

AUDIT REPORT



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

Audit Report on the Purchasing, Timekeeping, and Payroll Practices Of the Board of Correction

MH07-129A

May 2, 2008



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 conducted an audit of the purchasing, timekeeping, and payroll practices of the Board of Correction (BOC).

BOC promulgates minimum standards for the custody, correction, health and mental health care, treatment, supervision, and discipline of all inmates held in City correctional facilities, and conducts inspections of these facilities. We conduct audits such as this to ensure that agencies comply with applicable City policies, regulations, and procedures relating to procurement and personnel matters.

The results of our audit, which are presented in this report, have been discussed with BOC officials, 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: MH07-129A
Filed: May 2, 2008

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

**Audit Report on the
Purchasing, Timekeeping, and Payroll Practices of the
Board of Correction**

MH07-129A

AUDIT REPORT IN BRIEF

The objective of the audit was to determine whether the Board of Correction (BOC) complied with applicable purchasing, timekeeping, and payroll policies and procedures established by the agency, and those set forth in the Comptroller's *Internal Control and Accountability* (Directives), New York City leave regulations for non-managerial employees, and Procurement Policy Board rules.

BOC promulgates minimum standards for the custody, correction, health and mental health care, treatment, supervision, and discipline of all inmates held in City correctional facilities, and conducts inspections of these facilities to ensure compliance. BOC also reviews grievances by inmates and employees of the Department of Correction. BOC's actual expenditures for Fiscal Year 2007 totaled \$905,222.

Audit Findings and Conclusions

BOC generally complied with applicable purchasing, timekeeping, and payroll policies, with the exception of weaknesses in BOC's compliance with accounting requirements for purchases. Based on our review of Other Than Personal Service (OTPS) payment vouchers, purchase orders, and invoices, and of imprest fund transactions, we determined that most purchases were properly accounted for, legitimate, and necessary for BOC operation. Most payment vouchers had appropriate documentation. Most purchases made using the imprest fund included supporting documentation such as receipts and invoices; the imprest fund checking account was properly reconciled on a monthly basis; and checks were made out to specific parties as opposed to "bearer" or "cash." In addition, this account was reconciled by an individual independent of the person processing entries to the imprest fund checking account.

However, we found that in certain instances BOC does not have adequate oversight over the vouchering process, specifically as it relates to accounting requirements and sick-leave documentation. BOC did not adequately implement Comptroller's Directive #24, which

establishes requirements on the use of Financial Management System (FMS) documents for City agency purchases, including those paid for by the use of miscellaneous payment vouchers. BOC:

- Issued POs for all 52 PVEs instead of using the new PC and PD purchase documents and CT contract documents when required;
- Did not have on file accompanying invoices for nine payments, totaling \$668; and
- Used miscellaneous vouchers improperly.

In addition, a review of BOC's timekeeping records for the period January 1, 2007, through June 30, 2007, found that there were three employees who did not have the required medical documentation on file for charges to their sick leave.

Audit Recommendations

Based on our findings, we make nine recommendations, four of which are listed below. BOC should:

- Ensure that it complies with Comptroller's Directive #24 and uses the appropriate Purchasing Documents for its purchases.
- Ensure that all vendor documents, such as invoices, receiving reports, and bids are maintained, as required.
- Ensure that miscellaneous payment vouchers are used in accordance with Comptroller's Directive #24.
- Ensure that sufficient medical documentation is received prior to charging documented sick leave balances for an employee's illness or for an employee's care of an ill family member.

BOC Response

BOC generally agreed with five of the audit's recommendations, believed it had already implemented two recommendations prior to our audit, and did not address two recommendations.

INTRODUCTION

Background

Pursuant to Chapter 25, §626, of the New York City Charter, BOC is empowered to evaluate the performance of the Department of Correction. BOC promulgates minimum standards for the custody, correction, health and mental health care, treatment, supervision, and discipline of all inmates held in City correctional facilities, and conducts inspections of these facilities to ensure compliance. BOC also reviews grievances by inmates and employees of the Department of Correction. It may conduct hearings, studies, or investigations of any matter within the jurisdiction of the Department of Correction and report its findings and recommendations to appropriate authorities, such as the Mayor, the City Council, and the Commissioner of the Department of Correction.

