



**SUFFOLK COUNTY  
OFFICE OF THE COMPTROLLER  
AUDIT DIVISION**

**John M. Kennedy, Jr.  
Comptroller**

**An Audit of the  
Suffolk County Police Department Property Bureau's Departmental Bank Accounts  
For the Period  
January 1, 2013 through December 31, 2015**

**Report No. 2017-11  
Date Issued: November 21, 2017**

**SUFFOLK COUNTY  
OFFICE OF THE COMPTROLLER**

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## **EXECUTIVE SUMMARY**

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### **Introduction:**

The Suffolk County Comptroller's Office has reviewed all known departmental bank accounts of the Suffolk County Police Department's (Department) Property Bureau (Bureau) for the period January 1, 2013 through December 31, 2015.

### **Purpose:**

The purpose of our review of the Bureau's departmental bank accounts was to determine if the Bureau complied with certain requirements of laws, regulations and Suffolk County Standard Operating Procedures (SOP) applicable to departmental bank accounts and to review and test internal controls applicable to those bank accounts.

### **Summary of Significant Findings:**

- The revenue distribution of the Impound Account checks voided in 2014 to recoup the overpayment made in 2013 was not equal to the actual revenue distribution of the duplicated payments.
- Funds pertaining to Suffolk County District Attorney (DA) forfeitures and Impound towing and storage revenue submitted to the Department of Audit and Control's Division of Finance and Taxation (Finance and Taxation) were not always processed by the Bureau in a timely manner (Resolution 517-2015 abolished the County Treasurer and transferred the functions of the Department of Finance and Taxation to the Department of Audit and Control).
- Language in the County Code does not clearly delineate the disposition of lost and found property and abandoned property held by the Property Bureau.
- Reconciling items on the bank account reconciliations were not always resolved in a timely manner, resulting in an increased opportunity for errors or fraud to go undetected.
- The Department did not comply with the provision contained in SOP D-08 which requires departments to deposit all proceeds within twenty-four hours of receipt, resulting in an increased risk that loss or theft could occur.

### **Summary of Significant Recommendations:**

- The Department should ensure the undistributed revenue retained by the Department is properly distributed to the appropriate County departments.

- The Bureau should process and submit all DA forfeitures and Impound towing and storage revenue to Finance and Taxation in a timely manner.
- The Department should request legislation be enacted that would clearly delineate the disposition of lost and found property and abandoned property held by the Police Property Bureau.
- The Department should resolve all reconciling items on the bank account reconciliations as quickly as possible.
- The Department should comply with all requirements pertaining to collecting and depositing funds and remitting revenues to Finance and Taxation contained in SOP D-08.

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## **BACKGROUND**

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The Suffolk County Police Department's (Department) Property Bureau (Bureau) is comprised of the Property Section, located in Yaphank, and the Impound Unit, located in Westhampton Beach. The Property Section functions as the custodian of all property items taken into custody by County law enforcement personnel in the course of performing their duties. These items consist of evidence related to the prosecution of crimes, found property, abandoned property, surrendered property, estate property and items held by the Police and Sheriff Departments as a result of Driving While Intoxicated (DWI) seizures and other offenses. Both the Property Section and Impound Unit maintain records to account for the receipt and disposal of the property items in its custody.

The Department is responsible for the appropriate disposition of property in its custody, whether it is through release to its rightful owner or other legal means, such as sale by auction or destruction. The disposal of property items in the custody of both commands is regulated by Department directives, applicable State law and Sections A13-10 and A13-11 of the Suffolk County Code. These laws provide for the disposal of property items following the expiration of specified periods of time, depending on the type of item and circumstance of custody.

During the audit period, the Property Section utilized five bank accounts for collecting and disbursing the proceeds associated with the disposition of property items: four Property Section accounts and one Impound Unit account.

Our audit was conducted at the request of the Police Commissioner upon learning the following: the Department remitted a \$337,390 overpayment in checks to the Suffolk County Treasurer in November 2013. In order to recoup the funds the Department withheld \$337,343 in remittances to the Treasurer's Office in October 2014 and voided the checks drawn on the Property Bureau's departmental bank accounts.

