



City of New York

OFFICE OF THE COMPTROLLER

Scott M. Stringer
COMPTROLLER



FINANCIAL AUDIT

Marjorie Landa

Deputy Comptroller for Audit

Audit Report on the Staten Island
Borough President's Office's Cash
Controls over Receipts from Minor
Sales

FM15-078A

May 4, 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

May 4, 2015

To the Residents of the City of New York:

My office has audited the Staten Island Borough President's Office's (SIBPO) Cash Controls over Receipts from Minor Sales. We audit City agencies such as the SIBPO as a means of ensuring they operate efficiently and are accountable for resources and revenues in their charge.

The SIBPO has a Topographical Unit that supplies the public with street maps and issues new or alternative street addresses. The SIBPO accepts certified checks and money orders as payment for the fees it charges for issuing street addresses. The SIBPO collected \$67,900 in revenue during Fiscal Year 2014.

The audit found that the SIBPO complied with Comptroller's Directive #11, *Cash Accountability and Control* in most respects. The audit concluded that there was an adequate segregation of duties with the various cash handling processes. The SIBPO ensured that the cash receipt amounts agreed with the amounts deposited into the corresponding bank accounts and deposits were entered in to the City's Financial Management System. All checks received were made payable to the SIBPO and a rubber stamp endorsement was placed on the back of all checks. The SIBPO also maintained copies of bank deposit slips as well as pre-numbered customer receipts. The daily cash receipts were stored in the agency safe when the deposits could not be made.

However, the audit found that the SIBPO did not deposit proceeds from the Topographical Unit's sales into the City's Treasury daily as required by Comptroller's Directive #11. The SIBPO current procedure is to accumulate customer payments and deposit the receipts weekly, on Friday, rather than on a daily basis. As a result, the entire week's collections are held in a safe before being deposited. The weekly deposit ranged from a low of \$200 to a high of \$4,200 for the period of July 1, 2013, through June 30, 2014.

The results of the audit have been discussed with SIBPO officials, and their comments have been considered in preparing this report. Their complete written response is attached to this report.

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

Sincerely,



Scott M. Stringer

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THE CITY OF NEW YORK OFFICE OF THE COMPTROLLER FINANCIAL AUDIT

Audit Report on the Staten Island Borough President's Office's Cash Controls over Receipts from Minor Sales FM15-078A

AUDIT REPORT

Background

The Borough Presidents are the executive officials of each of New York City's five boroughs. The City Charter grants each Borough President, elected to a term of four years, the power to prepare and review budget proposals for the City Council; recommend capital projects; hold public hearings on matters of public interest; consult with the Mayor and the City Council on the preparation of the City's executive and capital budgets; review and recommend applications and proposals for the use, development or improvement of land within the borough; prepare environmental analyses required by law; provide technical assistance to the borough's community boards; monitor and make recommendations regarding the performance of contractual services in the borough; and propose legislation in the City Council.

The Staten Island Borough President's Office (SIBPO) has a Topographical Unit that supplies the public with street maps and issues new or alternative street addresses. The SIBPO accepts certified checks and money orders as payment for the fees it charges for issuing street addresses. According to the City's Financial Management System, the SIBPO reported a total of \$67,900 in revenue generated from sales made by the Topographical Unit during Fiscal Year 2014.

Objective

The objective of this audit was to determine whether the SIBPO is in compliance with cash control procedures as set forth in Comptroller's Directive #11, *Cash Accountability and Control*.

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 SIBPO's cash collections from July 1, 2013, to June 30, 2014 (Fiscal Year 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 SIBPO officials during and at the conclusion of this audit. A preliminary draft report was sent to SIBPO officials and discussed at an exit conference held on April 14, 2015. On April 16, 2015, we submitted a draft report to SIBPO officials with a request for comments. We received a written response from SIBPO officials on April 30, 2015.

In his response, the Staten Island Borough President agreed with the report's finding and recommendations and described "steps already taken by my office to address the recommendation regarding the deposit of Topographical Fees." The full text of the SIBPO's response is included as an addendum to this report.

FINDING

The SIBPO generally complied with the cash control procedures set forth in Comptroller's Directive #11 for its Topographical Unit sales. Our review found that the SIBPO adequately segregates duties with the various revenue handling processes among staff; the receipt amounts agree with the amounts deposited into the corresponding bank account; the deposits were entered in the City's Financial Management System; all checks received were made payable to the SIBPO; a rubber stamp endorsement was placed on the back of all checks; copies of bank deposit slips and customer receipts were maintained; customer receipts were pre-numbered; and the daily revenue receipts were stored in the agency safe when the deposits could not be made. Additionally, the SIBPO does not accept cash, personal check or company checks as payment, a practice strongly recommended by Directive #11.

