

# AUDIT REPORT



CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
BUREAU OF MANAGEMENT AUDIT  
**WILLIAM C. THOMPSON, JR., COMPTROLLER**

## **Audit Report on the Cash Controls And Timekeeping Practices at the New York City Clerk's Manhattan Office**

*ME02-144A*

**May 5, 2003**



**THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
1 CENTRE STREET  
NEW YORK, N.Y. 10007-2341**

**WILLIAM C. THOMPSON, JR.  
COMPTROLLER**

**To the Citizens of the City of New York City**

Ladies and Gentlemen:

In accordance with the Comptroller's responsibilities contained in Chapter 5, § 93 of the New York City Charter, my office has examined the cash controls and timekeeping practices at the New York City Clerk's Manhattan Office.

The results of our audit, which are presented in this report, have been discussed with City Clerk's Office officials, and their comments have been considered in the preparation of this report.

Audits such as this provide a means of ensuring that City resources are used effectively, efficiently, and in the best interest of the public.

I trust that this report contains information that is of interest to you. If you have any questions concerning this report, please e-mail my audit bureau at [audit@comptroller.nyc.gov](mailto:audit@comptroller.nyc.gov) or telephone my office at 212-669-3747

Very truly yours,

A handwritten signature in cursive script that reads 'William C. Thompson, Jr.'.

William C. Thompson, Jr.

**Report: ME02-144A  
Filed: May 5, 2003**

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*The City of New York  
Office of the Comptroller  
Bureau of Management Audit*

**Audit Report on the Cash Controls  
And Timekeeping Practices at the  
New York City Clerk's Manhattan Office**

**ME02-144A**

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**AUDIT REPORT IN BRIEF**

This audit of the New York City Clerk's Manhattan Office (City Clerk's Office) covered its cash controls and timekeeping practices. The City Clerk and Clerk of the Council (the City Clerk) is responsible for administering the Marriage Bureau in all five boroughs, keeping official records, and serving as clerk to the City Council and as the custodian of the City Seal. In Fiscal Year 2002, the City Clerk's offices throughout the five boroughs had revenues of \$3.6 million and expenses of \$2.7 million, thereby generating a total of \$0.9 million for the City.

**Audit Findings and Conclusions**

The City Clerk's Office has adequate internal controls over its payroll and timekeeping functions and is in compliance with applicable rules of Comptroller's Directive #13, Payroll Procedures. In addition, the City Clerk's Office generally adheres to the guidelines for internal controls established by Comptroller's Directive #11, Cash Accountability and Control. Our audit determined that the City Clerk's Office accepts only money orders and business checks from the public as payment for its services; issues computer-generated, sequentially numbered receipts; and makes daily deposits in the bank. Also, the deposits are reconciled by the City Clerk's Office to the amounts recorded in the City's Financial Management System. However, we identified several internal control weaknesses, including:

- Inadequate controls over blank marriage certificates and licenses;
- Lack of reconciliation of fees collected with fees deposited;
- Inadequate safeguarding of mail requests and cash receipts;

- Lack of segregation of duties in Commissioner of Deeds unit; and
- Improper maintenance of voided documents.

### **Audit Recommendations**

To address these issues, we make 13 recommendations. Among them, we recommend that the City Clerk's Office:

- Develop and maintain an inventory system to track blank marriage certificates and licenses.
- Enter in the Marriage License System (MLS) system the pre-printed number on a marriage certificate or license whenever a form is issued.
- Train and instruct employees to properly enter all voided documents in the MLS.
- Issue a written procedure requiring that the Daily Cash Report be reconciled with the daily cash receipts before the cash is deposited in the bank. In addition, all discrepancies found during the reconciliation should have a written explanation and a supervisory signature next to the explanation.
- Issue a written procedure requiring a second signature on the cash deposit slip to verify that an independent count of the cash was performed.
- Issue a written procedure that requires mail requests and cash receipts to be secured in a locked drawer or safe at the end of the day.
- Deposit all money orders on the day that they have been received in the mail by the Record Room or, if necessary, no later than on the next business day.
- Train more than one employee to handle Commissioner of Deeds transactions.
- Require that all in-person cash payments by customers be made to the Cashier's unit, not to the Commissioner of Deeds unit.

