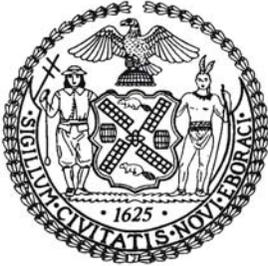


AUDIT REPORT

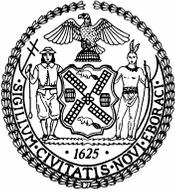


CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF MANAGEMENT AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

Audit Report on Cash Accountability And Controls at the Department of Health and Mental Hygiene Office of Vital Records

ME06-059A

September 25, 2006



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

Ladies and Gentlemen:

In accordance with the responsibilities of the Comptroller contained in Chapter 5, § 93, of the New York City Charter, my office has audited the cash accountability and control practices at the Department of Health and Mental Hygiene's (DOHMH) Office of Vital Records (OVR).

OVR registers and issues birth and death certificates to the public and collects cash for these services. We audit operations such as this to ensure that City agencies have adequate controls over cash collections.

The results of our audit, which are presented in this report, have been discussed with officials of DOHMH, and their comments have been considered in preparing this report. Their complete written response is attached to this report.

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 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.

WCT/ec

Report: ME06-059A
Filed: September 25, 2006

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ADDENDUM DOHMH Response

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

**Audit Report on Cash Accountability and Controls
At the Department of Health and Mental Hygiene
Office of Vital Records**

ME06-059A

AUDIT REPORT IN BRIEF

This audit determined whether the Department of Health and Mental Hygiene (DOHMH) had adequate cash control practices in its Office of Vital Records (OVR). DOHMH's programs and activities include: health information and laboratory services; inspecting, permitting, licensing, and monitoring a wide range of enterprises related to public health; and maintaining the City's health-related vital statistics. OVR registers and issues birth and death certificates.

OVR is composed of five units: the Public Service Office (PSO), the Corrections unit, the Registration unit, the Records Management unit, and the Customer Relations unit. PSO is responsible for issuing birth certificates on the spot as well as for processing, in the Cash Management System (CMS) system, fees collected by other OVR units (Corrections and Registration). PSO has five subunits: the Cashiering unit, the Mail Reading unit, the Credit Card unit, the Search unit, and the Customer Service unit. PSO prints short-form birth certificates, Records Management copies long-form birth and death certificates, and Registration issues original death certificates.

In Fiscal Year 2005, according to the transactions recorded in the CMS system, OVR collected about \$12 million in revenue from the issuance of birth and death certificates.

Audit Findings and Conclusions

OVR had adequate controls over the registration and issuance of certified copies of death certificates and burial permits at the Registration unit. In addition, moneys collected by OVR units were deposited in the bank in a timely manner.

However, OVR cash controls had several weaknesses. OVR needs to improve its internal controls over transactions processed through its Cashiering, Mail Reading, Credit Card, Corrections, and Records Management units. The weaknesses included weak recordkeeping practices, inadequate controls over blank certificates used for short-form birth certificates, inadequate tracking of long-form copies of vital records, inadequate controls over the handling of fee waivers during in-person transactions, and weak cash management practices. As a result,

OVR has limited assurance that it has collected all the money that it is due for the issuance of certificates.

Audit Recommendations

To address these issues, the audit recommends, among other things, that DOHMH:

- Ensure that applications processed in the CMS system are properly maintained to account for all the certificates issued and revenue collected.
- Ensure that supervisors reconcile daily the number of blank short-form certificates used according to the Computer Terminal Daily Worksheets (CTDW) forms completed by OVR operators and the number of certificates issued according to the CMS system.
- Establish a procedure for reconciling the long-form copies of certificates issued by the Records Management unit to the applications processed by the CMS system to ensure that copies are only issued for certificates processed by the Cashiering, Mail Reading, and Credit Card units.
- Revise the fee-waiver approval form to specifically ask for information on the reason for the fee waiver and on the evidence that was provided to justify the waiver.
- Ensure that the supervisor who prepares deposits and does the final reconciliation does not process any applications in CMS during the same day.

Agency Response

DOHMH agreed with six of the 11 recommendations, partially agreed with two recommendations, and disagreed with three recommendations.

INTRODUCTION

Background

DOHMH was created in 2002 by a merger of the Department of Health and the Department of Mental Health, Mental Retardation and Alcoholism Services. DOHMH's mission is to protect the health and mental well-being of all City residents through health-promotion and disease-prevention programs, and to enforce City health regulations. Its programs and activities include: health information and laboratory services; disease investigations and surveillance; inspecting, permitting, licensing, and monitoring a wide range of enterprises related to public health; maintaining the City's health-related vital statistics; and registering and issuing birth and death certificates.

OVR registers and issues birth and death certificates. Copies cost \$15 each, and can be obtained in person, by mail, by fax, through the DOHMH website, or by phone. OVR is composed of five units: PSO, the Corrections unit, the Registration unit, the Records Management unit, and the Customer Relations unit. The Corrections unit makes corrections to vital records and collects fees for copies needed. The Registration unit issues certified copies of death certificates and burial permits, and collects fees for those services. The Records Management unit is responsible for maintaining vital records and printing "vault copies" (long-form seal certificates) of birth and death records. The Customer Relations unit handles customer complaints.

PSO is the largest OVR unit. It is responsible for issuing birth certificates on the spot as well as for processing, in the CMS system, fees collected by other OVR units (Corrections and Registration). PSO has five subunits: the Cashiering unit, the Mail Reading unit, the Credit Card unit, the Search unit, and the Customer Service unit.

OVR records all cash collected into CMS. In the Cashiering unit, cashiers process applications and payments (in the form of currency, checks, and money orders) from customers requesting birth and death records in person. However, the cashiers only issue short-form versions of birth certificates on the spot. They collect payments for reorders of death certificates and vault copies of birth certificates and, because such certificates are not readily available, send the requests to the Record Management unit. At the end of the day, the cashiers count and reconcile the moneys collected and prepare revenue reports and deposit slips, which are given to the supervisor for review.

The Mail Reading unit processes customers' requests sent by mail for vital records. The Credit Card unit processes birth certificate requests made by phone, by fax, and through the DOHMH website. Credit Card payments are processed through the VitalChek system (a system owned and operated by VitalChek Network, Inc.).

Mail Reading and Corrections unit staff process checks and money orders in CMS. Credit Card and Registration unit staff do not enter transaction information in CMS. The Credit Card unit's revenues are processed through VitalChek (a separate system that is not part of or linked to CMS). The Cashiering unit supervisor is responsible for obtaining the total dollar amount of

revenue recorded in VitalChek, as well as the total number of records paid for, and entering these data into CMS. The Registration unit collects payments for original death certificates and burial permits. The total payment amount received for the issuance of these certificates and permits during a shift of work in the Registration unit is reported to the Cashiering unit supervisor, who enters this total amount in the CMS system.

In Fiscal Year 2005, according to the transactions recorded in the CMS system, OVR collected about \$12 million in revenue from the issuance of birth and death certificates.