In addition to this report, two separate reports pertaining to the Department's departmental bank accounts and the Department's Property Bureau Auctions held in 2015 will be issued.

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## SCOPE AND METHODOLOGY

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The scope of this audit is all known departmental bank accounts maintained by the Bureau during the period January 1, 2013 through December 31, 2015.

We conducted our performance audit in accordance with generally accepted government auditing standards, except for the external peer review requirement. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

- Reviewed relevant Suffolk County, NYS General Municipal, Penal, Personal Property, Abandoned Property, Vehicle and Traffic, Civil Practice, County and Public Officers Laws, Suffolk County Resolutions, Suffolk County Standard Operating Procedures (SOPs) and Department directives.
- Conducted interviews of Bureau personnel as deemed necessary to obtain an understanding of the procedures used to record and process disbursements from the Bureau's departmental bank accounts to the Department of Audit and Control.
- Interviewed Department personnel responsible for remitting revenue to Finance and Taxation.
- Obtained and reviewed all documentation pertaining to the 2013 overpayment and subsequent non-remittance of revenue in 2014.
- Performed a reconciliation of the Impound Account's reissued checks to the original checks.
- Performed a reconciliation of the Property Account's reissued checks to the original checks.
- Verified that all checks issued from the Impound Account from 2007 through 2013 cleared the account via check clearance, wire transfer or bank transfer.
- Verified that all checks issued from the Property checking and money market accounts from 2007 through 2013 cleared the accounts via check clearance, wire transfer or bank transfer.
- Performed an analysis to determine if the revenue distribution of the Impound Account checks voided in 2014 was equal to the revenue distribution of the overpayment made in 2013.

- Obtained a crystal report from the Department's Budget Section of all Property Bureau revenue recorded in Fund 115 for the period January 1, 2007 through December 31, 2015, and all DWI Seizure revenue recorded in Funds 789 and 790 for the period January 1, 2012 through December 31, 2015.
- Performed testing procedures for a random selection of disbursements made from the Bureau's departmental accounts during the period January 1, 2015 through December 31, 2015.
- Reviewed all Department directives issued in 2014 through 2016 pertaining to the departmental accounts and disbursement of funds to ensure the directive contained sound internal control procedures. Incorporated testing procedures to verify the Bureau's personnel complied with all applicable directives.
- Performed one bank reconciliation for each checking account maintained by the Bureau.

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## AUDIT FINDINGS

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***The revenue distribution of the Impound Account checks voided in 2014 to recoup the overpayment made in 2013 was not equal to the actual revenue distribution of the duplicated payments.*** The total revenue represented by the voided checks was almost equal to the overpayment; however, the distribution of the revenue that would have been made by Finance and Taxation for the voided checks was not equal to the distribution of the overpayment. Our audit testing revealed the non-remittance of revenue checks by the Department's Finance Section to Finance and Taxation resulted in the Department retaining \$29,435 in revenue that should have been distributed to other County departments as follows: \$20,604.50 (70%) to Probation for the Special Traffic Options Program for Driving While Intoxicated (STOP DWI), \$5,887 (20%) to the County Attorney's Office, and \$2,943.50 (10%) to the Sheriff's Department.

***Funds pertaining to Suffolk County District Attorney (DA) forfeitures and impound towing and storage revenue submitted to Finance and Taxation were not always processed by the Bureau in a timely manner.*** Untimely submission of revenue to Finance and Taxation hampers the County's ability to utilize those funds. Our audit testing revealed the following:

- Our testing sample included eighteen (18) DA forfeitures: five (5) "Special DA Forfeitures" and thirteen (13) "Regular DA Forfeitures." All "Special DA Forfeitures" were processed in a timely manner; however, the processing of nine (9) of the thirteen (13) "Regular DA Forfeitures" exceeded thirty (30) days.
- All three (3) checks (100%) included in our audit testing of impound towing and storage revenue for the period September 8, 2014 through December 31, 2014 were remitted to the Finance Section on June 25, 2015. In addition, our reconciliation of the Impound Account revealed that monthly impound revenue received for the period February through December 2015 was not remitted until a check dated January 8, 2016 cleared the bank on March 16, 2016. Therefore revenue was not submitted to Finance and Taxation ten (10) days after the end of the month or sooner as required by SOP D-08.