### **City Clerk's Office Response**

The City Clerk's Office generally agreed with the audit's recommendations and has implemented 10 of the 13 recommendations. The Office stated that it is currently implementing two others and is exploring the possibility of implementing the remaining recommendation in the future.

## INTRODUCTION

### Background

The City Clerk and Clerk of the Council (the City Clerk) is responsible for administering the Marriage Bureau in all five boroughs, keeping official records, serving as clerk to the City Council, qualifying all commissioners of deeds, registering domestic partners, and maintaining a registry of all individuals or corporations that lobby the City. The City Clerk is also the custodian of the City Seal and has charge of the oaths-of-office documents of all City employees. The City Clerk charges the public a fee, which is set by the State legislature or the City Council. The charges include \$30.00 for a marriage license, \$25.00 for a marriage ceremony, and \$20.00 for registering domestic partners. The fees for all its services are publicly posted in each of the City Clerk's offices. In Fiscal Year 2002, the City Clerk's offices throughout the five boroughs had revenues of \$3.6 million and expenses of \$2.7 million, thereby generating a total of \$0.9 million for the City.

The City Clerk's offices, like all other city agencies, must comply with Comptroller's Directive #11, Cash Accountability and Control, and Comptroller's Directive #13, Payroll Procedures. Directive #11 establishes guidance for the internal controls and accountability of cash and defines cash as currency, coin, checks, money orders, and electronic fund transfers. According to Directive #11, cash is the asset most susceptible to misappropriation. Therefore, agencies must exercise utmost care when handling cash and accounting for transactions involving cash. Directive #13 establishes guidance for the internal controls and procedures for the preparation of payrolls.

The City Clerk maintains an office in each of the five boroughs, the largest and most important being the Manhattan Office. The Manhattan Office of the City Clerk processes all mail requests, including requests forwarded by the borough offices, for certified copies of marriage certificates. The Manhattan Office (City Clerk's Office) has five different units that collect cash: Cashier, Record Room-Mail, Lobbyist, Commissioner of Deeds, and Marriage License. The City Clerk's Office generally accepts only money orders as payment for its services. However, it accepts coin for oath-of-office fees for City employees and corporate checks for commissioner of deeds and lobbyist registrations. The Cashier's unit receives all the revenue collected by the other units, places it in a safe, and deposits it the following day in a City treasury bank account. In calendar year 2000, the City Clerk's Office installed a computerized fee collection system, the Marriage License System (MLS). This system records all fees collected by the City Clerk's Office and generates reports detailing the amounts collected for each service provided.

We audited the compliance of the City Clerk's Office with Comptroller's Directive #11, "Cash Accountability and Control" in 1996 and 1999. Those audits identified a number of weaknesses such as: an inability to reconcile daily cash collections to daily cash deposits, a lack of segregation of duties in the Commissioner of Deeds Unit, and a backlog of mail requests and undeposited revenue. This current audit reviewed the same areas covered by the previous audit.

## **Objectives**

The objectives of this audit were to determine whether the City Clerk's Manhattan Office:

- Is in compliance with Comptroller's Directive #11, Cash Accountability and Control; and
- Is in compliance with Comptroller's Directive #13, Payroll Procedures.

## **Scope and Methodology**

The scope of this audit was Fiscal Year 2002 through December 2002 (July 1, 2001–December 31, 2002).

To gain an understanding of operations at the City Clerk's Office, we interviewed officials, conducted walkthroughs of its units, and observed its daily activities. We reviewed Comptroller's Directive #1, Financial Integrity Statement; Directive #11, Cash Accountability and Control; Directive #13, Payroll Procedures; and *Follow-up Audit of the New York City Clerk's Office Compliance with Comptroller's Directive #11, Cash Accountability and Control* (MG98-171F) (the prior audit).