Objectives

The objective of this audit was to determine the adequacy of cash control practices in the Office of Vital Records.

Scope and Methodology

The scope of the audit was July 1, 2004, through June 30, 2005 (Fiscal Year 2005).

To gain an understanding of the DOHMH cash management practices and controls, the Director of OVR, the Assistant Directors of OVR, unit supervisors within OVR, and an official in the Revenue Office were interviewed. We conducted walk-throughs of the different units within OVR. To gain an understanding of the policies, procedures, and regulations governing the operation of OVR, we reviewed the DOHMH Policies and Procedures Manual and a May 1999 booklet entitled *Excerpts From The New York City Health Code, The New York City Charter, and The New York City Administrative Code Relating to Births, Deaths, Terminations of Pregnancy, Funeral Directors, Cemeteries, and Disposal of Human Remains*, as well as the VitalChek contract. We also determined whether the DOHMH contract with VitalChek Network, Inc., is registered with the Comptroller's Office. The Comptroller's Internal Control and Accountability Directives #1 (Principle of Internal Controls) and #11 (Cash Accountability and Control) were also reviewed as they relate to the objectives of the audit.

To determine whether DOHMH has adequate controls over cash collected by the PSO, Registration, and Corrections units, we randomly selected and reviewed a sample of five days transactions in Fiscal Year 2005 from the 250 business days that OVR units processed transactions involving cash. OVR deposited \$214,540 for transactions processed in CMS on these five days. This represents about two percent of the approximate \$12 million received by OVR for certificates in Fiscal Year 2005. We requested all the documentation pertaining to all transactions involving cash for the five days. Although the five days were randomly selected, we ensured that each business day of the week was included in the sample.

To determine whether certificates issued and fees collected by OVR could be accounted for, we reviewed the Receipts Detail Reports by Operator (CMS Reports), which show all receipts collected and recorded in CMS. The CMS Reports also identify the operator who processed the transactions, the number and type of records (birth or death) requested, and whether the records were free (e.g., for veterans or City agencies) or paid for. Computer Terminal Daily Worksheets prepared by each operator to track the number of short-form

versions of birth certificates generated from CMS were also reviewed. A CTDW is completed for each printer used to print those birth certificates requested by the public. We also reviewed the corresponding applications completed by customers requesting birth or death records. The information in the CMS Report, CTDW, and applications for the five sampled days were compared for accuracy and completion.

Furthermore, transactions processed through the VitalChek system by the Credit Card unit were examined to determine whether certificates issued through that system could be accounted for. The VitalChek system is not part of CMS, nor is it linked to CMS, but the total amount of revenue recorded in the VitalChek system and the total number of records paid for is later entered into CMS by the Cashiering unit supervisor.

To determine whether certificates issued and cash collected by the Registration unit could be accounted for, we reviewed the Burial Desk Document Log (BDL), by which clerks track the use of blank certificate paper and record the dollar amount of checks received. The information on the BDL was matched to the Burial Desk Worksheet, which clerks use to indicate the number of applications received, the total number of paid copies of death certificates issued, and the total dollar amount of checks received, to reconcile the number of certificates issued and the cash collected.

To verify whether all cash collected is being deposited in a timely manner, we reviewed the Daily Revenue Reports that show the amount of revenue collected and processed in CMS, the Consolidated Worksheet, and the bank deposit tickets that were filled out for deposits made on our sampled days.

In addition, to determine whether OVR has a procedure in place to handle returned checks as required by the Comptroller's Directive #11, a DOHMH official responsible for handling bad checks submitted to OVR was interviewed, and the monthly schedules of checks returned during Fiscal Year 2005 were reviewed.

The reliability of CMS transaction data was evaluated by testing the accuracy and completeness of the data. We tested the reliability of data for all transactions involving cash (totaling \$37,239) that occurred in OVR units on October 28, 2004—one of the five days that was randomly selected for review. We compared the information shown on the CMS reports for this day with the information on the applications. In addition, the applications processed on this day were reviewed to determine whether they were recorded in CMS.

The results of the above tests, while not statistically projected to their respective populations, provide a reasonable basis for us to assess DOHMH cash controls.

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 audit responsibilities of the City Comptroller 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 DOHMH officials during and at the conclusion of this audit. A preliminary draft report was sent to DOHMH officials on April 28, 2006, and was discussed at an exit conference on May 2, 2006. We submitted a draft report to DOHMH officials with a request for comments. We received a written response from DOHMH officials on June 26, 2006.

In its response, DOHMH agreed with six recommendations, partially agreed with two recommendations, and disagreed with three recommendations. DOHMH stated: “On findings with which we agree, we have indicated plans to improve systems. However, in many areas the audit’s conclusions are based on a narrowly focused review of a very complex operation, and a failure to consider the full range of existing system controls. The audit overly relied on a review and analysis of archived paper records, did not evaluate and test Vital Records’ live system of controls, and failed to perform a full analysis of the Vital Records Cash Management System (CMS). As a result, the audit report fails to provide a fair representation of the full system of controls within Vital Records.”

There appears to be a misunderstanding on the part of DOHMH regarding our audit’s objective. The objective was to determine the adequacy of the cash control practices of the Office of Vital Records, not to perform a full analysis of CMS. The extent of our review of CMS was determined by the extent to which the agency relied on the system to control and reconcile the issuance of certificates and the handling of cash. Similarly, in evaluating DOHMH controls, we reviewed those procedures and documents that the agency identified during the audit as being key components of its cash control practices, and conducted testing where appropriate. This included reviews and tests of OVR’s “live system of controls,” as those controls were identified by DOHMH during the audit.

The full text of the DOHMH response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

OVR had adequate controls over the registration and issuance of certified copies of death certificates and burial permits at the Registration unit. In addition, moneys collected by OVR units were deposited in the bank in a timely manner.

However, OVR cash controls had several weaknesses. OVR needs to improve its internal controls over transactions processed through its Cashiering, Mail Reading, Credit Card, Corrections, and Records Management units. The weaknesses included weak recordkeeping practices, inadequate controls over blank certificates used for short-form birth certificates, inadequate tracking of vault copies of vital records, inadequate controls over the handling of fee waivers during in-person transactions, and weak cash management practices. As a result, OVR has limited assurance that it has collected all the money that it is due for the issuance of certificates.

Weak Record-Keeping Practices

The Cashiering and Mail Reading units do not adequately control the filing and maintenance of applications, which document certificate requests and also serve as payment receipts. Consequently, OVR could not account for all copies of applications for birth and death records processed on the sampled days. According to Comptroller's Directive #11, "Copies of all receipts should be retained for agency use as appropriate. A physical inventory of blank receipt forms should be maintained." Also, according to Comptroller's Directive #1, "All transactions and significant events need to be clearly documented and the documentation readily available for use or examination."

DOHMH does not use receipt forms. Instead, receipt numbers are automatically printed on the applications by the CMS system after they are processed. The applications also serve as supporting documentation for the certificates processed by each cashier. Therefore, it is important that the applications be properly maintained.