We noted that during our audit the Property Section hired an Account Clerk Typist which should improve the timeliness of the release and remittance of funds to the Finance Section.

***Language in the County Code does not clearly delineate the disposition of lost and found property and abandoned property held by the Police Property Bureau.*** Regarding the disposition of lost and found property and abandoned property, section A13-10 B (2) (a) [1] & [2] of the County Code specifically states that "If consisting of money and:

1. Taken possession of by an employee of the County Police Department, be paid by the Police Commissioner to the County Comptroller for deposit into the *general fund* [emphasis added].

2. Taken possession of by an employee of the Police Department, be paid by the Police Commissioner to the County Comptroller for deposit into the *Police District Fund* [emphasis added].”

Our audit testing included two (2) disbursements which totaled \$605,338 and represented the release of unclaimed funds to the County Comptroller for deposit into the Police District Fund. The intent of the County Code is not clear; therefore, it cannot be determined if the revenue was remitted to the proper fund. The captain of the Property Bureau stated that he had contacted the Department’s legal counsel and the County Attorney for clarification of the law on several occasions; however, he was unsuccessful in his attempts.

***Reconciling items on the bank account reconciliations were not always resolved in a timely manner, resulting in an increased opportunity for errors or fraud to go undetected.*** Our interviews and a review of the bank reconciliations revealed the following:

- The Property Section checking account bank reconciliation contained ten (10) outstanding checks totaling \$2,060 that have been outstanding for an extended period of time, including checks that have been outstanding for a period of ten (10) years or longer.
- A portion of the Property Section checking account’s schedule of outstanding checks was incomplete. The bank reconciliation for the account includes \$307 of outstanding checks issued prior to 2003; however, details of the individual checks are unknown. Therefore, we were unable to perform a comprehensive reconciliation of the account.
- Both the Property and Impound checking account bank reconciliations performed during the audit period contain several small reconciling items comprised of deposits which have cleared but have not yet been submitted to Finance and Taxation. We noted that the majority of old reconciling items on the Impound checking account were submitted to Finance and Taxation in May 2016.

***The Bureau did not comply with the provision contained in Suffolk County SOP D-08 which requires departments to deposit all proceeds within twenty-four hours of receipt, resulting in an increased risk that loss or theft could occur.*** Our interviews and audit testing revealed that the Impound Section remits daily revenue to the Property Section once a month. The Property Section then verifies the funds and completes the deposit process.

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## RECOMMENDATIONS

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- The Department should ensure the undistributed revenue retained by the Department is properly distributed to the appropriate County departments.
- The Bureau should process and submit all DA forfeitures and impound towing and storage revenue to Finance and Taxation in a timely manner.
- The Department should request legislation be enacted that would clearly delineate the disposition of lost and found property and abandoned property held by the Police Property Bureau. In addition, once legislation is enacted the Bureau should implement procedures to ensure compliance with the County Code.
- The Department should periodically review and investigate all reconciling items, including outstanding checks, in order to resolve the items as quickly as possible.
- The Department should comply with all requirements pertaining to collecting and depositing funds and remitting revenues to Finance and Taxation contained in Suffolk County Standard Operating Procedure D-08.

