



City of New York

OFFICE OF THE COMPTROLLER

Scott M. Stringer
COMPTROLLER



FINANCIAL AUDIT

Marjorie Landa

Deputy Comptroller for Audit

Audit Report on the Office Equipment
Inventory Practices at the 3 Staten
Island Community Boards

FM15-074A

April 28, 2015

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, NY 10007

SCOTT M. STRINGER
COMPTROLLER

April 28, 2015

To the Residents of the City of New York:

My office has audited the inventory practices over office equipment at the three Staten Island Community Boards. We audit City agencies, such as Community Boards, as a means of ensuring they operate efficiently and are accountable for resources and revenues in their charge.

New York City is divided into 59 administrative districts, each served by a Community Board, which is a local representative body authorized by the New York City Charter to advocate for the residents and needs of its district. Each Community Board hires a District Manager as its chief executive officer whose responsibilities include assisting the Community Board in the hiring of administrative staff, supervising the staff, and managing the daily operations of the district office.

This audit found that the three Staten Island Community Boards could account for all of their Fiscal Year 2013 and 2014 purchases and were able to demonstrate that the 141 equipment items that were on their inventory lists were on hand. However, with regard to maintaining complete and accurate inventory lists, the Community Boards generally did not adhere to the Department of Investigation's *Standards for Inventory Control and Management* or follow the guidance provided by Comptroller's Directive #1, *Agency Evaluation of Internal Controls Checklist*. Based on the results of our review, we concluded that compliance with required inventory controls needs improvement to avoid a potential risk of loss, misappropriation or theft.

The results of the audit have been discussed with Community Board officials, and their comments have been considered in preparing this report. Their complete written responses are attached to this report.

If you have any questions concerning this report, please e-mail my Audit Bureau at audit@comptroller.nyc.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Scott M. Stringer".

Scott M. Stringer

TABLE OF CONTENTS

FINANCIAL AUDIT	1
Background	1
Objectives.....	2
Scope and Methodology Statement.....	2
Discussion of Audit Results	2
FINDINGS	4
Incomplete Inventory Records	4
Physical Inventory Does Not Comply with DOI Standards for Inventory Control and Management.....	5
RECOMMENDATIONS	6
DETAILED SCOPE AND METHODOLOGY.....	8
ADDENDUM I	
ADDENDUM II	
ADDENDUM III	

THE CITY OF NEW YORK OFFICE OF THE COMPTROLLER FINANCIAL AUDIT

Audit Report on the Inventory Practices of Office Equipment at the 3 Staten Island Community Boards

FM15-074A

Background

New York City is divided into 59 administrative districts, each served by a Community Board, which is a local representative body authorized by the New York City Charter to advocate for the residents and needs of its district. Community Boards have various responsibilities which, in addition to assessing neighborhoods' needs and addressing community concerns, include vetting land use and zoning proposals. Each Board has up to 50 non-salaried members appointed by the Borough President of the borough in which the Community Board is located. Board members must reside, work, or have significant interests in the district they serve.

While Community Board members serve unpaid two-year terms, Community Boards' operations are paid for with City funds. With these funds, each Board hires a District Manager as its chief executive officer whose responsibilities include assisting the Board in the hiring of administrative staff, supervising the staff, and managing the daily operations of the district office. Each Borough President's Office also provides administrative assistance to the Community Boards.

Staten Island has three Community Boards, Community Boards 1, 2 and 3, which cover the entire borough. Each of the Staten Island Boards has a District Manager and at least one full-time clerical staff member. These salaries are covered by the Community Boards' Personal Services budget. In addition, the Community Boards are provided with City funds to cover non-personal expenses, known as Other Than Personal Service (OTPS). Table I lists each of the three Staten Island Community Board's total OTPS expenditures for Fiscal Years 2013 and 2014.

Table I

Summary of Other Than Personal Service Expenditures
for the 3 Staten Island Community Boards
Fiscal Years 2013 and 2014

Board	Other Than Personal Services 2013	Other Than Personal Services 2014
Board 1	\$ 10,794	\$ 12,314
Board 2	\$ 17,232	\$ 14,346
Board 3	\$ 11,280	\$ 10,725
Total	\$ 39,306	\$ 37,385

The three Community Boards identified 141 items of office equipment (desktops, laptops, tablets, monitors, printers, scanners, fax machines, and televisions) on their inventory lists. According to the Comptroller's Directive #1 *Agency Evaluation of Internal Controls Checklist*, inventory items such as these require strong controls to ensure accurate recordkeeping and good security. Further, the Department of Investigation's (DOI) *Standards for Inventory Control and Management* establishes the controls the Boards must follow.