When an application is received, an operator reviews it and enters the information in the CMS system. If the record is located, the certificate number, an automatically assigned receipt number, the number of copies requested, the date of the request, the fees paid, the operator's initials, and the type of certificate are printed on the application by CMS. In some instances, however, we found this information was handwritten on the application rather than printed from CMS. At the end of the day, each operator places the applications he or she processed in a separate envelope and writes the current date on it. The envelopes are filed in a box labeled with the date and placed behind the cashiers, where, according to the OVR Director, they remain for about a month before being archived.

The applications processed on the five days randomly selected for review were requested. However, applications could not be located for all of the certificates processed by operators on each of the five days. For example, no applications could be located that corresponded to the 116 certificates that CMS indicated were processed by two operators on October 28, 2004. Two other operators, who shared a printer on this same date, processed 226 certificates, according to CMS, but applications corresponding to 79 of those certificates could not be located. Based on

the available applications, we determined the number of certificates processed by each operator, but we could not reconcile the number of certificates processed as indicated on the applications to the number of certificates processed according to the CMS system.

As a result of OVR's inadequate record-keeping practices for applications, we could not confirm, with reasonable assurance, certificate request, issuance, and revenue information.

Recommendation

1. DOHMH should ensure that applications processed in the CMS system are properly maintained to account for all the certificates issued and revenue collected.

Agency Response: "We disagree with the need for this recommendation. All application data are properly maintained in the electronic CMS System, which is the Department's gold standard. However, the audit did not test CMS. Instead, the audit focused on secondary methods of cash control, which are paper applications and receipts, some of which the auditors could not locate. The paper applications that the auditors searched are initially filed in order. However, they are often pulled in response to customer inquiries, and then there is a chance of misfiling. When CMS reports were used by DOHMH to reconcile cash collected, CMS was found to be accurate and complete"

Auditor Comment: Although most application data may be maintained in CMS, we found that the information on the applications and receipts is sometimes changed without CMS being updated to reflect those changes. Because controls in place do not ensure that information in the CMS system reflects actual transactions, it is necessary to properly maintain applications and receipts to facilitate reconciliations.

Inadequate Controls over Blank Certificates Used for Short-Form Birth Certificates

Analysis of CMS Reports, the CTDW forms, and the applications disclosed a lack of supervisory review of the processing of requests for short-form birth certificates. OVR had weak controls for ensuring that all the blank certificates that were used for short-form birth certificates were accounted for and that the revenue recorded in the CMS system was complete. In some instances, CTDW forms, which track the use of blank certificates, were not completed or were not completed clearly. As a result, there is no assurance that CTDW information is complete and accurate on the number of blank certificates used. According to DOHMH procedures, "A daily log must be maintained of the birth certificate document numbers of all certificates issued, and the Supervisor must verify the accuracy of the operator's log."

A CTDW form is required to be completed on a daily basis for each printer used to print certificates. Operators (including staff in the Cashiering, Mail Reading, Corrections, and Credit Card units) are required to write, on the CTDW forms for the printers they use, the beginning and ending numbers of the certificates issued during the day. We requested the CTDW forms for the printers used on the five sampled days. However, the operators did not always complete the CTDW forms. In some instances where operators did complete the CTDW forms, certificate

numbers on the forms were illegible or illogical (e.g., numbers overlapped or digits were missing). There was no evidence that a supervisor verified the accuracy of the CTDW forms, as required by OVR procedures. As shown in Table I, below, a number of operators did not complete CTDW forms on the sampled days.

Table I
Cashiers Not Completing
CTDW Forms on Short-Form Certificates Issued

A	B	C	D	E	F
Sampled Day	Number of Operators Not Completing CTDW Forms	Number of Transactions Handled by These Operators According to CMS Reports*	Number of Searches and Long Forms According to Applications	Number of Short-Form Certificates Issued by These Operators (Col C-Col D)	Number of Short-Form Certificates Issued by These Operators According to Applications
10/28/04	3	52	11	41	35
11/15/04	3	147	4	143	140
12/03/04	1	4	0	4	1
05/24/05	1	46	13	33	32
05/25/05	2	54	10	44	35
Total	10	303	38	265	243

*This number includes short-form and long-form (vault) birth certificates, which are not differentiated in the CMS Reports, and searches, which are transactions involving customers paying for the opportunity to search for their own records. Searches are also not specifically identified as such in the CMS Reports and must be determined by reviewing applications.

There were a total of 78 operators who worked during our five sampled days. (There was an average of 15.6 operators per day, most of whom worked on more than one of the sampled days.) As shown in Table I, 10 (13%) of the 78 operators did not complete the CTDW forms as required. For these 10 operators, the number of certificates issued according to the CMS Report was different from the number of certificates issued according to the information on the applications. Temporary operators who filled in when the regular operators were unavailable often did not complete the CTDW forms. Without completed CTDW forms (or a complete file of applications, as mentioned in the previous section), we could not confirm with reasonable assurance the accuracy of revenue recorded in the CMS Report.

Table II, below, shows that several operators improperly completed the CTDW forms, in that there were discrepancies between the number of blank certificates used according to the CTDW forms on the one hand, and the number of certificates issued according to the CMS Report and the applications on the other hand:

Table II
Cashiers Improperly Completing
CTDW Forms on Issued Certificates

A	B	C	D	E	F	G
Sampled Day	Number of CTDW Forms with Discrepancies	Number of Blank Short-Form Certificates Used by Operators Identified on CTDW Forms (According to CTDW)*	Number of Transactions Handled by Operators Identified on CTDW Forms (According to CMS Reports)**	Number of Long-Form Birth Certificates Issued (According to Applications)	Number of Short-Form Birth Certificates Issued (Col D-Col E)	Number of Discrepancies (Col C-Col F)
10/28/04	3	205	188	22	166	39
12/03/04	1	92	94	3	91	1
05/24/05	1	72	72	21	51	21
11/15/04	3	224	234	22	212	12
05/25/05	1	140	122	2	120	20
Totals	9	733	710	70	640	93

*This number excludes voided certificates.

**This number includes short-form and long-form birth certificates, which are not differentiated in the CMS Reports, and excludes the number of searches handled by these operators, which are also not specifically identified as such in the CMS Reports and must be determined by reviewing applications.

As shown in Tables I and II, DOHMH officials have not put in place adequate internal controls to ensure accountability of certificates issued to the public. In that regard, the internal controls weaknesses found were such that moneys could be misappropriated. OVR procedures require that the head cashier verify the number of printed certificates, documented by the beginning and ending certificate numbers on the operator's CTDW. There was no evidence of supervisory review of the information on the CTDW forms on the number of blank certificates used against the number of certificates issued according to the CMS system, which tracks both paid and free certificates,¹ and to the applications. Therefore, the irregularities were not detected, and no actions could be taken to address them. Because of this weakness, blank certificates were used, according to CTDW, but were not recorded in the CMS system as either having been paid for or free. Therefore, there is a risk of misappropriation of short-form birth certificates and the fees paid for those certificates. As shown in Table II, above, our review found that there were 93 certificates used for which there is no record of the certificates being issued—either for a fee or for free—according to CMS Reports. If those certificates were issued, this represents as much as \$1,395 in lost revenue (93 certificates multiplied by the \$15 fee) due to uncollected fees.