In October 2001 the City Council appointed a new City Clerk. Therefore, we judgmentally selected our sample data to include one month from before and one month from after he was appointed—August 2001 and February 2002. In addition, we designed our tests to determine whether the prior audit recommendations were implemented.

To determine whether the City Clerk's Office accurately reviews and records employee time worked in the Payroll Management System (PMS), we obtained the roster of employees for August 2001 and February 2002. We also obtained the time record books, employee time reports, employee time cards, and the City Payroll Management System Employee Leave Details Report for the same time period. We reviewed these documents to determine whether PMS accurately reflected employee leave balances.

To determine whether the City Clerk's Office has adequate controls for collecting, recording, depositing, and reconciling daily cash receipts, we obtained and reviewed the Fee Paid Waived Summary reports from the computerized Marriage License System that records all revenue collected at City Clerk's Office, the Daily Cash Reports, the bank deposit slips, and voided documents for August 2001 and February 2002. Further, we performed observations to determine whether assets were properly safeguarded at each unit.

To determine whether the City Clerk's Office maintains proper inventory controls over its supply of marriage certificates and licenses, we interviewed staff of the City Clerk's Office and observed inventory practices.

To determine whether the City Clerk's Office processes mail requests for certified copies of marriage records upon receipt and had implemented the prior audits recommendations, we conducted interviews of staff of the City Clerk's Office and observed the processing of mail requests. We reviewed the unprocessed mail requests and determined the amount of undeposited revenue, whether money orders were restrictively endorsed, and whether the mail requests were properly safeguarded.

This audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and included tests of the records and other auditing procedures considered necessary. This audit was performed in accordance with the New York City Comptroller's audit responsibilities as set forth in Chapter 5, §93, of the New York City Charter.

### **Discussion of Audit Results**

The matters covered in this report were discussed with officials from the City Clerk's Office during and at the conclusion of this audit. A preliminary draft report was sent to City Clerk's Office officials on March 10, 2003, and was discussed at an exit conference on March 24, 2003. We submitted a draft report City Clerk's Office officials on March 28, 2003, with a request for comments. We received a written response from the City Clerk's Office on April 11, 2003. The City Clerk's Office generally agreed with the audit's recommendations and has implemented 10 of the 13 recommendations. The City Clerk's Office stated that it is currently implementing two others and is exploring the possibility of implementing the remaining recommendation in the future. In the response, the City Clerk's Office expressed its gratitude "for the efforts exerted on behalf of this office." The full text of the City Clerk's Office response is included as an addendum to this report.



## **FINDINGS AND RECOMMENDATIONS**

The City Clerk's Office has adequate internal controls over its payroll and timekeeping functions and is in compliance with applicable rules of the Comptroller's Directive #13, Payroll Procedures. In addition, all time worked and leave taken by employees is accurately recorded in PMS by the City Clerk's Office.

In addition, the City Clerk's Office generally adheres to the guidelines for internal controls established by Comptroller's Directive #11, Cash Accountability and Control. Our audit determined that the City Clerk's Office accepts only money orders and business checks from the public as payment for its services; issues computer-generated, sequentially numbered receipts; and makes daily deposits in the bank. Furthermore, the deposits are reconciled by the City Clerk's Office to the amounts recorded in the City's Financial Management System. However, we identified several internal control weaknesses, including:

- Inadequate controls over blank marriage certificates and licenses,
- Lack of reconciliation of fees collected with fees deposited,
- Inadequate safeguarding of mail requests and cash receipts,
- Lack of segregation of duties in Commissioner of Deeds unit, and
- Improper maintenance of voided documents.

These weaknesses are discussed in more detail in the sections below.

### **Inadequate Controls over Blank Marriage Certificates and Licenses**

The City Clerk's Office has inadequate controls over the supply and distribution of blank marriage certificates and licenses. We found that the City Clerk's Office does not maintain inventory records to track the boxes containing these forms. This is contrary to Comptroller's Directive #11 that requires agencies to maintain a physical inventory of blank "press-numbered, pre-printed forms." The marriage certificates and licenses fall under this requirement since each blank form is pre-printed with its own sequential control number. Although unopened boxes containing these forms are stored in a locked room with limited access, by not maintaining an inventory over the supply and distribution of these forms, there is no assurance that all certificates and licenses are accounted for.