However, the audit found that the SIBPO did not deposit proceeds from the Topographical Unit's sales into the City's Treasury daily as required by Comptroller's Directive #11, §3.4 which states, "The inordinate accumulation of in-office cash receipts is not acceptable and, generally, all funds received must be deposited in the bank on at least a daily basis." The SIBPO's current procedure is to accumulate customer payments and deposit the receipts weekly, on Friday, rather than on a daily basis. As a result, the entire week's collections are held in a safe before being deposited. The weekly deposit ranged from a low of \$200 to a high of \$4,200 for the period of July 1, 2013 through June 30, 2014.

RECOMMENDATION

The SIBPO should ensure that funds collected are deposited daily in the bank.

SIBPO Response: “I have reviewed and analyzed the finding and recommendation contained in your draft report and wish to advise you of the steps already taken by my office to address the recommendation regarding the deposit of Topographical Fees.

When the issue was brought to our attention as the audit began we took immediate steps to address it, which we have successfully done. Specifically, my staff has been working with the Treasury Division of the Department of Finance since the Audit began with the goal of identifying and implementing a system that is workable for our agency, which has a small staff and collects a relatively small number of fees only on Mondays through Thursdays.

As a result of our meetings and discussions with the Department of Finance, our office will now be taking part in ‘Desktop Deposit,’ which includes a Department of Finance provided scanning machine that will allow the deposit of money orders and bank checks directly from our office on a daily basis. We will continue to only accept money orders and certified bank checks, which will be deposited through ‘Desktop Deposit’ daily.

I believe this addresses the issue raised in your audit report and provides the necessary information regarding our agency implementation plans and the incorporation of your recommendation.”

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, 2013, through June 30, 2014. To gain an understanding of the cash control procedures and regulations that apply to the SIBPO, we reviewed Comptroller's Directive # 11, *Cash Accountability and Control*. We interviewed SIBPO officials and staff to gain an understanding of the internal control process over revenue collected. We conducted a walk-through of the SIBPO Topographical Unit to familiarize ourselves with its operations. In addition, we conducted observations of the SIBPO sales receipt process for fees collected by the Topographical Unit. We observed that the checks received were made payable to the order of the City of New York or the SIBPO and were rubber stamp-endorsed.

We randomly selected the month of February 2014 and reviewed all transactions, which included 39 receipts totaling \$6,000, to determine whether the processing of the receipts was in accordance with Comptroller's Directive #11. We also examined all of the corresponding receipts to determine if they were pre-printed and in sequential order. We then traced all of the sales receipt amounts to the daily deposit slips to determine if amounts agreed with those deposited into the corresponding bank account. We examined all received checks to ensure that all checks were made payable to the order of the City of New York or the SIBPO. We also reviewed whether all sales were properly recorded and all revenue collected was deposited the same or the following day to the Treasury Collection Account as required by Comptroller's Directive #11. Finally, we checked to see if the deposits were entered in to the City's Financial Management System.

OFFICE OF THE BOROUGH PRESIDENT
10 RICHMOND TERRACE
STATEN ISLAND, NY 10301

JAMES S. ODDO
BOROUGH PRESIDENT
718.816.2200
WWW.STATENISLANDUSA.COM

April 30, 2015

The Honorable Marjorie Landa
Deputy Comptroller for Audit
Office of the Comptroller
1 Centre Street
New York, NY 10007

Via E-Mail and First Class Mail

Re: Audit Report on the Staten Island Borough President's Office's
Cash Controls over Receipts from Minor Sales – FM15-078A

Dear Deputy Comptroller Landa:

I am in receipt of your draft report in the above noted matter and have reviewed it with the appropriate members of my staff. I would first like to thank you and your staff for your professionalism and attention in making the audit process a quick and painless process. Your attention to detail, professional manner, and prompt action in undertaking and completing the audit in a timely manner is greatly appreciated.

I have reviewed and analyzed the finding and recommendation contained in your draft report and wish to advise you of the steps already taken by my office to address the recommendation regarding the deposit of Topographical Fees.


When the issue was brought to our attention as the audit began we took immediate steps to address it, which we have successfully done. Specifically, my staff has been working with the Treasury Division of the Department of Finance since the Audit began with the goal of identifying and implementing a system that is workable for our agency, which has a small staff and collects a relatively small number of fees only on Mondays through Thursdays.

As a result of our meetings and discussions with the Department of Finance, our office will now be taking part in "Desktop Deposit," which includes a Department of Finance provided scanning machine that will allow the deposit of money orders and bank checks directly from our office on a daily basis. We will continue to only accept money orders and certified bank checks, which will be deposited through "Desktop Deposit" daily.

I believe this addresses the issue raised in your audit report and provides the necessary information regarding our agency implementation plans and the incorporation of your recommendation.

Once again, thank you for assistance.

Very truly yours,


James S. Oddo
Borough President