## **APPENDICES**

## APPENDIX A

### COUNTY OF SUFFOLK NEW YORK



### POLICE DEPARTMENT

TIMOTHY D. SINI  
POLICE COMMISSIONER

October 17, 2017

Mr. Frank Bayer, Executive Director of Auditing Services  
Office of the Suffolk County Comptroller  
H. Lee Dennison Building, 9<sup>th</sup> Floor  
Hauppauge, NY 11788

Re: Response to Comptroller's Draft Report

Dear Mr. Bayer:

This correspondence is respectfully submitted in response to the Office of the Comptroller's draft report of the *Audit of the Suffolk County Police Department Property Bureau's Departmental Bank Accounts for the Period January 1, 2013 through December 31, 2015*. In February of 2016, when I requested this audit be conducted, it was my intention to not only ensure appropriate remedial measures were taken in response to the 2013 overpayment to the then-County Treasurer's Office, but to strengthen the Property Bureau's accounting and banking procedures. Feedback provided during the audit process, meetings and conferences between Department personnel and your staff, and ultimately the draft report itself have proven helpful in enhancing the accounting and banking procedures of the Police Department's Property Bureau.

#### **Changes Implemented Beginning on or about January 1, 2016**

As the Department indicated to your office during the entrance conference in March of 2016, the Department had commenced its own review and analysis of the Property Bureau finance and accounting procedures, and of internal controls at the Property Bureau relating to the processing of revenue, deposits, transfers and other disbursements. As a result of that review, the following changes have been implemented at the Property Bureau:

- 1) An Account Clerk Typist was hired by the Department in May of 2016 and has been assigned exclusively to the Property Bureau. This has enabled the Property Bureau, which was devoid of accounting staff, to timely process currency and revenue, and to make deposits and disbursements in accordance with applicable protocols and Suffolk County Standard Operating Procedures ("SOP").
  - 2) The Property Bureau implemented stronger internal controls over disbursements made from its bank accounts. These controls included the following: (a) the second signature on all checks written are of a staff member of a higher rank than the originating signatory; (b) the number of authorized signatories was reduced
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from ten to seven and (c) the return of currency to its rightful owner is made by check alone—cash disbursements for amounts greater than twenty-five dollars are no longer permitted.

3) The Department implemented additional controls over our monthly bank reconciliation procedures. For example, reconciliations are now performed by an employee independent of Property Bureau, and SCIN 212s are now reviewed and approved directly by a supervisor in the Finance Section. These forms are then sent to the Division of Finance and Taxation in conformance with Standard Operating Procedure D-08.

4) The Property Bureau implemented stronger internal controls and procedures relating to revenue and currency invoices: (a) All currency invoices received at the Property Section exceeding twenty-five dollars are now promptly deposited in the appropriate Property Section bank account with the exception of foreign currency, collectable currency, and currency which is otherwise not fungible; (b) currency invoices that could not be deposited due to an evidentiary need are now promptly deposited in the appropriate Property Section bank account once that evidentiary need no longer exists; (c) revenue collected by the Impound Section is now deposited in the appropriate Impound Section bank account the next business day following receipt, and deposit slips and supporting documentation are now forwarded to the Property Bureau on a weekly basis for verification and processing; (d) revenue collected from Impound and Property Section auctions is now deposited the next business day following receipt.

(5) The number of Property Bureau bank accounts was reduced from five to three, to enhance accountability, control and efficiency.

#### **Response to Draft Audit Report Findings**

In response to your draft audit findings, the Department respectfully responds as follows:

***Audit Finding: The revenue distribution of the Impound Account checks voided in 2014 to recoup the overpayment made in 2013 was not equal to the actual revenue distribution of the duplicated payments. The total revenue represented by the voided checks was almost equal to the overpayment; however, the distribution of the revenue that would have been made by Finance and Taxation for the voided checks was not equal to distribution of the overpayment....***

Department Response: We concur with the finding that \$29,435 was not distributed by the Finance Section in 2013, and I thank you again for responding to my request for assistance with confirming this. We believe current reconciliations of the involved account for 2013 and 2014 will demonstrate the amounts were distributed to the appropriate County agencies. As of January of 2016, there were no funds that were not distributed. Bank accounts are reviewed on a monthly basis to ensure funds are allocated and remitted in a timely manner in accordance with applicable SOPs.