In addition to the above, the City Clerk's Office does not account for each marriage certificate and license by using the numbers already printed on them. Instead, the Office uses a number generated

by the MLS system to record the certificates and licenses issued each day. Therefore, the computer-generated numbers do not match the numbers affixed to the issued marriage certificates and licenses and cannot be used to detect an interruption of sequential numbers that would indicate forms that might be missing. There is no way to reconcile the printed sequential numbers on the certificates and licenses with the numbers generated by the computer. Accordingly, the City Clerk's Office cannot account for every issued marriage certificate and license. For instance, during the course of the audit, we were given a blank marriage certificate and a blank marriage license as samples for our files. These forms were not recorded by the City Clerk's Office as having been used. Nor were these forms marked "void" to prevent unauthorized use. In the absence of such basic document controls, the misappropriation of blank forms could occur easily and without detection.

We further observed that open boxes of blank marriage certificates and licenses are not safeguarded and locked away at the end of the day. We observed that these open boxes were kept on the floor or under the counter in the Cashier's area until a new box of forms was needed. This is contrary to Comptroller's Directive #1, which requires that "blank, imprinted licenses and permits be properly stored and secured." In addition, by not safeguarding these forms, the City Clerk's Office creates an environment that makes these forms easily susceptible to theft. We are concerned that these forms, which bear the City Clerk's signature, can be easily misappropriated without being detected by the City Clerk's Office and used to produce fraudulent marriage documents.

### **Recommendations**

The City Clerk's Office should:

1. Develop and maintain an inventory system to track blank marriage certificates and licenses.

***City Clerk's Office Response:*** "The City Clerk has implemented this recommendation. Marriage certificates will be distributed on a sequential order solely to a supervisor who will sign for the same in a log book maintained by the Chief of Staff."

2. Enter in the Marriage License System (MLS) system the pre-printed number on a marriage certificate or license whenever a form is issued.

***City Clerk's Office Response:*** "The current configuration of our computer system does not permit implementation of this recommendation. We will explore the possibility of doing so in the future."

***Auditor Comment:*** While we understand the limits of the current computer system configuration, we believe that implementing this recommendation should be a high priority.

3. Properly store and secure opened boxes of blank, preprinted marriage certificates and licenses at the end of the day.

*City Clerk's Office Response:* "The City Clerk has implemented this recommendation."

### **Inadequate Controls of Voided Marriage Certificates and Licenses**

We could not locate the actual certificates and licenses of 45 (87%) of the 52 marriage certificates and licenses indicated as "void" on the MLS system for the months of August 2001 and February 2002. Currently, City Clerk's Office employees mark voided marriage certificates and licenses by writing the word "void" on the front of the document. These voided documents are then filed away in a drawer along with other documents relating to each day's activities. The missing voided documents are of concern since, as previously mentioned, the City Clerk's Office has inadequate controls over the tracking of licenses issued. It is possible that these certificates were not voided, but rather issued and the fees not reported. According to staff at the City Clerk's Office, the missing voided marriage certificates and licenses might have been misplaced, misfiled, or destroyed.

Conversely, we found 20 marriage certificates and licenses that were marked as "void" but that were not recorded as "void" after their initial entry in the MLS system. City Clerk's Office officials informed us that at times, voided documents are not recorded as void on the MLS system because the staff do not have time to enter them or, worse, because they do not know how to enter them in the system. The non-entry of voided certificates in the MLS system causes the Daily Cash Report to be overstated, since the report does not subtract the fees for the unrecorded voids from the total dollar amount collected. Moreover, the Daily Cash Report will not reconcile with the daily cash deposit at the end of the day because the Daily Cash Report will be overstated. The following section deals with this matter.

### **Recommendations**

The City Clerk's Office should:

4. Instruct employees to file all voided documents with daily transaction documents.

*City Clerk's Office Response:* "The City Clerk has implemented this recommendation."