Objectives

The objectives of this audit were to determine whether the three Staten Island Community Boards comply with applicable inventory procedures for office equipment as set forth in the DOI *Standards for Inventory Control and Management* and are maintaining effective internal controls over equipment and following the inventory requirements set forth in Comptroller's Directive #1.

Scope and Methodology Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

This audit covered the period July 1, 2012, through November 24, 2014. Please refer to the Detailed Scope and Methodology at the end of this report for the specific procedures and tests that were conducted.

Discussion of Audit Results

The matters covered in this report were discussed with officials of the three Staten Island Community Boards during and at the conclusion of this audit. A preliminary draft report was sent

to Community Board and Staten Island Borough President's Office officials and discussed at an exit conference held on March 19, 2015. On April 6, 2015, we submitted a draft report to Board officials with a request for comments. We received written responses from officials at each of the three Boards.

In their responses, the three Boards did not dispute the report's findings and recommendations and described steps they have taken to implement the report's recommendations. The full text of the responses are included as addenda to this report.

FINDINGS

The Community Boards could account for all fiscal year 2013 and 2014 purchases and ensured that the 141 equipment items that were on their inventory lists were on hand. However, with regard to maintaining complete and accurate inventory lists, the Boards generally did not adhere to DOI *Standards for Inventory Control and Management* or follow the guidance provided by Comptroller's Directive #1 *Agency Evaluation of Internal Controls Checklist*. Based on the results of our review, we concluded that compliance with required inventory controls needs improvement to avoid potential risks of loss, misappropriation or theft.

Incomplete Inventory Records

Our examination of all office equipment items, including the 16 items purchased in Fiscal Years 2013 and 2014, found that none of the three Community Boards maintained complete and accurate inventory lists of all office equipment. Section 28 of the DOI *Standards for Inventory Control and Management* requires that “[p]ermanent records are maintained, centrally, to track all non-consumable goods issued to each agency unit, including type of equipment, manufacturer, serial number, agency control number, condition, location, date issued, and the person(s) responsible for maintenance.”¹

Our physical counts revealed that the inventory lists maintained by the Community Boards had duplicate control numbers, incorrect or missing serial numbers, and did not always indicate an agency tag control number. We also found that two of the Community Boards (#1 and #2) failed to include six equipment items (three computers, two computer speakers, and one keyboard) on either their inventory or salvage lists.² Table II summarizes the results of non-compliance issues with the three Community Boards' inventory lists.

¹ An agency control number is a unique sequential number affixed to equipment and used on the inventory list which aides in the taking of physical inventory and provides an accurate method of identifying individual assets, current user, and location.

² Salvage lists identify surplus property that will be relinquished by the agency.

Table II

Findings of Noncompliance with DOI's
Requirements for Inventory Lists

Board	Total Items Tested	Items Not Included on List	Missing Control Number on Inventory List	Incorrect Control Number Listed on Inventory List	Items with Duplicate Control Numbers	Missing Serial Number	Incorrect Serial Number	Incorrect Manufacturer or Model Number	Total Number of Discrepancies
1	52	2	10	1	7	0	14	0	34
2	55	4	0	1	0	1	1	3	10
3	34	0	0	0	0	0	4	2	6
Totals	141	6	10	2	7	1	19	5	50

Physical Inventory Does Not Comply with DOI Standards for Inventory Control and Management

Section 28 of the DOI Standards for Inventory Control and Management requires that “[r]eadable, sturdy property identification tags (reading ‘Property of the City of New York’) with a sequential internal control number are assigned and affixed to valuable items. An inventory log containing the internal control number assignments . . . is [to be] maintained.” However, 10 items at Board #1 lacked tags with control numbers. The tags indicated only that the items were the property of Community Board #1. The lack of control numbers make the items harder to track in the event that they were to leave the office premises. Further, unnumbered items undercut the effectiveness of an inventory tracking system.

Based on our findings, we concluded that the Boards’ compliance with the required inventory controls needs improvement and without improved compliance the opportunity and potential risk of loss, misappropriation, and theft are increased.

RECOMMENDATIONS

The three Staten Island Community Boards should:

1. Ensure that they maintain complete and accurate records of all office equipment in accordance with DOI's *Standards for Inventory Control and Management* and Comptroller's Directive 1.

Boards 1&2 Response: Did not respond to Recommendation 1.

Board 3 Response: "Rest assured we will continue to comply with inventory procedures for office equipment as directed by the DOI Standards for Inventory Control and Management and follow the inventory requirements of the NYC Comptroller's Directives."

