

AUDIT REPORT



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

Audit Report on the Administration of Imprest Funds By The Department for the Aging

MD07-057A

June 13, 2007



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 Comptroller's responsibilities contained in Chapter 5, §93, of the New York City Charter, my office has audited the Department for the Aging's (DFTA's) administration of its Imprest Funds.

Imprest funds are agency-controlled checking accounts that can be used for small purchases and petty-cash transactions. Comptroller's Directive #3 contains the general procedures for overseeing these accounts. We conduct audits such as these to ensure that City agencies are demonstrating effective internal controls over expenditures.

The results of our audit, which are presented in this report, have been discussed with DFTA 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: MD07-057A
Filed: June 13, 2007

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

**Audit Report on the
Administration of Imprest Funds
By the Department for the Aging**

MD07-057A

AUDIT REPORT IN BRIEF

This audit determined whether the Department for the Aging (DFTA) complied with Comptroller's Directive #3, "Procedures for the Administration of Imprest Funds." Imprest funds are agency-controlled checking accounts that can be used for small purchases and petty cash transactions. During Fiscal Year 2006, DFTA Imprest Fund expenditures consisted of 783 payments totaling \$76,822. Expenditures for that year consisted of the following three types of payments: 361 vendor payments totaling \$47,361; 372 personal payments totaling \$25,727; and 50 petty cash payments totaling \$3,734.

Audit Findings and Conclusions

DFTA generally complied with certain provisions of Comptroller's Directive #3, "Procedures for the Administration of Imprest Funds." The major areas of compliance included the following: Imprest Funds were deposited and properly recorded; petty cash transactions were supported by receipts; expenditures for reimbursement of employee expenses and out-of-town travel were properly approved; petty cash and checkbooks were kept secure; checks were signed by two authorized signatories; and bank statements were reconciled and reviewed promptly each month and all voided and canceled checks were accounted for and recorded on the bank reconciliations.

However, our examination also disclosed areas of non-compliance with other provisions of Comptroller's Directive #3. Those areas included an inadequate segregation of duties over bank reconciliations, the use of incorrect object codes, the underutilization of requirements contracts, late payments, split purchases, and an inadequate maintenance of required documents.

Audit Recommendations

Based on our findings, we make 10 recommendations, five of which are listed below. DFTA should:

- Assess its segregation of duties within the Imprest Fund functions and should ensure that individuals assigned the task of bank reconciliations are not assigned other Imprest Fund functions.
- Ensure that the correct object codes are used when recording expenditures.
- Ensure that items available through the Central Storehouse and requirements contracts are not purchased through the Imprest Fund.
- Follow Comptroller's Directive #3 and not circumvent the \$250 expenditure limit.
- Ensure that a vendor expense form is filled out by the individual requesting the purchase of goods and services and that it is approved by an authorized individual prior to purchasing the goods and services.

Agency Response

In their response, DFTA officials generally agreed with the audit's findings and recommendations.

INTRODUCTION

Background

The Department for the Aging (DFTA) promotes, administers, and coordinates the development and provision of services for older New Yorkers to help them maintain their independence and participate in their communities. It supports a broad range of services, both directly and through more than 600 contracts with community-based organizations, including administration of 329 contracted senior centers, and also provides over 12.4 million meals annually, both home-delivered and at senior centers.

The mission of DFTA is to work for the empowerment, independence, dignity, and quality of life of the city's diverse older adults and for the support of their families through advocacy, education, coordination and delivery of services.

Imprest funds are agency controlled checking accounts that can be used for small purchases and petty cash transactions. Comptroller's Directive #3 contains the general procedures for overseeing these accounts. During Fiscal Year 2006, DFTA Imprest Fund expenditures consisted of 783 payments totaling \$76,822. Expenditures for that year consisted of the following three types of payments: 361 vendor payments totaling \$47,361; 372 personal payments totaling \$25,727; and 50 petty cash payments totaling \$3,734.

Objective

To determine whether DFTA is in compliance with Comptroller's Directive #3, "Procedures for the Administration of Imprest Funds."

Scope and Methodology

The scope of this audit was Fiscal Year 2006. To obtain an understanding of DFTA Imprest Fund transactions, we reviewed sections of the DFTA "Fiscal Management Manual" as it pertained to its Imprest Fund transactions, as well as Comptroller's Directive #3. In addition, we interviewed the agency's Assistant to the Controller, Director of Internal Accounting, and the Imprest Fund Account Custodians. We assessed DFTA's internal controls by evaluating the information obtained during these interviews regarding key DFTA Imprest Fund controls, and tested to see whether these internal controls functioned as prescribed by management and were adequate. We also determined the levels of segregation of duties that exist in terms of requesting, ordering, receiving, invoice processing, and performing bank reconciliations for Imprest Fund transactions.

To determine the total payments made by DFTA during Fiscal Year 2006 for Imprest Fund transactions, we reconciled the list of Imprest Fund payments obtained from DFTA officials to another listing obtained from the City Financial Management System (FMS). We

reviewed the Fiscal Year 2006 bank statements to determine whether checks were deposited in a timely manner and whether the accounts were reconciled on a monthly basis as required.