BOC's actual expenditures for Fiscal Year 2007 totaled \$905,222. Personal Service (PS) expenditures totaled \$829,204, covering the salaries of up to 13 full-time employees; and Other Than Personal Service (OTPS) expenditures totaled \$76,018, for the purchase of supplies, materials, and services necessary to support agency operations. Currently, there are 14 full-time employees, (3 managerial and 11 non-managerial).

Objectives

The objective of this audit was to determine whether BOC complied with applicable purchasing, timekeeping, and payroll policies and procedures established by the agency, and those set forth in the Comptroller's *Internal Control and Accountability* (Directives), New York City leave regulations for non-managerial employees, and Procurement Policy Board rules.

Scope and Methodology

The audit scope period was Fiscal Year 2007. To achieve our audit objective, we interviewed BOC's Deputy Executive Director and the Office Manager to gain an understanding of the internal controls and processes over purchasing, timekeeping, and payroll. We also reviewed BOC's policies and procedures regarding purchasing, timekeeping, and payroll as well as the relevant provisions of the following (which were used as criteria in assessing BOC's compliance):

- Comptroller's Directive #1, "Principles of Internal Control";
- Comptroller's Directive #3, "Procedures for the Administration of Imprest Funds";
- Comptroller's Directive #6, "Travel, Meals, Lodging and Miscellaneous Agency Expenses";
- Comptroller's Directive #13, "Payroll Procedures";

- Comptroller's Directive #24, "Agency Purchasing Procedures and Controls"; and
- New York City leave regulations for non-managerial employees.

In addition, we reviewed the Fiscal Year 2007 Adopted Budget, Chapter 25, §626, of the Charter of the City of New York, and other relevant documents to develop an understanding of the agency and its operations.

To assess BOC's purchasing practices, we obtained a printout of BOC's OTPS payments from the City Financial Management System (FMS) for Fiscal Year 2007. The list consisted of 98 payment vouchers totaling \$65,546, which included 52 general purchase payment vouchers (PVE), 18 miscellaneous payment vouchers (PVM), and 28 reimbursement vouchers (PVR). We reviewed all 98 payment vouchers along with their corresponding purchasing documents and/or invoices, to determine whether all expenditures were charged to the correct fiscal year. We also determined whether supporting documentation was complete, the proper voucher type was used, the correct purchasing document was used, the correct budget object codes were charged, and miscellaneous vouchers were used correctly. In addition, to determine the accuracy of the voucher amounts, we traced each voucher to the supporting purchase orders and invoices.

In order to determine BOC's controls over sick leave use in relation to the Citywide Absence Control Program and over disciplinary action for sick leave abuse, we reviewed the electronic timekeeping records from PMS for all 14 employees during January 1, 2007, through June 30, 2007. Our tests included the verification of supporting documentation for sick leave use. In addition, we observed an employee entering her timekeeping information as well as the supervisory approval.

In order to determine whether BOC employees' received salaries within the proper range for their titles, we obtained a printout from the City of New York Payroll Management System (PMS) detailing payroll information, present salaries, and job titles for all BOC employees. We then compared the salaries of all individuals listed on PMS to the minimum and maximum salary amounts of the employees' civil service titles included in the City Career and Salary Plan and in the Pay Plan Schedule for Management Employees.

During October 2007, we also obtained and reviewed printouts from PMS listing total leave balances for each employee. We determined whether carryover authorizations were documented and approved for those employees who had excess annual leave balances (more than the amount that each employee earns in a two-year period). In addition, we reviewed the individual BOC employees' personnel files for required documentation to ascertain whether employees were bona fide.

We reviewed BOC's imprest fund account for proper use and supporting documentation for all 28 imprest-fund debit transactions totaling \$1,157. In addition, we determined whether an individual not involved with making the entries to the FMS system was properly reconciling the imprest fund checking account and doing so on a monthly basis.

We did not specifically evaluate the reliability and integrity of BOC's computer-processed data, since all payroll and purchasing functions are processed through PMS and FMS. These systems are reviewed by the City's external auditors as part of their annual audit of the City's financial statements.

This audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and included tests of the records and other audit 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 BOC officials during and at the conclusion of this audit. A preliminary draft report was sent to BOC and discussed at an exit conference held on March 5, 2008. On March 13, 2008, we submitted a draft report to BOC officials with a request for comments. We received a written response from BOC officials on March 28, 2008. BOC generally agreed with five of the audit's recommendations, believed it had already implemented two recommendations prior to our audit, and did not address two recommendations. In its response BOC stated:

“Two important systems improvements have been implemented as a direct result of the Comptroller's audit. First, new procedures have been instituted whereby the Board's Rikers Island office scans and emails medical documentation to the central office timekeeper. This prevents documentation from being misplaced. Second, we have instituted closer supervision of all purchasing and vouchering functions.”