5. Train and instruct employees to properly enter all voided documents in the MLS.

*City Clerk's Office Response:* "The City Clerk has implemented this recommendation."

### **Daily Cash Collections Reports Do Not Match Daily Bank Deposits**

The City Clerk's Office does not properly reconcile fees collected with fees deposited. Our review of the City Clerk's Daily Cash Reports<sup>1</sup> to daily cash deposits for August 2001 and February 2002 disclosed that for 36 out of 42 days (86%), the daily cash collections did not match the daily cash deposited into the bank. The discrepancies ranged from a shortage of \$2,141 to an overage of \$1,231.

Table I following lists the 36 days that had discrepancies between the Daily Cash Report and the daily cash deposited:

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<sup>1</sup> This report is prepared manually using fee collection data from the MLS system.

**TABLE I**  
List of Discrepancies

<b>DATE</b>	<b>CASH COLLECTED</b>	<b>BANK DEPOSIT</b>	<b>DISCREPANCY BETWEEN COLLECTION AND DEPOSIT</b>
8/1/01	\$8,716	\$8,732	\$16
8/2/01	\$6,929	\$6,938	\$9
8/3/01	\$8,745	\$8,748	\$3
8/6/01	\$7,040	\$7,066	\$26
8/7/01	\$5,769	\$5,759	(\$10)
8/8/01	\$8,045	\$7,995	(\$50)
8/9/01	\$6,489	\$6,514	\$25
8/10/01	\$8,890.40	\$8,913.40	\$23
8/13/01	\$9,086.80	\$9,092.80	\$6
8/14/01	\$6,635	\$6,666	\$31
8/15/01	\$6,762	\$6,760	(\$2)
8/17/01	\$8,087	\$8,123.50	\$36.50
8/20/01	\$8,744	\$8,760.50	\$16.50
8/21/01	\$8,834.80	\$8,829.80	(\$5)
8/22/01	\$7,678.75	\$7,645.75	(\$33)
8/23/01	\$7,503.25	\$7,479.25	(\$24)
8/24/01	\$9,532.50	\$9,588.50	\$56
8/27/01	\$8,363.50	\$8,389.50	\$26
8/29/01	\$8,925	\$8,935	\$10
8/30/01	\$7,043	\$7,044	\$1
8/31/01	\$10,241.30	\$10,246.30	\$5
2/1/02	\$16,396.75	\$17,100.75	\$704
2/5/02	\$6,331.50	\$6,334.50	\$3
2/6/02	\$6,654.50	\$6,798.50	\$144
2/8/02	\$9,150.75	\$8,878	(\$272.75)
2/11/02	\$7,403.25	\$7,291.25	(112)
2/12/02	\$6,321.50	\$6,579.25	\$257.75
2/14/02	\$9,228.75	\$9,238.75	\$10
2/15/02	\$8,008.25	\$8,014.25	\$6
2/19/02	\$7,033.50	\$7,036	\$2.50
2/20/02	\$8,499.25	\$8,048	(\$451.25)
2/21/02	\$8,283.50	\$6,143	(\$2,140.50)
2/22/02	\$8,649	\$9,868.50	\$1,219.50
2/25/02	\$6,958	\$8,189.25	\$1,231.25
2/26/02	\$8,139	\$8,086	(\$53)
2/28/02	\$6,428.05	\$6,430.55	\$2.50

Although for the most part the discrepancies were not material in relation to the total daily deposits, we were concerned that the discrepancies occurred frequently and without explanation for their occurrence. A major cause of concern was that the cash was deposited prior to matching the collections with the Daily Cash Report, and that there was no documentation regarding the resolution of the discrepancies in most instances. We found that in 28 of the 36 instances of discrepancy, the Daily Cash Report was prepared after the deposit. This is contrary to Comptroller's Directive # 1 that requires cash receipts to be matched to the collection report on a daily basis. Not matching the cash receipts to the Daily Cash Report prior to the deposit of the cash increases the possibility of theft or misappropriation of funds. In addition, any discrepancies between the amount deposited and the amount recorded becomes more difficult to trace.