In fact, one of the operators often recorded a larger number of blank certificates used on the CTDW form than the number of certificates recorded as issued in CMS Reports. For example, this operator used 34 more certificates per the CTDW than were recorded in the CMS Report for October 28, 2004, and 20 more certificates on May 25, 2005. If the CTDW forms for

¹ Some customers (e.g., veterans) receive certificates free of charge.

these two days were accurate, as much as \$810 in fee revenue was not collected by this operator. It should be noted, however, that due to the errors we identified in the CTDW forms, we cannot determine whether these discrepancies represent errors in completing the forms or if the operators are inappropriately issuing certificates without collecting fees.

To address this issue, DOHMH should ensure that supervisors systematically reconcile daily the number of blank short-form versions of certificates used against the number of certificates issued according to the CMS system and the applications processed by all operators.

We brought this matter to the attention of OVR officials, who acknowledge that the operators were not consistently completing the CTDW forms properly. The officials informed us that a memorandum would be prepared to emphasize the need for this procedure to be followed.

Agency Response: “Reliance on paper records resulted in significant errors in the audit report, which the Department indicated at the exit conference. While some changes were made in the tables, the current presentations are still incorrect. As an example, the audit reports an apparent discrepancy of 21 unaccounted for birth certificates on a sampled day (May 24, 2005) using paper records as the source. DOHMH used the automated CMS system and was able to perform a complete reconciliation for that day: there were no discrepancies. This system was available to the auditors but they did not request access.”

Auditor Comment: Our audit focused on DOHMH controls over OVR cash transactions, not on a detailed review of CMS. However, we found that information that is essential to a proper reconciliation of issued certificates to collected cash is not available in a usable way in CMS. CMS does not allow data on transactions involving short-form certificates, long-form certificates, or searches to be tabulated and summarized. When we asked DOHMH to identify the transactions that involved short-form certificates, long-form certificates, and searches on the five sampled days, we were told that the only way that this could be done would be for us to review all the applications for those days. As a result of the lack of summary data in CMS on short-form certificates, long-form certificates, and searches, DOHMH is unable to reconcile cash collected to certificates issued without reviewing the applications themselves. In addition, since CMS does not capture the document numbers of blank certificates, the CTDW forms must be used to do a full reconciliation. In fact, the only reconciliations done by DOHMH are those verifying that the daily cash collected according to CMS corresponds to the cash to be deposited.

It should be noted that although DOHMH states that some of the data in our tables are incorrect, DOHMH has not provided any specific information or documentation to support this assertion. Furthermore, DOHMH is inaccurate when it claims that it was able to perform a “complete reconciliation” by only using CMS, since, as stated above, CMS did not have all the information necessary for such a reconciliation.

Recommendations

DOHMH should:

2. Ensure that all operators, including temporary operators, properly complete the CTDW forms.

Agency Response: “We agree that all operators should complete the form as required by our procedures. However, their initials on the form are not necessary to identify who issued a certificate or to track certificates they issued, because CMS records this. Each clerk working at a terminal must log on using his/her own user ID. This is critical to any secure electronic system. Each of the audit days reviewed by DOHMH showed that applications were properly logged into CMS. However, the paper Computer Terminal Daily Worksheets (CTDW), which the auditors relied on, did not always reflect multiple clerks sharing a terminal during the day.

“The Reading Unit is the one certificate-issuing unit in Public Service Operations where certificate printers are regularly shared by two or more staff members. Our procedures require that each printer be assigned a Computer Terminal Daily Worksheet. Operators must also initial the CTDW. To improve the accuracy of the CTDW we revised this form on May 8, 2006 to make its completion more user friendly and we will monitor its completion and use.”

Auditor Comment: DOHMH’s statement that CMS tracks issued certificates fails to recognize that CMS does not capture the document numbers of blank certificates. As a result, the CTDW form is necessary to track the use of blank short-form certificates. The CTDW form shows the sequence numbers of the blank short-form certificates used by each operator. If the forms are properly completed, they would help supervisors account for the use of blank certificates.

3. Ensure that supervisors reconcile daily the number of blank certificates used according to the CTDW forms and the number of certificates issued according to the CMS system.

Agency Response: “We agree; this task will now be conducted daily (it had been conducted weekly). On May 8, 2006 DOHMH developed an electronic log to track the use of blank certificate paper. This e-log will be used by PSO supervisors to reconcile paper used against entries made to the CTDW by cashiering operators.

“The Computer Terminal Daily Worksheet has been reviewed and was revised on May 8, 2006. Sufficient space has been allotted to enable each user to clearly print his/her name and initials. The form allows the operator to print each digit of the document number into its own field for the first and last numbers of the certificate paper used.

“In addition, a Certified Paper Usage Form has been developed for supervisors to complete each day. This form will allow the supervisor to perform a daily count of the

amount of certified paper used each day by document number for each box of paper distributed. While the revised Computer Terminal Daily Worksheet will continue to be completed by each staff member who cashiers applications, the completion of the Certified Paper Usage Form will enable supervisors to better verify the amount of certified paper used and reconcile the totals to operators' worksheets on a daily basis."

Inadequate Tracking of Vault Copies of Vital Records

OVR does not track copies of long-form birth certificates and reorders of death certificates. CMS Reports do not differentiate between the short-form versions and the vault copies of birth certificates. In addition, OVR does not ensure that the vault copies processed by the Records Management unit are only those that have been processed by the Cashiering unit and for which payments have been recorded in CMS. As a result, we could not confirm with reasonable assurance the accuracy of the number of vault copies of birth and death certificates issued in the CMS system on the five sampled days.

Birth Certificates

CTDW forms are used to track the short form of birth certificates to verify the number issued by the operators each day. The operators at the Cashiering and Mail Reading units issue short forms of birth certificates on the same day the fees are collected. However, for vault copies, they collect payments from the customers and send the requests to the Records Management unit, which makes copies of the originals on seal certificates and sends them to the Mail Reading unit, which mails the copies to the customers. The operators at the Cashiering and Mail Reading units do not track the requests (applications) for vault copies of birth records. CMS Reports do not differentiate the short-form versions from the vault copies of birth certificates. Therefore, OVR could not be assured that the Records Management unit processes only requests for vault copies of birth records that had first been processed by the Cashiering and Mail Reading units.

When we brought this matter to the attention of DOHMH officials, they told us that the only way to determine the number of vault copies of birth certificates issued is to review each application, which lists the type of birth certificate requested. To determine the number of vault copies of birth certificates, DOH provided us applications for 5,565 certificates issued on the five sampled days. Of those certificates, 305 (5%) were vault copies of birth certificates. However, in the absence of a tracking instrument for requests for vault copies of birth certificates, we could not confirm the accuracy of this number.