Overall, BOC's response gives the impression that some of the conditions we found (e.g., that the staff charged expenditures to incorrect object codes and that expenditures were not charged to the correct fiscal year) were corrected before the auditors began the audit. We disagree as several of these conditions continued to exist to the end of the fiscal year reviewed, thus coinciding with the beginning of the audit. For example, two of seven purchases that were charged to the wrong fiscal year were paid in July 2007, six months after the BOC stated that it took disciplinary action against the employee responsible. Therefore, we maintain that all our recommendations should be implemented.

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

FINDINGS AND RECOMMENDATIONS

BOC generally complied with applicable purchasing, timekeeping, and payroll policies, with the exception of weaknesses in its compliance with accounting requirements for purchases. Based on our review of OTPS payment vouchers, purchase orders, and invoices, and imprest fund transactions, we determined that: most purchases were properly accounted for, legitimate, and necessary for BOC operation. Most payment vouchers had appropriate documentation. Most purchases made using the imprest fund included supporting documentation such as receipts and invoices; the imprest fund checking account was properly reconciled on a monthly basis; and checks were made out to specific parties as opposed to “bearer” or “cash.” In addition, this account was reconciled by an individual independent of the person processing entries to the imprest fund checking account.

However, we found that in certain instances BOC does not have adequate oversight over the vouchering process, specifically relating to accounting requirements, and sick-leave documentation. These findings are discussed in detail in the following sections of this report.

Controls over Vouchering Procedures Can Be Improved

BOC did not adequately implement Comptroller’s Directive #24, which establishes requirements on the use of FMS documents for City agency purchases, including those paid for by the use of miscellaneous payment vouchers. Effective internal control in the purchasing process is accomplished by the use of correct accounting and purchasing documents, appropriate segregation of duties, and appropriate supervision and review.

Incorrect Purchase Documents Were Used for the Purchase of Goods and Services from External Vendors

On April 15, 2004, the Comptroller’s Office reissued its Directive #24, “Agency Purchasing Procedures and Controls,” which introduced new Purchase Documents that should be used to “replace the generic agency encumbrance, the Purchase Order (PO).” The updated directive states that instead of POs, agencies should use a PC Purchase Document for purchases that are for \$10,000 or less using other than capital funds. Agencies should use a PD Purchase Document for micro-purchases of \$5,000 or less. According to the directive, POs should be used only for “a general agency encumbrance for special, non-procurement expenditures for which a contract or Purchase Document is not required.”

Based on our testing of Purchase Documents issued by BOC during Fiscal Year 2007, we determined that it is not adhering to Comptroller’s Directive #24. Specifically, BOC issued POs for all 52 PVEs instead of using the new PC and PD purchase documents when required.

In addition, BOC improperly recorded purchases with two vendors that exceeded \$10,000 in FMS. These purchases were recorded using multiple POs rather than the FMS Contract Documents (CT). One vendor was paid \$18,740 using 10 POs for temporary clerical services

and the other vendor was paid \$26,220 using two POs for computer programming services. According to Comptroller's Directive #24, a CT must be used for purchases greater than \$10,000 for goods and services.

By not using the correct Purchase Documents and Contract Documents to encumber funds for the purchase of goods and services, BOC is not properly representing its payment activities on FMS. We discussed this matter with a BOC official who stated that it was an oversight and that they would be using the correct purchasing documents for Fiscal Year 2008.

Lack of Supporting Documentation

Our review of purchasing files revealed that BOC did not have on file accompanying invoices for nine payments, totaling \$668. In two of these cases, a statement from the vendor was included in the voucher package that stated how much money was owed but did not have detailed information to identify what was purchased.

According to Comptroller's Directive #24, agencies are required to retain all documentation received from vendors and other relevant information that is not processed through FMS. Depending on the purchase, the relevant information may include bids, proposals, executed contracts, and invoices.