Our review of the 42 daily cash deposit slips found that only the signature of the cashier who prepared the deposit slip was present. There was no evidence that an independent verification of the cash collected was performed. We brought this to the attention of the City Clerk staff during the course of our audit. Accordingly, the City Clerk issued verbal instructions requiring that both the cashier who prepares the bank deposit and the supervisor who verifies the cash count must sign the deposit slip. We noted that the deposit slip now contains the signature of the cashier and the supervisor.

### **Recommendations**

The City Clerk's Office should:

6. Issue a written procedure requiring that the Daily Cash Report be reconciled with the daily cash receipts before the cash is deposited in the bank. In addition, all discrepancies found during the reconciliation should have a written explanation and a supervisory signature next to the explanation.

***City Clerk's Office Response:*** "The City Clerk has implemented this recommendation."

7. Issue a written procedure requiring a second signature on the cash deposit slip to verify that an independent count of the cash was performed.

***City Clerk's Office Response:*** "The City Clerk has implemented this recommendation."

### **Weak Internal Controls over the Processing of Mail Requests**

The City Clerk's Office receives a large volume of mail requests from the public, accompanied by money orders to pay for copies of marriage records. The City Clerk's Office uses a six-step process for mail requests in which a staff member: 1) opens the mail and reviews the request; 2) stamps the back of the money orders "for deposit only" to the City's treasury account; 3) enters the request and amount of the money order in the MLS system; 4) turns the money over to the cashier; 5) searches for and

retrieves the marriage record; 6) mails a copy of the marriage record to the customer. For our sample period, the City Clerk's Office collected on average \$1,565 a day from these mail requests. During the course of our review, we found the following control weakness:

### **Mail Requests and Cash Receipts Are Not Properly Safeguarded**

The City Clerk's Office does not properly safeguard the mail requests for marriage records accompanied by undeposited money orders and checks. On three separate occasions—July 23, 2002, September 19, 2002, and October 23, 2002—we observed opened as well as unopened mail requests with money orders left unsecured overnight in the Record Room. The undeposited money orders totaled an estimated \$29,098. On one occasion the mail requests were left in an unlocked drawer. At another time the mail requests were kept either on top of a computer monitor or in bins left on the floor. These situations make the cash receipts susceptible to theft or loss and represent a violation of Comptroller's Directive #1, which states that internal controls are intended to provide reasonable assurance that cash receipts will not be misappropriated or stolen and that resources are adequately safeguarded.

After one of our observations, we brought this matter to the attention of the City Clerk who explained that the mail was left out overnight because staff members were too busy to properly safeguard the mail. Subsequently, the City Clerk issued verbal instructions to the staff that all mail must be locked in a secure cabinet overnight.

### **Recommendation**

8. The City Clerk's Office should issue a written procedure that requires mail requests and cash receipts to be secured in a locked drawer or safe at the end of the day.

**City Clerk's Office Response:** "The City Clerk has implemented this recommendation."

### **Backlog of Mail Requests and Undeposited Receipts**

The City Clerk's Office has a backlog of unprocessed mail requests for copies of marriage records; the requests are accompanied by money orders. On July 23, 2002, September 19, 2002, and October 23, 2002, we found opened mail requests in dated folders<sup>2</sup> containing a total of 670 money orders and an additional 953 unopened envelopes containing mail requests with money orders. We estimated that the total dollar value for these money orders was approximately \$29,098.<sup>3</sup> The money orders were not deposited on the next business day, but remained undeposited for a range of two days to 28 days. This situation represents a violation of Comptroller's Directive #11, which states, "Generally deposits must be made on a daily basis." Table II following shows a breakdown of the range

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<sup>2</sup> The date listed on the folder is the date the enclosed mail requests were received by the Record Room.

<sup>3</sup> For the 670 opened mail requests, we counted the amounts of the money orders; they totaled \$11,941, an average of \$18.00 per envelope. For the 953 unopened money orders, we used the average of \$18.00 per envelope.

of days these money orders remained undeposited and the estimated amount of revenue in each of the categories:

**TABLE II**  
Range of Days Money Orders Remained Undeposited

No. of Days Money Remained Undeposited <sup>(a)</sup>	No. of Money Orders	Estimated Undeposited Revenue
2-7 days	470	\$ 8,408
8-14 days	830	14,933
15-21 days	265	4,760
22-28 days	58	997
	1,623	\$29,098

(a) We calculated the range of days by subtracting the date listed on the folders from the date of the observation.