2. Correct the following errors and omissions on their inventory lists:
 - Include the 6 items identified as omitted from the inventory list;
 - Provide control numbers for the 10 items that were found to have missing control numbers;
 - Correct the control numbers for the 2 items found to have incorrect control numbers;
 - Provide unique control numbers for the 7 items found to have duplicate control numbers;
 - Provide the serial number for the 1 item where the serial number is missing;
 - Correct the serial numbers for the 19 items with incorrect serial numbers; and
 - Correct the manufacturer or model numbers for the 5 items found to have incorrect manufacturer or model numbers

Board 1 Response: "Community Board No. 1 is hereby responding to your request for a status report detailing our implementation of the recommendations contained in the audit

Items not included on list - new items were received into inventory and correction made.

Missing control number on inventory list - Control numbers were removed and reused after original items were placed on destroy list and corrections were made.

Incorrect control number listed on inventory list - Due to height and placement of screen, control number was incorrect. Correction was made.

Items with duplicate control numbers - Control numbers were removed and reused after original items were placed on destroy list. In the future CB#1 will not reuse control numbers.

Incorrect serial numbers - Not all serial numbers were clearly visible and unable to read or find. Make and model numbers were listed correctly as additional information, corrections were made."

Board 2 Response: “It has come to my attention that Community Board 2 did not complete an accurate inventory list of all office equipment. The four electronic items described in the attachment [to the Board’s response] were not included on the inventory list and did not have an agency control number, which included the item’s serial number.

Community Board 2 has corrected this matter and the four items are now included on the inventory list with the correct agency tags.”

Board 3 Response: “We acknowledge that Community Board 3 recorded four (4) incorrect Serial Numbers and two (2) incorrect manufacture’s model numbers. The six (4) inaccurate serial numbers were not discernable without the use of a magnifying glass and have since been corrected. The two (2) incorrect manufacturers and/or model numbers have also been amended.”

3. Provide sequential agency control numbers to 10 items with missing control numbers on their agency identification tags and add them to the inventory logs.

Boards 1, 2, & 3 Response: Did not respond to Recommendation 3.

DETAILED SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

This audit covered the period July 1, 2012, through November 24, 2014.

To obtain an understanding of the inventory procedures and regulations with which the Community Boards are required to comply, we reviewed relevant provisions of DOI's *Standards for Inventory Control and Management* and Comptroller's Directive #1. We interviewed staff at each Community Board to obtain an understanding of the inventory procedures in use and to determine how physical assets are safeguarded.

We reviewed and physically determined all office equipment items, 141 in total, (including computers, monitors, printers, scanners, laptops, fax machines and televisions) listed on the Community Boards' most current inventory records dated November 2014 were present at each Community Board's office. During our observations, we also determined whether there were any items of equipment on hand that were not listed on the Community Boards' inventory records.

During our physical observations of the inventory, which we conducted from November 17, 2014, through November 24, 2014, we checked whether all items examined (those on the provided inventory lists as well as other office equipment items that we noted) were properly tagged as property of the Community Boards and determined whether the items were included on the Community Boards' inventory records. We also verified whether the inventory lists included the type of equipment, serial number, agency control number, and location. Finally, we verified whether the office equipment items purchased during the audit period were properly recorded on the Community Boards' inventory lists.

City of New York

1 Edgewater Plaza, Suite 217 • Staten Island, New York 10305

Tel: 718-981-6900

Fax: 718-720-1342

Community Board No. 1

April 14, 2015

Ms. Marjorie Landa
Deputy Comptroller for Audit
Municipal Building, 1 Centre Street, Rm. 1100-No.
New York, New York 10007

Dear Ms. Landa:

Community Board No.1 is hereby responding to your request for a status report detailing our implementation of the recommendations contained in the audit of FY's 2013, & 2014.

Audit Report on the Inventory Practices of Office Equipment at Community Board #1 FY's 2013 & 2014, FM15-074A.

Items not included on list - new items were received into inventory and correction was made.

Missing control number on inventory list - Control numbers were removed and reused after original items were placed on the destroy list and corrections were made.

Incorrect control number listed on inventory list - Due to height and placement of electrical screen, control number was incorrect. Correction was made.

Items with duplicate control numbers - Control numbers were removed and reused after original items were placed on the destroy list. In the future CB#1 will not reuse control numbers.

Incorrect serial numbers - Not all serial numbers were clearly visible and unable to read or find. Make and model numbers were listed correctly as additional information, corrections were made.

Sincerely yours,


Joseph Carroll
District Manager

Cc: Lawrence Welgrin



DANA T. MAGEE
CHAIR

DEBRA A. DERRICO
DISTRICT MANAGER

THE CITY OF NEW YORK
Community Board 2
BOROUGH OF STATEN ISLAND

460 BRIELLE AVENUE
STATEN ISLAND, NEW YORK 10314
718-317-3235
FAX: 718-317-3251

March 24, 2015

Marjorie Landa
Deputy Comptroller for Audit
Office of the Comptroller
Municipal Building
1 Centre Street, Room 1100
New York, NY, 10007

Dear Ms. Landa,

I am writing to provide you with a status report detailing the progress our office has made in implementing the recommendations contained in the Fiscal Year 2015 Audit, Number FM15-074A pertaining to Staten Island Community Board 2, conducted by the New York City Comptroller.