In addition, if proper documentation is not maintained, there is a possibility that charges may be paid twice when a duplicate invoice or bill is received. This was the case for two of the above-mentioned payments. On March 1, 2007, two payments were made to a vendor that supplies BOC with bottled water. Subsequently, a new invoice was received by BOC on March 12, 2007, for the same charges; that invoice stated "previous balance." BOC incorrectly paid the vendor again since it did not have the original invoices on file.

Improper Use of Miscellaneous Vouchers

BOC used miscellaneous vouchers improperly. Comptroller's Directive #24 states: "Miscellaneous Payment Vouchers (PVMs) may be used only when estimated or actual future liability is not determinable, or a contract or a Purchase Document is not required or applicable."

From our review of the 18 miscellaneous voucher payments, totaling \$6,810, 13 (72%), valued at \$4,724, were improperly processed with miscellaneous vouchers, for which purchase documents would have been more appropriate. These purchases included temporary clerical services, pager service, supplies, equipment, and membership dues.

To have control over its expenses, BOC needs to ensure that PVMs are used appropriately and include in its budget all expenditures for which an estimated amount is determinable. The inappropriate use of PVMs contributes to the weakening of controls over BOC expenditures because purchases made with PVMs do not use encumbered funds.

Incorrect Object Codes

BOC used incorrect object codes for 12 vouchers, totaling \$5,194, of the 98 payment vouchers reviewed for Fiscal Year 2007. For example, with regard to computer programming services, which totaled \$3,960, the agency used object code 612 "Office Equipment Maintenance." However, the Chart of Accounts contained a more appropriate object code, such as object code 6840 "Prof Serv Computer Services."

Comptroller's Directive #24 states, "Payment Voucher approvers must ensure that . . . the appropriate accounting and budget codes are being charged. This includes charging the correct unit of appropriation and correct object code within that unit of appropriation."

The City's Chart of Accounts lists the object codes to be used for specific expenditures. If goods or services being purchased do not fall into the categories that are specifically identified, agencies may then use "general" object codes within each general category. The use of the correct object code is important because it allows the agency to categorize the type and amount of a particular expense item within a fiscal year. The use of incorrect budget codes can compromise management's ability to properly plan future budgets.

At the exit conference, the Deputy Executive Director stated that prior to the audit she had learned of this problem and had several discussions with the employee involved concerning the use of incorrect object codes.

Expenditures Charged to the Incorrect Fiscal Year

BOC did not always charge expenditures to the correct fiscal year. According to Comptroller's Directive #24, "For an agency to charge an expenditure to the current fiscal year, goods or services must be received and/or delivered by June 30." Likewise, if the goods or services are received after June 30, they should be charged to the next fiscal year. Directive #24 also gives agencies instructions on how to charge the goods and services back to the fiscal year it received them, if that is necessary.

BOC incorrectly charged five purchases to Fiscal Year 2007 that were made and received in Fiscal Year 2006. Two of these purchases were from J and R Sales for \$104.99 and \$79.00 that were received June 16, 2006, and May 22, 2006, respectively. A third purchase from KlearView Appliance, totaling \$987, was received June 29, 2006. In the fourth case, BOC paid Danka \$2,219.40 for copy machine services received during Fiscal Year 2006. In a fifth instance, BOC paid Skytel \$144.20 for phone pager service charges in Fiscal Year 2006. Since these goods and services were received by June 30, 2006, they should have been charged to Fiscal Year 2006 and not to Fiscal Year 2007.

Further, BOC incorrectly charged two purchases to Fiscal Year 2007 that were received in Fiscal Year 2008. The first purchase was made in Fiscal Year 2007 from J and R Sales for \$84 but was not received until July 9, 2007. In the second case, BOC paid Goodwill Industries

\$1,360 for services rendered between July 2, and July 6, 2007. Since these goods and services were not received by June 30, 2007, they should not have been charged to Fiscal Year 2007 but rather to Fiscal Year 2008.

The proper recording of each agency's expenditures is critical to the accurate report of the City's financial results of operations. Agencies must ensure that the recording of expenditures in FMS is handled correctly, and that the expenditures are charged to the appropriate fiscal year.

At the exit conference, the Deputy Executive Director stated that prior to our audit, BOC had learned of certain Fiscal Year 2006 expenditures that had been incorrectly charged to Fiscal Year 2007, but it was too late for the error to be corrected. She also stated that BOC officials had discussed this issue with the employee involved.