The City Clerk’s Office also has a backlog of mail requests that are partially processed—the mail was opened, the mail request was reviewed, and the money order was deposited in the bank. However, the search for the requested records and the mailing of the copy of the item was not completed.

On October 22, 2002, we found 84 dated folders containing partially processed mail requests in a file cabinet in the Record Room. The dates on the folders ranged from July 24, 2002, to October 16, 2002, and each folder contained approximately 20 mail requests. Table III following shows a breakdown of the 84 folders and illustrates the range of days the mail requests remained incomplete:

**TABLE III**  
Range of Days Mail Requests Not Processed Completely

Month Listed On Folder	Number of Folders	Total Number of Requests in Folder	Estimated of Mail Requests	Range of Days Mail Requests Not Completely Processed
July 2002	7	140		85 - 90 days
August 2002	25	500		54 - 81 days
September 2002	42	840		22 - 49 days
October 2002	10	200		6 - 18 days
Total	84	1,680		



According to a City Clerk's Office official, the main reason for the backlog is that staff handling the mail requests are often re-deployed to handle the volume at the in-person request window, which takes priority. As a result, money orders are not deposited promptly, and the public has to wait a considerable period of time before receiving a copy of the marriage record in the mail.

We brought the backlog of mail requests to the City Clerk's attention. He took immediate action by closing the in-person area one hour earlier at the end of each day, thereby freeing up staff to address the backlog of mail requests.

### **Recommendations**

The City Clerk's Office should:

9. Deposit all money orders on the day that they have been received in the mail by the Record Room or, if necessary, no later than on the next business day.

*City Clerk's Office Response:* "All money orders are being deposited no later than the next business day after the day that they have been received."

10. Continue to closely monitor the processing of mail requests and assign personnel as needed to ensure timely service to customers.

*City Clerk's Office Response:* "The Record Room is being closed at 3:00 pm to the public for in-person requests and staff attention has been diverted to mail requests. With these reallocated resources, to date a nine-month backlog has been reduced to three-month backlog."

### **Lack of Segregation of Duties in Commissioner of Deeds Unit**

The City Clerk's Office has a Commissioner of Deeds unit that registers individuals who wish to become a Commissioner of Deeds Notary, with authority to notarize documents within the five boroughs. The City Clerk's Office has only one employee who is trained and handles every phase of the Commissioner of Deeds transactions. This employee processes all applications, schedules exams, administers exams, prepares reports for the City Council, submits applications to the City Council, collects fees for Commissioner of Deeds, issues receipts to applicants, prepares the Daily Cash Sheet, and remits cash collected to the cashier.

Comptroller's Directive #1 regarding standards of internal control states, "Work should be assigned so that no one individual controls all phases of an activity or transaction." It also states that "whenever possible employees should be rotated from job to job." The prior audit noted this same condition and recommended that an independent employee be assigned to open the mail and prepare daily reports of the cash receipts. However, the City Clerk's Office has yet to implement this

recommendation. We are concerned that the lack of a segregation of duties could lead to the misappropriation of fees collected in this unit. Also, having only one individual trained to handle this function could permit deviation from procedures to occur; and should the individual take vacation or become sick, or should an unforeseen event occur, this unit would have to cease operations at least temporarily, thus denying service to the public.

**Recommendations**

The City Clerk's Office should:

11. Train more than one employee to handle Commissioner of Deeds transactions.

*City Clerk's Office Response:* "The City Clerk has two additional staff members who are proficient in Commissioner of Deeds transactions. We are currently training one additional person in these transactions."

12. Require that all in-person cash payments by customers be made to the Cashier's unit, not to the Commissioner of Deeds unit.

*City Clerk's Office Response:* "The City Clerk has implemented this recommendation."