Unlike the requests for vault copies handled by the Cashiering and Mail Reading units, the certificate requests handled by the Credit Card unit through the VitalChek system are differentiated. A Credit Card unit report lists the number of short-form and long-form versions requested, which could facilitate reconciliations between certificates issued and payments made. Instead of applications, the Credit Card unit sends receipts printed by the VitalChek system to request vault copies from Records Management.

Death Certificates

Unlike the vault copies of birth certificates, the number of death certificates to be issued by the Records Management unit is listed on the CMS Report. There were a total of 1,158 copies of original death certificates processed through CMS for the five sampled days.

Applications from the public for copies of original death certificates are processed by the Cashiering unit through the CMS system. After payment is made, these applications are sent to the Records Management unit, which copies the original certificates and sends the certificate copies to the Mail Reading unit, which mails the copies to the customers. However, for copies of original death certificates, there is no tracking system in place to ensure that the Records Management unit processes only requests for copies of death certificates that have first been processed by the Cashiering and Mail Reading units.

In reference to the vault copies of birth and death certificates, there was no evidence of reconciliations between the certificates issued by the Records Management unit and the applications processed by the CMS system. The unit manager stated that Records Management records the blank certificate numbers of the first and last certificates copied each day. However, this log does not identify the dates that the applications were processed by the Cashiering and the Mail Reading units. Therefore, it is difficult for the Records Management unit to reconcile the number of certificates issued against the number of applications received from the Cashiering and Mail Reading units on a given day. According to the Records Management unit manager, the applications are returned to the Cashiering and Mail Reading unit after copies are made. One OVR official told us that vault copies of certificates are not tracked due to staff shortage.

Because of this weak control, OVR cannot be sure that the Records Management unit issues only certificates for which payments have been recorded in CMS. The lack of tracking of vault copies and of reconciling certificates issued and applications processed, compounded with the weak record-keeping practices for applications processed by CMS, may result in a misappropriation of certificates and funds collected.

Recommendations

DOHMH should:

4. Ensure that CMS tracks separately the short-form version and the vault copies of birth certificates.

Agency Response: “We disagree with the need for this recommendation. CMS always captured this information, but it was not previously reported on the CMS Operator report. Nevertheless, on May 3, DOHMH requested that the Bureau of Informatics and Information Technology (BIIT) modify the CMS Operator report so that it also distinguishes between vault copies and certifications of birth (short-form version).”

Auditor Comment: Data on individual short-form certificates and vault copies may have been in the CMS system, but since the data could not be tabulated and summarized, these

certificates and copies could not be effectively tracked. Nevertheless, we are pleased that DOHMH has agreed to modify CMS to permit the summarization of information on short-form and vault-copy transactions on the CMS Reports. By modifying CMS, DOHMH will facilitate daily reconciliations of the certificates issued and the revenue collected.

5. Establish a procedure for reconciling the vault copies of certificates issued by the Records Management unit to the applications processed by the CMS system to ensure that copies are only issued for certificates processed by the Cashiering, Mail Reading, and Credit Card units.

Agency Response: “We agree, although there is no evidence that existing controls are ineffective. Vault copies of certificates are only issued by the Records Management Unit when a cashiered application receipt is received from Cashiering, Mail Reading and Credit Card Units. The cashiered application with CMS receipt information contains the certificate number of the record to be issued. It also displays the amount of the payment being made. Because vault copies issuance is a manual process, DOHMH has three supervisory reviews related to the production of vault copies: the first review is done by a Cashiering Unit supervisor; the second by a Records Management supervisor; and the third, by a Mail Unit supervisor.”

Auditor Comment: During the course of this audit, DOHMH provided no information about, or evidence of, such supervisory reviews. However, reconciliations of the vault copies of certificates issued by the Records Management unit to the applications processed by the CMS system would help DOHMH determine whether any system of supervisory reviews that is in place is ensuring that vault copies are being issued properly.

Inadequate Controls over the Handling of Fee Waivers During In-Person Transactions

OVR has inadequate controls over the handling of fee waivers for in-person transactions involving the issuance of birth and death certificates. OVR allows certain customers, such as veterans and City agencies, to obtain birth and death certificates without paying the applicable fees. Customers must present identification or documentation that shows that they qualify for fee waivers. However, OVR officials told us that cashiers serving customers in person review the presented evidence of fee-waiver qualification but do not copy it or record any information about it. OVR officials state that supervisors must sign fee-waiver approval forms before waivers can be granted. However, there is no evidence that the unit compares fee-waiver information in CMS with the fee-waiver forms to ensure that supervisors approved the waivers. In addition, the fee-waiver approval form to be signed by the supervisor does not specifically ask for information on the reason for the fee waiver or on the evidence that was provided to justify the waiver. As shown in Table I above, 10 operators who did not complete CTDW forms on the days sampled issued 265 certificates, according to CMS Reports. However, fees for 62 (23%) of these certificates, totaling \$930, were waived, according to CMS Reports. Additionally, OVR’s procedures leave it vulnerable to misappropriation of cash in that an operator could charge a

customer for a certificate, issue a handwritten receipt, not seek supervisory approval for a waiver, and record the transaction in CMS as one involving a fee waiver. This possibility is of particular concern because cashiers are allowed to accept currency, as well as checks and money orders, for in-person transactions.

Recommendations

DOHMH should:

6. Revise the fee-waiver approval form to specifically ask for information on the reason for the fee waiver and the evidence that was provided to justify the waiver.

Agency Response: “We disagree with this recommendation. In 1998 DOHMH established a procedure to record fee waiver information on a form. This procedure is still in effect and captures reason and evidence provided. DOHMH uses a pre-numbered free order form upon which a fee-waiver reason code is indicated. Each code also indicates the type of documentation presented by the customer. Since this information is already captured, there is no need to change procedures.”

Auditor Comment: The fee-waiver form does not specifically ask for information on the reason for the waiver and the type of evidence that was provided to justify the waiver. As a result, fee-waiver reason codes were not always provided, and information on the evidence supporting the waivers was generally not presented. Accordingly, we reaffirm our recommendation.

7. Reconcile fee-waiver information in CMS with fee-waiver approval forms signed by supervisors.

Agency Response: “We disagree with the need for this recommendation because all fee waiver request forms are reviewed by a supervisor at the end of each day when transactions are reconciled to CMS.”

Auditor Comment: We found no evidence of reconciliations of fee-waiver forms by supervisors at the end of the day. Even though the fee-waiver forms are prenumbered, DOHMH did not perform any reconciliations of the number of free copies of certificates issued according to the CMS Report and the number of fee-waiver forms used. Accordingly, we reaffirm our recommendation.

Inadequate Cash Management Practices

Comptroller’s Directives #1 and #11 recommend that procedures be implemented to safeguard assets and prevent fraudulent actions from occurring. The following sections show that DOHMH needs to improve its controls in these areas.