It has come to my attention that Community Board 2 did not complete an accurate inventory list of all the office equipment. The four electronic items described in the attachment were not included on the inventory list and did not have an agency control number, which included the item's serial number.

Community Board 2 has corrected this matter and the four items are now included on the inventory list with the correct agency tags.

Sincerely,

Handwritten signature of Debra A. Derrico in black ink.

Debra A. Derrico
District Manager

Handwritten signature of Dana T. Magee in blue ink.

Dana T. Magee
Chair



DANA T. MAGEE
CHAIR

DEBRA A. DERRICO
DISTRICT MANAGER

THE CITY OF NEW YORK
Community Board 2
BOROUGH OF STATEN ISLAND

460 BRIELLE AVENUE
STATEN ISLAND, NEW YORK 10314
718-317-3235
FAX: 718-317-3251

March 24, 2015

Mr. Dana T. Magee
Chair
Community Board 2
Lou Caravone Community Service Building
460 Brielle Avenue
Staten Island, New York 10314

Dear Mr. Magee:

I did not have the following items on the Community Board 2 inventory list, as they were going to be relinquished, they are all in poor condition and the IBM Intellestation was on the Public Surplus site as not working, it had burned out. Being the items were in poor working condition and could no longer be used, I removed the control tags and removed the items from the inventory list to prepare them for relinquishment. I placed the items in the back room so they could be properly disposed of when the destroy order was received from Public Surplus.

Hewlett Packard dc7900 Convertible Minitower
Serial No.: 2UA923OPH2
CB2 Control No.: 49220

Compaq Presario PC
Serial No.: CNX790AV5
CB2 Control No.: 492238

Hewlett Packard Flat Panel Speaker Bar – Model SP2CO1AU
Serial No.: 395923-01
CB2 Control No.: 492239

IBM Intellestation
Serial No.: IS68686 AU23RTMZ0
CB2 Control No.: 492240

All of the above items have a CB2 control number, they have been tagged and added to the inventory list.

The following item was listed with the incorrect serial number and the model number was missing:

Latitude 3450 CTO Notebook Recovery Stick
Model No.: PA50993LMD8U
Serial No.: 01804003131953X1825979
CB2 Control No.: 49299

The following item was listed as not serialized:

Hewlett Packard HP2T Flat Panel Speaker Bar
Model SP2CO1AU
Serial No.: 395923101
CB2 Control No.: 49235

The following item was not listed with a model number:

Hewlett Packard Keyboard
Model #5183
Serial No.: BF34521351
CB2 Control No.: 49204

The following item was listed with the incorrect model number:

Canon
Model: LV-7297M XGA Projector 2500 Lumens
Serial No.: AY00562A
CB2 Control No.: 49296

The following item was listed with an incorrect serial number:

Dell KB212-B USB 104 Keyboard
Serial No.: CN04G4817161364KOL8VA00
CB2 Control No.: 49289

All of the above items have been corrected on the CB2 inventory list and asset tags.

Sincerely,



Carole Ann Gorga
Community Associate

The
City
of
New York



BOROUGH OF STATEN ISLAND
COMMUNITY BOARD 3

655-218 Rossville Avenue, Staten Island, N.Y. 10309

Telephone: (718) 356-7900
Email: sicb3@cb.nyc.gov
Website: www.nyc.gov/sicb3

April 15, 2015

Marjorie Landa, Deputy Comptroller for Audit
NYC Office of the Comptroller
Municipal Building
1 Centre Street, Rom 1100
New York, NY 10007

Re: Audit Report on Inventory Practices of Office Equipment at Staten Island Community
Board 3 – FM15-074A

Dear Deputy Comptroller Landa:

We are in receipt of the above referenced Audit Report dated April 6, 2015. We acknowledge that Community Board 3 recorded four (4) incorrect Serial Numbers and two (2) incorrect manufacturer's model numbers.

The six (4) inaccurate serial numbers were not discernable without the use of a magnifying glass and have since been corrected. The two (2) incorrect manufacturers and/or model numbers have also been amended.

Rest assured we will continue to comply with inventory procedures for office equipment as directed by the DOI Standards for Inventory Control and Management and follow the inventory requirements of the NYC Comptroller's Directives.

Very truly yours,

Handwritten signature of Frank Morano in black ink.

Frank Morano
Chairman of the Board

Handwritten signature of Charlene Wagner in black ink.

Charlene Wagner
District Manger

cc: James Oddo, Staten Island Borough President
Jason Razefsky, Chief of Staff, Staten Island Borough President's Office

Docket No. 907924