***Audit Finding: Funds pertaining to Suffolk County District (DA) forfeitures and impound towing and storage revenue submitted to Finance and Taxation were not always processed by the Bureau in a timely manner.... Our testing sample included eighteen (18) DA forfeitures: five (5) "Special DA Forfeitures" and thirteen (13) "Regular DA Forfeitures." All "Special DA Forfeitures" were processed in a timely manner; however, the processing of nine (9) of the thirteen (13) "Regular DA Forfeitures" exceeded thirty (30) days.***

Department Response: We concur that Special DA Forfeitures during the period were processed in a highly expeditious manner. A portion of the Regular DA Forfeitures took longer to process due to a staffing shortage within the Property Bureau, a matter which has since been rectified by the hiring of an Account Clerk Typist in May of 2016. Of the 99 DA Forfeiture requests that have been received year-to-date 2017, the average processing time is three business days and none have exceeded seven business days.

*All three (3) checks (100%) included in our audit testing of impound towing and storage revenue for the period September 8, 2014 through December 31, 2014 were remitted to the Finance Section on June 25, 2015. In addition, our reconciliation of the Impound Account revealed that monthly impound revenue received for the period February through December 2015 was not remitted until a check dated January 8, 2016 cleared the bank on March 16, 2016. Therefore, revenue was not submitted to Finance and Taxation ten (10) days after the end of the month or sooner as required by SOP D-08.*

Department Response: New protocols implemented within the Property Bureau provide for the timely processing of all revenue, including that related to towing and storage fees. More specifically, all revenue is deposited the next business day following receipt barring unforeseen circumstances, and is processed for disbursement immediately upon the end of the month to facilitate compliance with SOP D-08. Implementation of these protocols was made possible by the hiring of an Account Clerk Typist as detailed above.

***Audit Finding: Language in the County Code does not clearly delineate the disposition of lost and found property and abandoned property held by the Police Property Bureau.... Our audit testing included two (2) disbursements which totaled \$605,338 and represented the release of unclaimed funds to the County Comptroller for deposit into the Police District Fund. The intent of the County Code is not clear; therefore it cannot be determined if the revenue was remitted to the proper fund.***

Department Response: The Department agrees that the plain language of Suffolk County Code § A13-10 may not clearly delineate disposition of lost and abandoned property held by the Police Property Bureau. We however note that the aforementioned section of the County Code has been interpreted consistently by the Department for as long written records are available, going back to at least 1994. New York Statutes Law provides that "general usage, long continued and theretofore unquestioned, has much the weight of judicial decision and should not be lightly disregarded." See Practice Commentaries, Statutes Law § 128.

Moreover, it is a settled legal principle that years of local practice by executive or administrative officers is, "entitled to great weight unless manifestly wrong..." Statutes Law § 129. Based on the foregoing, we believe that there exists no basis to change longstanding practices, subject to legislative directive to the contrary.

***Audit Finding: Reconciling items on the bank account reconciliations were not always resolved in a timely manner, resulting in an increased opportunity for errors or fraud to go undetected....***

Department Response: The Department implemented additional controls over monthly bank reconciliation procedures for Property Bureau Accounts. For example, reconciliations are now performed by an employee independent of Property Bureau, and SCIN 212s form are now reviewed and approved directly by a supervisor in the Finance Section and then sent to the Division of Finance and Taxation in conformance with Standard Operating Procedure D-08.

*The Property Section checking account bank reconciliation contained ten (10) outstanding checks totaling \$2,060 that have been outstanding for an extended period of time, including checks that have been outstanding for a period of (10) years or longer.*

Department Response: These ten checks, totaling \$2,060, were issued to private parties and were not cashed by these parties. The Property Bureau has endeavored to contact these parties to cash the checks, including sending certified letters to each of party at their address of record advising them to timely contact the Property Bureau for guidance in obtaining the funds relating to these checks. The checks remain outstanding, despite best efforts, however they were drawn on an account which has since been closed, so they should not be cashed if presented. New protocol has been established within the Property Bureau which directs that checks greater than twelve months old be deemed stale, removed from the monthly reconciliation and maintained within a register delineating such stale checks. All stale checks have been removed from the reconciliation.