13. Assign an employee independent of the Commissioner of Deeds unit to open the mail and record the cash receipts collected by the unit.

*City Clerk's Office Response:* "The City Clerk has implemented this recommendation."



THE CITY OF NEW YORK  
OFFICE OF THE CITY CLERK  
MUNICIPAL BUILDING  
NEW YORK, N.Y. 10007

VICTOR L. ROBLES  
CITY CLERK, CLERK OF THE COUNCIL

April 11, 2003

Mr. Greg Brooks  
Deputy Comptroller  
The City of New York  
Office of the Comptroller  
1 Centre Street  
New York, New York 10007-2341

Re: Audit number ME02-144A

Dear Mr. Brooks:

I am in receipt of the preliminary draft of the above-captioned audit. First, I must express my gratitude to you and your staff for the efforts exerted on behalf of this office. Second, I have attached hereto a response to the recommendations contained in the audit. It is my understanding that the same will be attached to the audit.

Please direct any further questions to me or Patrick L. Synmoie, the agency's counsel. Best wishes.

Sincerely,

Victor L. Robles  
City Clerk  
Clerk of the Council

cc: Vera Lavin, Audit Manager

## RESPONSE TO FINDINGS AND RECOMMENDATIONS

The Office of the City Clerk (the "City Clerk") has reviewed the draft Audit Report dated March 28, 2003 and prepared this response.

1. **Develop and maintain an inventory system to track blank marriage certificates and licenses.**

The City Clerk has implemented this recommendation. Marriage certificates will be distributed on a sequential order solely to a supervisor who will sign for the same in a log book maintained by the Chief of Staff. Access to such stored certificates will be limited to the Finance Director, the Chief of Staff and Deputy Chief of Staff.

2. **Enter in the Marriage License System the preprinted number on a marriage certificate or license whenever a form is issued.**

The current configuration of our computer system does not permit implementation of this recommendation. We will explore the possibility of doing so in the future.

3. **Properly store and secure opened boxes of blank, preprinted marriage certificates and licenses at the end of the day.**

The City Clerk has implemented this recommendation. Marriage certificates and all important documents are locked away at the end of the business day.

4. **Instruct employees to file all voided documents with daily transaction documents.**

The City Clerk has implemented this recommendation.

5. **Train and instruct employees to properly enter all voided documents in the MLS.**

The City Clerk has implemented this recommendation.

6. **Issue a written procedure requiring that the Daily Cash Report be reconciled with the daily cash receipts before the cash is deposited in the bank. In addition, all discrepancies found during the reconciliation should have a written explanation and a supervisory signature next to the explanation.**

The City Clerk has implemented this recommendation.

7. **Issue a written procedure requiring a second signature on the cash deposit slip to verify that an independent count of the cash was performed.**

The City Clerk has implemented this recommendation.

8. **The City Clerk's Office should issue a written procedure that requires mail requests and cash receipts to be secured in a locked drawer or safe at the end of the day.**

The City Clerk has implemented this recommendation.

9. **Deposit all money orders on the day that they have been received in the mail by the Record Room or, if necessary, no later than the next business day.**

All money orders are being deposited no later than the next business day after the day that they have been received in the mail by the Record Room.

10. **Continue to closely monitor the processing of mail requests and assign personnel as needed to ensure timely service to customers.**

To catch up on the backlog of mail requests, since November 12, 2002 the Record Room is being closed at 3:00 pm to the public for in-person requests and staff attention has been diverted to mail requests. With these reallocated resources, to date a nine-month backlog has been reduced to a three-month backlog.

11. **Train more than one employee to handle Commissioner of Deeds transactions.**

The City Clerk has two additional staff members who are proficient in Commissioner of Deeds transactions. We are currently training one additional person in these transactions.

12. **Require that all in-person cash payments be made to the Cashier's unit not to the Commissioners of Deed unit.**

The City Clerk has implemented this recommendation.

13. **Assign an employee independent of the Commissioner of Deeds unit to open mail and record the cash receipts collected by the unit.**

The City Clerk has implemented this recommendation.