



STATE OF RHODE ISLAND - GENERAL ASSEMBLY

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**RHODE ISLAND DISTRICT COURT  
BAIL AND REGISTRY FUND**

PERFORMANCE AUDIT

We conducted a performance audit of the Rhode Island District Court Bail and Registry Fund at the request of the Rhode Island Judiciary. Bail monies may be collected at any of the four divisions of the District Court, at a municipality before a Bail Commissioner, or at the Adult Correctional Institutions. Bail funds are deposited into checking accounts maintained for this purpose. Registry funds are amounts held by the court in civil cases.

The courts utilize a comprehensive case management system known as Banner. Information specific to the pending criminal matter along with details pertaining to the posted bail is entered into the Banner system.

The various divisions of the District Court each maintain a manual checking account. The balances in these accounts totaled over \$2 million in May 2003. At each division, the individual who prepares the daily bank deposit also writes checks from the account and reconciles the monthly bank statement. These incompatible functions are serious control weaknesses that increase the possibility of defalcations or misappropriation of funds.

The checking account at the 6<sup>th</sup> Division in Providence had not been reconciled since June 2001. Since reconciliation of checking accounts is an important internal control, staff duties and

responsibilities must be realigned to ensure the checking account is reconciled monthly.

Case-specific bail information is entered into the Banner system. At the same time, the actual cash received is deposited into one of the four checking accounts maintained by the District Court. However, no effort is made to reconcile these checking accounts to the case information in the Banner system. The lack of reconciliation is a significant weakness in internal control, and should be resolved immediately.

Bail commissioners collect cash bail and transmit the bail funds to the District Court on the next business day. To reduce the risk associated with holding cash for extended periods, bail commissioners should be instructed to deposit cash into the night deposit box at the bank. Another weakness in this process is that these cases are not entered into the Banner system at the time

bail is collected. This could be resolved by extending the Banner system to all municipalities in which bail funds are collected by bail commissioners.

According to Federal Deposit Insurance Corporation regulations, accounts owned by the same entity but designated for different purposes, are not separately insured. Instead, such accounts are combined and insured for up to \$100,000 in the aggregate. Therefore, approximately \$1.9 million currently on deposit in the bail fund is not insured. The District Court could open an escrow account consisting of a master account and numerous sub accounts. Each sub-account is insured for \$100,000.

Other recommendations address the timely deposit of bail, safekeeping of daily receipts, transfer of bail, bail proceeds, unclaimed bail, policy and procedures manual, employee training, and security over the Banner system.

*Copies of this report can be obtained by calling 222-2435 or by visiting our website at [www.oag.ri.gov](http://www.oag.ri.gov).*

**Audit Highlights**

- Separate incompatible functions so that the person who prepares daily bank deposits cannot also write checks from the bank account *and* reconcile the monthly bank statement.
- Realign staff responsibilities to ensure that bank statements are reconciled monthly.
- Instruct bail commissioners to deposit cash into a night deposit box rather than transmitting these funds to the District Court on the next business day.
- Ensure that bail funds on deposit are properly insured by opening an escrow account consisting of a master account and numerous sub-accounts.