)

Ensure that the monthly bank reconciliations for the Bail Account are performed properly by forwarding copies of the reconciliations to the Financial Services Division within 25 calendar days of the bank statement date.

Response to Recommendation #2(c)

An additional facility staff member has now been identified to complete the bank reconciliations timely, whenever the individual who is responsible for preparing the reconciliations is unavailable. Additionally, the Financial Services Division provides written notification to facility management if the bank reconciliations are not submitted on time.

Recommendation #2(d)

Ensure that the monthly bank reconciliations for the Bail Account are performed properly by instructing the Financial Services Division to closely monitor the reconciliations and take prompt corrective action when the reconciliations are not performed properly.

Response to Recommendation #2(d)

The Financial Services Division monitors the submission of bank reconciliations by notifying facility management in writing when they are not submitted to the Division in a timely manner. The facility will begin immediately to document any contacts with the bank when requests for supporting documentation hinder the timely preparation of the reconciliation. The facility will notify the Financial Services Division of these requests and keep the Division apprised as to the progress made in completing these reconciliations. Moreover, as indicated in our response to Recommendation #2(a) above, the Financial Services Division will revise the existing Bail and Fine Bank Reconciliation cover sheet for use by the facility within the next two months to provide a clear distinction between bank statement balances and check register balances. In regard to these changes, appropriate training will be provided to facility staff within the two month time frame. The Division will continue to closely review the preparation of all completed reconciliations and immediately notify facility management of any inaccuracies discovered during this process.

Recommendation #2(e)

Ensure that the monthly bank reconciliations for the Bail Account are performed properly by writing off unreconciled differences between the check register balance and

the bank statement balance after three months, subject to the review and approval of the appropriate official.

Response to Recommendation #2(e)

The Department has written procedures in Directive # 1505 entitled, Write-offs for Facility Based Controlled Accounts with Financial Activity. Once criteria outlined in this Directive are fully met, it is anticipated that the write-off of the approximately \$3,200 in total unreconciled differences will be accomplished this calendar year.

Recommendation #3

Monitor the Bail Drop Safe Log to determine whether the responsible individuals are signing the Log as required, and take corrective action when they are not.

Response to Recommendation #3

To further strengthen monitoring controls, the Financial Service Division will review Bail Drop Safe Logs daily to determine that all required signatures are affixed. Those Logs missing required signatures will be returned to the facility for prompt correction.

Recommendation #4

Repair or replace the counterfeit detector machines and use the machines as directed by Directive 1502R.

Response to Recommendation #4

The machines were designed to have both currency counting and counterfeit detection capabilities. A service technician dispatched from the manufacture has determined that the machines require replacement, as the keys would not respond to the programming commands that would enable detection of counterfeit bills. These malfunctioning machines have since been replaced with equipment similar to those in use at one of the Department's banking institutions.

Recommendation #5

Monitor the timeliness of bail fund deposits and take corrective action if the deposits are not routinely made by the end of the next business day.

Response to Recommendation #5

Over 90 percent of the bail funds sampled by the auditors were deposited in the facility's bail account at the bank by the end of the next business day, in accordance with prescribed procedure. To ensure timeliness of all deposits, a procedure was instituted by the facility's Warden in May 2007 to have daily reports of deposits sent to him. As

acknowledged in the audit report, since instituting this procedure in 2007, the timeliness of the deposits has improved.

The Financial Services Division implemented additional monitoring procedures in November 2008, requiring the facility to forward to the Division on a daily basis, a copy of the previous day's bank deposit ticket bearing the banks stamped deposit date. To ensure accuracy and timeliness, the amount and date shown on the ticket is compared to the amount and date of the deposit as recorded on the facility's Bail Drop Safe Log. This information is also compared daily to the deposit amount indicated on the online banking services website. Any discrepancies found are followed-up immediately for resolution with facility management. Each week, the results of these monitoring efforts along with the daily deposit amounts are summarized in a report to the Department's fiscal senior management.

Recommendation #6

Monitor the receipt documents for the checks remitted to the New York City Department of Finance and take corrective action whenever a receipt document is not obtained for a remittance.

Response to Recommendation #6

Beginning next month, the facility will be required to forward copies of all New York City Department of Finance (DOF) receipt documents to the Financial Services Division which will, in turn, notify facility management in writing to follow-up immediately on any missing or unsigned documents.

Recommendation #7

Either work with the bank to obtain permission to authorize additional officials to sign checks remitting bail funds to the New York City Department of Finance, or develop alternative procedures for obtaining signatures from the currently authorized officials.

Response to Recommendation #7

Two signatures are required on the check remitting bail funds to DOF. Due to scheduling conflicts at the facility, two authorized signatories were not always available to sign these checks, resulting in delays in submission of remittances to DOF beyond the two prescribed business days. Procedures have been instituted by facility management and will be carefully monitored to ensure the timely availability of the required number of signatories.

Recommendation #8

Monitor the timeliness of bail fund remittances and take corrective action if the remittances are not routinely made within two business days of receipt.

Response to Recommendation #8

As indicated in the audit report, the majority of the receipts that were found by the auditors to be either undated or not in the file, were applicable to 2007 when the procedures for obtaining the receipt documents from DOF's fiscal agent were not fully implemented. The auditors found significant improvement upon their review of receipt documentation for 2008.