Inadequate Safeguarding of Cash Receipts

Safe combinations in the OVR units were not periodically changed, as recommended by the Comptroller's Directive #1. For example, the combination of the safe in the Registration unit was only changed five years ago, according to the unit supervisor. This unit has three eight-hour shifts per day. Moneys collected by this unit are placed in the safe until the next business day, when they are processed by the Cashiering unit supervisor and deposited in the bank. In addition, the combination to a second safe that exists in the Cashiering unit is changed only if one of the staff members who knows the combination leaves the unit. According to one OVR official, the combination for this safe has not been changed for the past three years.

While it is important to change safe combinations when staff members leave, it is also important to regularly change safe combinations, because the longer a combination is not changed the more likely it is that unauthorized employees may learn the combination. To minimize the risk of misappropriation of funds, DOHMH should periodically change the combinations of all the safes in the OVR units.

Inadequate Controls over the VitalChek Check-Writing System

OVR had inadequate controls over the VitalChek check-writing system. The VitalChek system, which, as stated previously, is owned and operated by VitalChek Network, Inc., is used for processing credit card orders. It identifies all credit card purchases. The Credit Card unit prints checks twice a day through a VitalChek computer terminal to obtain payment for the certificates issued via credit card purchases. These checks are made out to New York City Vital Records. The Credit Card unit supervisor prints a report from the VitalChek computer that shows the certificates for which credit card payments were made and the total dollar amount of the checks. The supervisor then prints the check, using the VitalChek computer. Blank checks for the VitalChek system were left in an unlocked drawer and the check-writing computer remained open the entire workday after the first operator to arrive in the morning logged in, using a password to access the system.

When asked about the unlocked drawer of blank checks, the Credit Card unit supervisor stated that the drawer is never locked and that a key was not readily available. An OVR employee later read the number on the drawer lock and found a spare key.

Although the check-writing screen is not physically accessible to the public, it is accessible to DOHMH employees. Once a password is entered into the VitalChek computer at the start of the day, anyone in the office can have access to the computer. Since a password is not needed each time a check is printed, there is a risk that a check and a corresponding report could be printed without agency officials' knowledge.

To minimize the risk of misappropriation of checks printed from the VitalChek system, OVR should secure the blank checks and request periodic transaction reports from VitalChek. OVR could then reconcile the checks it prints against the transaction information received from VitalChek. Some OVR officials told us that they do not receive any reports from VitalChek because OVR is capable of printing reports from the VitalChek system itself. However,

according to one OVR official, the only report printed by OVR from the VitalChek system is one that lists all the issued certificates that were covered by a particular check.

In addition, by not requesting monthly transaction reports from VitalChek, OVR was not enforcing an important provision of its contract with VitalChek. The contract between DOHMH and VitalChek Network, Inc., which covered the period of May 31, 2001, through May 30, 2006, and was later extended through May 31, 2007, states in §3, Program Monitoring and Evaluation: “The Contractor shall submit to DOH a monthly program report, in detail and format satisfactory to the Department, describing the activities performed by the Contractor during each month of the Agreement.”

Given the inadequate controls over the check-writing process, OVR should request monthly reports from VitalChek on the number of checks issued through the VitalChek system. OVR should use the information in those reports to reconcile VitalChek transactions with the twice daily reports it prints from the VitalChek system.

We also determined that DOHMH did not submit its June 1, 2001 through May 31, 2006 contract with VitalChek Network, Inc., to the Comptroller’s Office for registration until April 3, 2006. This was a violation of the City Charter, which requires all contracts or agreements to be filed with, and registered by, the Comptroller’s Office prior to implementation. Registration is an important oversight function ensuring an independent review of the process through which the contractor was chosen, a review of contractor integrity and a Citywide registry of contract information. DOHMH should review its internal controls to ensure compliance with the registration requirements of the City Charter. The Comptroller’s Office registered this contract and a one-year contract extension on April 29, 2006.

Lack of Segregation of Duties in Recording Fees Collected and in Preparing Deposits

The head supervisor of the Cashiering unit also serves as a temporary operator when the regular operator of the work-station is unavailable. There is a lack of segregation of duties when the same person, after recording part of the fees paid, prepares deposits and reconciles the moneys collected.

According to Comptroller’s Directive #1, different persons should be responsible for collecting, recording, depositing, and accounting for receipts. For the 67 deposit slips completed on the five sampled days, 23 (34%) of the deposit slips did not show a reviewer’s initials. To mitigate the risk of lack of segregation of duties, the Cashiering supervisor, who prepares the deposits and does the reconciliation for a given day, should not replace a regular operator or process applications in CMS on that same day. By processing the applications in CMS, the Cashiering supervisor, who is also in charge of reconciling all cash collected and preparing the deposits, is able to “control all key aspects of a transaction or event,” which is a control weakness, as stated in Comptroller’s Directive #1.

Inadequate Procedures for Returned Checks

DOHMH does not comply with the Comptroller's Directive #11 regarding the handling of bad checks. According to that directive, "Each agency should maintain a Returned Check Log for recording as receivable all returned checks. . . . Agencies must submit a Report of Monthly Activity for Returned Checks to the Comptroller's Revenue Monitoring unit by the 15th of each month."

Contrary to this directive, DOHMH neither ages the returned checks nor submits monthly reports on returned checks to the Comptroller's Office. The Revenue Office maintains a log that lists and totals all of the checks returned in a given month. The log is updated each time payment is received. However, no returned check is ever written off; therefore, uncollectible receivables are kept on the returned check log indefinitely. There was a total of \$8,392 in outstanding checks for Fiscal Year 2005.

When we brought this matter to the attention of DOHMH officials, they said they were unaware of the directive's requirement for a monthly report on returned checks.

Recommendations

DOHMH should:

8. Ensure that the combinations to all safes in its OVR units are changed periodically, as recommended by Comptroller's Office Directive #1.

Agency Response: "We agree. DOHMH will ensure that all safe combinations are changed whenever staff with knowledge of the combination separate from service or every two years, whichever comes first. All safe combinations in OVR were changed in November 2002. The combination to the Manhattan vault was changed again in 2004."

9. Secure blank checks used by the VitalChek system and regularly reconcile the checks printed from the VitalChek system against transaction reports received from VitalChek.

Agency Response: "We disagree with the need for this recommendation because VitalChek does not provide blank checks to the Office of Vital Records. Rather, VitalChek supplies the Office of Vital Records with perforated paper bearing only the VitalChek logo for the purpose of printing checks. This blank paper becomes a check once printed by DOHMH. DOHMH will continue to ensure that this paper is secured within the Credit Card Unit. We agree that the drawer containing the blank paper should be locked at all times. It should be noted that DOHMH secures and reconciles checks received from VitalChek as is done with all checks received in the Office of Vital Records. In addition, VitalChek also performs a reconciliation of the checks that they issue to us via the VitalChek system. To date, there have been no discrepancies or reports of missing paper, which is not noted in the report."