*A portion of the Property Section checking account's schedule of outstanding checks was incomplete. The bank reconciliation for the account includes \$307 of outstanding checks issued prior to 2003; however, details of the individual checks are unknown. Therefore, we were unable perform a comprehensive reconciliation of the account.*

Department Response: We concur that details pertaining to the \$307 checks are unavailable despite best efforts by the Property Bureau. As these checks were issued prior to 2003, they have been deemed stale, listed within the stale check register as detailed above and removed from the reconciliation. As noted above, these checks were drawn on an account which is now closed so the checks should not be cashed if presented.

*Both the Property and Impound checking account bank reconciliations performed during the audit period contain several small reconciling items comprised of deposits which have cleared but have not yet been*

*submitted to Finance and Taxation. We noted that the majority of old reconciling items on the Impound Checking account were submitted to Finance and Taxation in May of 2016.*

Department Response: We concur that the majority of the stale reconciling items on the Impound checking account were submitted to Finance and Taxation in May of 2016, and that this matter has been resolved. Two reconciling items that remained consisted of sixty cents related to a refund from an online vendor auction, and this amount has been submitted to Finance and Taxation for appropriate disbursement. Similarly, a second item consisting of \$40.92, which stemmed from the settlement of a lawsuit relating to scrapped vehicles, has also been submitted to Finance and Taxation for appropriate disbursement.

***Audit Finding: The Bureau did not comply with the provision contained in Suffolk County SOP D-08 which requires departments to deposit all proceeds within twenty-four hours of receipt, resulting in an increased risk loss or theft could occur. Our interviews and audit testing revealed that the Impound Section remits daily revenue to the Property Section once a month. The Property Section then verifies the funds and completes the deposit process.***

Department Response: Barring unforeseen circumstances, all revenue is now deposited the next business day following receipt to facilitate conformance with SOP D-08. Records and receipts relating to these deposits are forwarded to the Property Bureau by the Impound Section once each week to provide for timely review and verification. In December of 2015, the Property Bureau began using individually-numbered, tamper-proof security seals to secure all currency invoices to strengthen existing procedures designed to eliminate the risk of loss or theft.

#### **Conclusion**

The Department appreciates the assistance and guidance provided by your Office, and we look forward to continuing to work cooperatively towards enhancing the Property Bureau's banking and accounting procedures. The stewardship of funds related to the Property Bureau's operations are of utmost importance, and we are committed to ensuring we have the strongest protocols in place to accomplish just that. Please do not hesitate to contact me to further discuss your Office's draft report or the Department's response.

Sincerely,



Timothy D. Sini



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## APPENDIX B

### Comptroller Office's Comments on the Department's Response

#### Auditee: Suffolk County Police Department

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The Department submitted a written response to the audit report (Appendix A, p. 10). In its response the Department concurred with all of the audit findings and stated that it has or will take corrective action in response to our audit, with the exception of one finding.

The Department agrees with our finding that language in the County Code does not clearly delineate the disposition of lost and found property and abandoned property held by the Police Property Bureau. However, in its response to our recommendation to request legislation be enacted that would clearly delineate the disposition of lost and found property and abandoned property held by the Police Property Bureau, the Department believes that there exists no basis to change longstanding practices, subject to legislative directive to the contrary. When Resolution No. 976-1973, Establishing Procedures for the Transfer to the County Treasurer of Certain Funds Held by the Police Property Bureau was adopted, it clearly delineated the disposition of lost and found property as follows:

#### **“Section II. Lost and Found Property**

A. Money constituting lost property taken possession of by an employee of the Police Department in the cause of his official duty shall be paid by the Police Commissioner to the County Treasurer for deposit to the General Fund if the funds were taken possession of by an employee of the County Police Department, or Police District Fund if the funds were taken possession of by an employee of the Police District in accordance with the provisions of Article 7-B of the Personal Property Law.”

Based on the above, we do not concur with the Department's response and we believe the Department should follow our recommendation. Therefore, no modification of the audit report is warranted.

We extend our gratitude to the personnel at the Suffolk County Police Department for their cooperation during the audit and for taking corrective action to address the deficiencies identified in our report.