Imprest Fund

Imprest funds are agency-controlled checking accounts that can be used for petty cash transactions and small purchases of less than \$250, including office supplies, materials, equipment, non-personal services, and business related expenses, such as local transportation. In Fiscal Year 2007, BOC had a total of 28 imprest fund debit transactions, with expenditures totaling \$1,157. Our review determined that, with the exception of the one missing voucher package, BOC's imprest fund expenditures were reasonable, did not exceed established limits, and were adequately supported by receipts and invoices.

However, BOC does not have its imprest fund checks pre-printed with the restrictive endorsement statement "void after 90 days," nor, as an alternative, does it have its checks stamped with that restriction. Comptroller's Directive #3 states, "Checks must be imprinted 'void after 90 days.'" Restricting the time that a check is negotiable increases the likelihood that the check will clear within a reasonable time. This would assist BOC in maintaining an accurate imprest fund balance when reconciling its monthly bank statements.

Recommendations

BOC should:

1. Ensure that it complies with Comptroller's Directive #24 and uses the appropriate Purchasing Documents for its purchases.
2. Use FMS Contract Documents to record all purchases of goods and services exceeding \$10,000, as required by Comptroller's Directive #24.

BOC Response: BOC agreed with recommendations #1 and #2 stating, "All purchases for this fiscal year use the proper purchase documents."

3. Ensure that all vendor documents, such as invoices, receiving reports, and bids are maintained, as required.

BOC Response: BOC agreed stating, “All proper documentation is being maintained.”

4. Ensure that miscellaneous payment vouchers are used in accordance with Comptroller’s Directive #24.

BOC Response: BOC agreed stating, “Proper use of PVMs will be employed by the agency.”

5. Ensure that its staff charges all expenditures to the correct object codes.

BOC Response: BOC believes that they had already implemented this recommendation prior to our audit and stated, “Incorrect use of object codes had been identified by the Deputy Executive Director many months prior to the audit. As stated in the report, discussions were undertaken with the employee involved regarding these errors and closer supervision of that employee was initiated and remains in place.”

Auditor Comment: The need to implement this recommendation still stands since four of the 12 vouchers that were charged to the incorrect object code were processed after we had started our audit. Therefore, the inference that the use of incorrect object codes was corrected months before the start of our audit is incorrect.

6. Ensure that expenditures are charged to the correct fiscal year.

BOC Response: BOC believes that it had already implemented this recommendation prior to our audit and stated, “As discussed with the auditors, beginning in the fall of 2006, BOC’s internal auditing revealed that several FY06 expenditures were wrongly charged to FY07. While attempts were made to correct this it was too late. The Draft Report states only that, ‘BOC officials discussed this issued [sic] with the employee involved.’ In fact as we told your auditors, the agency in January 2007 took disciplinary action against the employee responsible.”

Auditor Comment: BOC stated that it identified this problem and attempted to correct it and took disciplinary action against the employee responsible. However, two of the seven vouchers we found were charged to the incorrect fiscal year—months after the disciplinary actions by BOC had been taken. Therefore, the need to implement this recommendation still stands.

7. Ensure that Imprest fund checks are imprinted with the words “Void after 90 Days.”

BOC Response: BOC agreed stating, “All checks are stamped with ‘void after 90 days’”.

Controls over Sick Leave Documentation Could Be Improved

Our review of BOC's timekeeping records and the CHARMS report for the period January 1, 2007, through June 30, 2007, found that there were three employees who did not have the required medical documentation on file for charges to their sick leave. Each of these three employees charged sick leave to care for a family member, but BOC did not have the required documentation on file. Two of these employees also had no medical documentation on file to substantiate the charges to medically-documented sick leave (for themselves). One of these employees had charged five consecutive workdays.

Normally, sick leave may only be used to cover a legitimate personal illness and/or scheduled doctor's appointment of an employee. When an employee is requesting a sick leave of more than three consecutive workdays, then the employee must submit sufficient medical documentation indicating the duration and nature of the condition. While an employee's sick leave is for personal illness, an employee may use a maximum of three days per year from his or her sick leave balances to care for ill family members. Documentation is required.

BOC should not have charged documented sick leave for the above instances unless they received medical documentation. If an employee does not have medical documentation for their sick leave, the employee must be charged undocumented sick leave. If an employee does not have medical documentation for sick leave to care for an ill family member, the employee would not be allowed to charge the sick leave balance at all but would have to charge the annual leave balance.