Auditor Comment: DOHMH did not provide us with any evidence of VitalChek’s reconciliations. During the audit, we requested all reports (including reconciliations) sent by VitalChek to OVR and were told that VitalChek does not send any reports to OVR. Likewise, DOHMH did not provide us with any evidence to support its claim that there have been no discrepancies or reports of missing blank-check paper. To ensure that all checks printed from the VitalChek system are deposited in the DOHMH bank account, it is necessary to reconcile the checks printed from the VitalChek system against records maintained by VitalChek Network, Inc.

10. Ensure that the supervisor who prepares deposits and does the final reconciliation does not process any applications in CMS during the same day.

Agency Response: “We agree with the importance of segregation of duties, and will, whenever feasible, ensure that the supervisor responsible for reconciliation for the day will not process transactions in CMS that day. There will be occasions when the unit is short staffed, that the supervisor responsible for reconciliation will have to process applications on the same day. During these times, another supervisor will reconcile her bank. This is our current procedure.”

11. Ensure that the staff handling returned checks complies with Comptroller’s Directive #11.

Agency Response: “The Office of Revenue will comply with all requirements stipulated in Directive 11 for the monitoring and control of all returned checks. The Bureau of Accountancy – Revenue Monitoring Unit will be contacted to determine the procedures for submitting the Monthly Activity Report for Returned checks and the format for the report.”

THE CITY OF NEW YORK
DEPARTMENT OF HEALTH AND MENTAL HYGIENE
OFFICE OF THE COMMISSIONER



125 WORTH STREET, CN-28
NEW YORK, NY 10013
NYC.GOV/HEALTH

THOMAS R. FRIEDEN, M.D., M.P.H.
COMMISSIONER
TEL (212) 788-5261
FAX (212) 964-0472

June 27, 2006

John Graham
Deputy Comptroller
Audits, Accountancy & Contracts
Office of the Comptroller
1 Centre Street
New York, NY 10007-2341

Re: Draft Audit Report on Cash
Accountability and Controls at the
DOHMH Office of Vital Records,
ME06-059A

Dear Mr. Graham:

We have reviewed this draft report. We agree with some but not all of the findings relating to misfiled or improperly completed forms, and we plan to take action to improve controls in these areas. We also agree that the automated cash management system does not track the issuance of vault copies, but only the receipt of orders for these copies.

However, the audit fails to present or reflect a full description of our system of manual and automated controls over cashing, document issuance, and cash reconciliation, including segregation of duties and supervisory review. In several places, the audit indicates a risk of undetected illegal activity by staff who receive or handle cash. The hypothetical scenarios described by the auditors are highly unlikely, for reasons which we explain in our attached response.

We appreciate the courtesy and professionalism of your staff in the performance of this audit. If you have any questions or need further information, please contact Thomas Hardiman, Director, Internal and External Audits, at (212) 219-5285.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas R. Frieden".

Thomas R. Frieden, M.D., M.P.H.
Commissioner

TRF/mc

**Response to Audit Report on Cash Accountability and Controls
At the Department of Health and Mental Hygiene
Office of Vital Records
ME06-059A
June 26, 2006**

We indicate below the Department's responses to the specific recommendations made in the audit report. On findings with which we agree, we have indicated plans to improve systems. However, in many areas the audit's conclusions are based on a narrowly focused review of a very complex operation, and a failure to consider the full range of existing system controls. The audit overly relied on a review and analysis of archived paper records, did not evaluate and test Vital Records' live system of controls, and failed to perform a full analysis of the Vital Records Cash Management System (CMS). As a result, the audit report fails to provide a fair presentation of the full system of controls within Vital Records.

The Vital Records Cash Management System (CMS) stores comprehensive data on all transactions, but the system's data were largely untapped by the audit. Instead, the audit relied heavily on archived paper records, which represent a small portion of the information available in CMS. These records (archived customer application forms, paper receipts generated by CMS, free order forms and Computer Terminal Daily Worksheets), are used as a secondary cash control system, compared to the automated and more comprehensive Cash Management System.

Reliance on paper records resulted in significant errors in the audit report, which the Department indicated at the exit conference. While some changes were made in the tables, the current presentations are still incorrect. As an example, the audit reports an apparent discrepancy of 21 unaccounted for birth certificates on a sampled day (May 24, 2005) using paper records as the source. DOHMH used the automated CMS system and was able to perform a complete reconciliation for that day: there were no discrepancies. This system was available to the auditors but they did not request access.

Some of the recommendations in the audit report will help the Department tighten systems and improve controls over paper records, which, while important, are secondary to the CMS controls. The auditors correctly observed that some of our paper forms were incorrectly completed and misfiled, and that will be addressed. However, the more sweeping statements made by the audit concerning controls over cash and applications are inaccurate because they fail to provide a fair presentation of the full range of controls within Vital Records. The audit did not find any funds that were misappropriated or unaccounted for, and the audit scenario of lost revenue is based on speculation.

The auditor report's failure to assess the full extent of our control systems resulted in substantial errors in the report's tables and the drawing of invalid conclusions. The report should have acknowledged, for example, that short-form birth certificates can only be printed through CMS and thus cannot be generated without fee collection or a formal fee waiver. CMS records the transaction, captures type of identification presented, details whether the document(s) requested is a long or a short form, prints the birth certificate if it is a request for a short form certificate, captures payment and cashier information, and records other pertinent information.

Long-form birth certificates requests are recorded in CMS as vault copy requests. Vault copies are processed manually. There are multiple levels of supervisory controls over the issuance of vault copies in place that prevent the inappropriate issuance of long-form birth certificates. While the auditors chose not to report on these controls or test them, they did appropriately identify some weaknesses in the process based on their walk through of the operations.

The auditors correctly identified a potential weakness in controls over blank certificate paper. It should be noted that access to the blank certificate paper is tightly controlled and overseen by supervisors, and there has been no evidence of missing certificate paper. Nevertheless, this issue has been addressed by the implementation of a more comprehensive Computer Terminal Daily Worksheet.

The report also notes that in some instances the normally computer-generated receipts were annotated with handwritten information. Of the examples provided, handwriting was needed because of mechanical problems (printer ribbon failure), to provide additional information linking two children's birth certificates with that of the mother, and to properly void an application when a customer changed her mind and wanted a long-form copy. There were also operator errors when customers requested short form birth certificates and then, upon seeing them, changed their minds and requested long form certificates. In these cases the cashiers should have voided the orders and created new ones. Instead, the cashiers wrote "long form" on the paper receipts. The dollar value was the same and the certificates were all properly issued to authorized parties. However, CMS was not updated to reflect the correct form of the certificate. Cashiers were re-instructed on June 26, 2006 to follow these procedures properly.

Below are responses to the specific recommendations made in the audit report.

Recommendation 1

DOHMH should ensure that applications processed in the CMS system are properly maintained to account for all the certificates issued and revenue collected.