BOC Response: "Two of the employees who did not provide medical documentation for the one day each of them took a documented sick leave had been properly identified by Board staff prior to the audit. In both cases, the employees did not provide the timekeeper with the medical documentation; therefore, their documented leave time was converted to annual leave."

Auditor Comment: We stand by our finding that these two employees charged sick leave and did not provide medical documentation. It was only after we brought this matter to BOC's attention that it corrected this matter.

BOC Response: "The third employee provided to her supervisor medical documentation for the five days she was out of work. Her supervisor, who is assigned to the Rikers Island office, inadvertently misplaced the documentation, but at the time of the employee's absence he did remember having received it. Therefore, the agency decided to credit her with documented sick leave."

Auditor Comment: Regarding the third employee, we have no proof that the medical documentation was ever received and therefore stand by our finding. In addition, this employee also lacked documentation for the sick leave to care for a family member. As of March 31, 2008, this leave had not been converted to annual leave.

Recommendations

BOC should:

8. Ensure that sufficient medical documentation is received prior to charging documented sick leave balances for an employee's illness or for an employee's care of an ill family member.

BOC Response: BOC did not directly address this recommendation and stated, "new procedures have been instituted whereby the Board's Rikers Island office scans and emails medical documentation to the central office timekeeper. This prevents documentation from being misplaced."

Auditor Comment: This statement does not respond to BOC's having sufficient medical documentation in hand prior to charging documented sick leave. Therefore, the need to implement this recommendation still stands.

9. Convert all undocumented family sick leave use to annual leave.

BOC Response: BOC did not directly address this recommendation.

Auditor Comment: While BOC converted two employees' undocumented family sick leave to annual leave, it still has not converted the leave for the third employee mentioned in our report.



Hildy J. Simmons, Chair
Michael J. Regan, Vice Chair
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Richard T. Wolf
Executive Director

March 25, 2008

John Graham
Deputy Comptroller
Office of the Comptroller
1 Centre Street
New York, NY 10007

RE: Response to Draft Audit Report (MH07-129A)

Dear Mr. Graham:

We are pleased that the Comptroller's audit confirmed the Board of Correction's general compliance with applicable Comptroller's policies and directives. As to the audit findings indicating that improvement is warranted, I offer the following comments:

Incorrect purchase documents were used for the purchase of goods and services from external vendors

All purchases for this fiscal year use the proper purchase documents.

Lack of supporting documentation

All proper documentation is being maintained. Prior to the audit, the agency identified the double payment problem and received credit from the vendor.

Improper use of miscellaneous vouchers

Proper use of PVMs will be employed by the agency.

Incorrect object codes

Incorrect use of the object codes had been identified by the Deputy Executive Director many months prior to the audit. As stated in the report, discussions were undertaken with the employee involved regarding these errors and closer supervision of that employee was initiated and remains in place.

Expenditures charged to the incorrect fiscal year

As discussed with the auditors, beginning in the fall of 2006, BOC's internal auditing revealed that several FY06 expenditures were wrongly charged to FY07. While attempts were made to correct this, it was too late. The Draft Report states only that, "BOC officials discussed this issued with the employee involved". In fact as we told your auditors, the agency in January 2007 took disciplinary action against the employee responsible.

Imprest fund

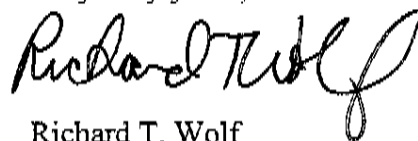
All checks are stamped with "void after 90 days".

Controls over sick leave documentation

Two of the employees who did not provide medical documentation for the one day each of them took as documented sick leave had been properly identified by Board staff prior to the audit. In both cases, the employees did not provide the timekeeper with the medical documentation; therefore, their documented leave time was converted to annual leave. The third employee provided to her supervisor medical documentation for the five days she was out of work. Her supervisor, who is assigned to the Rikers Island office, inadvertently misplaced the documentation, but at the time of the employee's absence he did remember having received it. Therefore, the agency decided to credit her with documented sick leave.

Two important systems improvements have been implemented as a direct result of the Comptroller's audit. First, new procedures have been instituted whereby the Board's Rikers Island office scans and emails medical documentation to the central office timekeeper. This prevents documentation from being misplaced. Second, we have instituted closer supervision of all purchasing and vouchering functions.

Very truly yours,



Richard T. Wolf

c: C. Potler, Deputy Executive Director