DOHMH Response

We disagree with the need for this recommendation. All application data are properly maintained in the electronic CMS System, which is the Department's gold standard. However, the audit did not test CMS. Instead, the audit focused on secondary methods

of cash control, which are paper applications and receipts, some of which the auditors could not locate. The paper applications that the auditors searched are initially filed in order. However, they are often pulled in response to customer inquiries, and then there is a chance of misfiling. When CMS reports were used by DOHMH to reconcile cash collected, CMS was found to be accurate and complete.

Recommendation 2

Ensure that all operators, including temporary operators, properly complete the CTDW forms.

DOHMH Response

We agree that all operators should complete the form as required by our procedures. However, their initials on the form are not necessary to identify who issued a certificate or to track certificates they issued, because CMS records this. Each clerk working at a terminal must log on using his/her own user ID. This is critical to any secure electronic system. Each of the audit days reviewed by DOHMH showed that applications were properly logged into CMS. However, the paper Computer Terminal Daily Worksheets (CTDW), which the auditors relied on, did not always reflect multiple clerks sharing a terminal during the day.

The Reading Unit is the one certificate-issuing unit in Public Service Operations where certificate printers are regularly shared by two or more staff members. Our procedures require that each printer be assigned a Computer Terminal Daily Worksheet. Operators must also initial the CTDW. To improve the accuracy of the CTDW we revised this form on May 8, 2006 to make its completion more user friendly and we will monitor its completion and use.

Recommendation 3

Ensure that supervisors reconcile daily the number of blank certificates used according to the CTDW forms and the number of certificates issued according to the CMS system.

DOHMH Response

We agree; this task will now be conducted daily (it had been conducted weekly). On May 8, 2006 DOHMH developed an electronic log to track the use of blank certificate paper. This e-log will be used by PSO supervisors to reconcile paper used against entries made to the CTDW by cashiering operators.

The Computer Terminal Daily Worksheet has been reviewed and was revised on May 8, 2006. Sufficient space has been allotted to enable each user to clearly print his/her name and initials. The form allows the operator to print each digit of the document number into its own field for the first and last numbers of certificate paper used

In addition, a Certified Paper Usage Form has been developed for supervisors to complete each day. This form will allow the supervisor to perform a daily count of the amount of certified paper used each day by document number for each box of paper distributed. While the revised Computer Terminal Daily Worksheet will continue to be

completed by each staff member who cashiers applications, the completion of the Certified Paper Usage Form will enable supervisors to better verify the amount of certified paper used and reconcile the totals to operators' worksheets on a daily basis.

Recommendation 4

Ensure that the CMS system tracks separately the short-form version and the vault copies of birth certificates.

DOHMH Response

We disagree with the need for this recommendation. CMS always captured this information, but it was not previously reported on the CMS Operator report. Nevertheless, on May 3, DOHMH requested that the Bureau of Informatics and Information Technology (BIIT) modify the CMS Operator report so that it also distinguishes between vault copies and certifications of birth (short-form version).

Recommendation 5

Establish a procedure for reconciling the vault copies of certificates issued by the Records Management unit to the applications processed by the CMS system to ensure that copies are only issued for certificates processed by the Cashiering, Mail Reading, and Credit Card units.

DOHMH Response

We agree, although there is no evidence that existing controls are ineffective. Vault copies of certificates are only issued by the Records Management Unit when a cashiered application receipt is received from the Cashiering, Mail Reading and Credit Card Units. The cashiered application with CMS receipt information contains the certificate number of the record to be issued. It also displays the amount of the payment being made. Because vault copy issuance is a manual process, DOHMH has three supervisory reviews related to the production of vault copies: the first review is done by a Cashiering Unit supervisor; the second by a Records Management supervisor; and the third, by a Mail Unit supervisor.

Recommendation 6

Revise the fee-waiver approval form to specifically ask for information on the reason for the fee waiver and the evidence that was provided to justify the waiver.

DOHMH Response

We disagree with this recommendation. In 1998 DOHMH established a procedure to record fee waiver information on a form. This procedure is still in effect and captures reason and evidence provided. DOHMH uses a pre-numbered free order form upon which a fee-waiver reason code is indicated. Each code also indicates the type of documentation presented by the customer. Since this information is already captured, there is no need to change procedures.

Recommendation 7

Reconcile fee-waiver information in CMS with fee-waiver approval forms signed by supervisors.

DOHMH Response

We disagree with the need for this recommendation because all fee waiver request forms are reviewed by a supervisor at the end of each day when transactions are reconciled to CMS.

There are several reasons why fees are waived. Fees for the payment of certificates are waived for New York City and New York State agencies for government use only. Fees are also waived for individuals exchanging certificates within three months of purchase and for families of the following decedents: veterans, members of the US armed services and uniformed city workers who die in the line of duty. Under these circumstances, cashiers complete a fee waiver form. This form and the application for the certified certificate are taken to a supervisor for approval. Once approved, the application is cashiered in CMS.

Recommendation 8

Ensure that the combinations to all safes in its OVR units are changed periodically, as recommended by the Comptroller's Office Directive #1.

DOHMH Response

We agree. DOHMH will ensure that all safe combinations are changed whenever staff with knowledge of the combination separate from service or every two years, whichever comes first. All safe combinations in OVR were changed in November 2002. The combination to the Manhattan vault was changed again in 2004.

Recommendation 9

Secure blank checks used by the VitalChek system and regularly reconcile the checks printed from the VitalChek system against transaction reports received from VitalChek.

DOHMH Response

We disagree with the need for this recommendation because VitalChek does not provide blank checks to the Office of Vital Records. Rather, VitalChek supplies the Office of Vital Records with perforated paper bearing only the VitalChek logo for the purpose of printing checks. This blank paper becomes a check once printed by DOHMH. DOHMH will continue to ensure that this paper is secured within the Credit Card Unit. We agree that the drawer containing the blank paper should be locked at all times. It should be noted that DOHMH secures and reconciles checks received from VitalChek as is done with all checks received in the Office of Vital Records. In addition, VitalChek also performs a reconciliation of the checks that they issue to us via the VitalChek system. To date, there have been no discrepancies or reports of missing paper, which is not noted in the report.

Recommendation 10

Ensure that the supervisor who prepares deposits and does the final reconciliation does not process any applications in CMS during the same day.

DOHMH Response

We agree with the importance of segregation of duties, and will, whenever feasible, ensure that the supervisor responsible for reconciliation for the day will not process transactions in CMS that day. There will be occasions when the unit is short staffed, that the supervisor responsible for reconciliation will have to process applications on the same day. During these times, another supervisor will reconcile her bank. This is our current procedure.

Recommendation 11

Ensure that the staff handling returned checks complies with Comptroller's Directive #11.

DOHMH Response

The Office of Revenue will comply with all requirements stipulated in Directive 11 for the monitoring and control of all returned checks. The Bureau of Accountancy – Revenue Monitoring Unit will be contacted to determine the procedures for submitting the Monthly Activity Report for Returned checks and the format for the report.