To determine whether DFTA complied with Comptroller's Directive #3, we analyzed the 783 Imprest Fund transactions and judgmentally selected a sample of 172 payments totaling \$24,518, which included: 101 vendor payments to 55 payees totaling \$15,619; 53 personal payments to 39 payees totaling \$8,113; and 18 petty cash payments to 1 payee totaling \$1,236. Our sample was targeted to test for the following attributes: the appearance of split purchases, payment for balance of invoice, lack of invoices for food, seminar, and conference payments, gifts, out-of-town travel, reimbursements for food/lunch meetings, phone calls, and local travel. For the review of petty cash transactions, we selected all (18) transactions from the petty cash custodian with the highest dollar amount of activity during Fiscal Year 2006.

We examined the relevant supporting documentation for each of our sampled transactions to determine whether the expenditures were permissible, were authorized and were supported, whether duplicate payments existed, and whether purchases were exempt from sales tax. We also determined whether individual purchases were within the allowable limit of \$250. In addition, we determined whether the expenses were charged to the correct object codes.

We analyzed DFTA procedures for the maintenance of its petty cash fund, identified those individuals with access to petty cash, and determined whether access is restricted to a limited number of individuals. In addition, we inspected the area where the petty cash was maintained and ensured that it was kept in a safe or other locked, secure receptacle. We also verified that the 11 transactions for the petty cash custodian in our sample did not exceed the allowable amount of \$1,500.

We reviewed DFTA's maintenance of its Imprest Fund bank account and checkbook for our scope period to determine whether checkbooks were kept secured, with access limited to personnel responsible for the fund. We also determined whether canceled checks had authorized signatures; were made payable to specified payees, not to "bearer" or "cash"; and were inscribed "void after 90 days." We also confirmed that all voided checks were accounted for and recorded on the bank reconciliations.

The results of the above tests, while not projectable to the respective populations from which they were drawn, provided a reasonable basis to assess DFTA's compliance with Comptroller's Directive #3.

Additional criteria that were used as appropriate in assessing DFTA's compliance included:

- Comptroller's Directive #6, "Travel, Meals, Lodging and Miscellaneous Agency Expenses,"
- Comptroller's Directive #24, "Purchasing Function-Internal Controls,"
- Procurement Policy Board Rules (PPB).

Our audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and included tests of the records and other auditing procedures considered necessary. The audit was performed in accordance with the City Comptroller's audit responsibility 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 DFTA officials during and at the conclusion of this audit. A preliminary draft report was sent to DFTA officials and discussed at an exit conference held on May 4, 2007. On May 11, 2007, we submitted a Draft Report to DFTA officials with a request for comments. We received a written response from DFTA officials on May 29, 2007. In their response, DFTA officials generally agreed with the audit's findings and recommendations. DFTA officials stated:

“We are very pleased with the positive findings of the audit and appreciate the constructive recommendations for improving our internal controls.”

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

FINDINGS AND RECOMMENDATIONS

DFTA generally complied with certain provisions of Comptroller's Directive #3, "Procedures for the Administration of Imprest Funds." The major areas of compliance included the following: Imprest Funds were deposited and properly recorded; petty cash transactions were supported by receipts; expenditures for reimbursement of employee expenses and out-of-town travel were properly approved; petty cash and checkbooks were kept secure; checks were signed by two authorized signatories; and bank statements were reconciled and reviewed promptly each month and all voided and canceled checks were accounted for and recorded on the bank reconciliations.

However, our examination also disclosed areas of non-compliance with other provisions of Comptroller's Directive #3. Those areas included: an inadequate segregation of duties over bank reconciliations, the use of incorrect object codes, the underutilization of requirements contracts, late payments, split purchases, and an inadequate maintenance of required documents. These issues are discussed in the following sections of this report.

Inadequate Segregation of Duties

There was a lack of segregation of duties with regard to the DFTA Imprest Fund functions. The individual responsible for reconciling the Imprest Fund bank account had additional responsibilities that resulted in a lack of segregation of duties.

According to §4.4 of Comptroller's Directive #3, the individual assigned to reconciling the bank account should not have any other imprest fund responsibilities. The individual at DFTA who had the responsibility of receiving and reconciling the Imprest Fund monthly bank statements and canceled checks, also had the responsibility of processing Imprest Fund payments and monitoring purchases, as well as other Imprest Fund responsibilities.

Assigning different individuals the responsibility of authorizing and recording transactions and maintaining custody of those assets is intended to reduce the opportunity to allow any individual to be in a position to both perpetrate and conceal errors or fraud. Though the individual that had these various responsibilities during our audit scope was no longer employed at DFTA during the time of our audit, we were informed by DFTA officials that the current employee responsible for the bank reconciliations is also still performing these other Imprest Fund functions.

Recommendation

1. DFTA should assess its segregation of duties within the Imprest Fund functions and should ensure that individuals assigned the task of bank reconciliations are not assigned other Imprest Fund functions.

DFTA Response: "We agree with your finding. In order to comply with Comptroller's Directive 3 section 4.4 we have made the following adjustments to ensure that individuals assigned the task of Bank Reconciliations are not assigned other Imprest Fund functions.

The staff member assigned the task of Bank Reconciliations has had her former Imprest Fund responsibilities reassigned to other staff.”

Incorrect Object Codes

DFTA used incorrect object codes for 17 (10%) of the 172 transactions that we reviewed, totaling \$2,364. For example, in three instances, DFTA used object code 100 as payment for car wash coupons. Object code 100 is a general code for the purchase of supplies and materials. A more appropriate code would have been object code 607, which is used for contractual maintenance and repair of motor vehicle equipment expenditures.

Comptroller’s Directive #24 instructs reviewers to examine the accounting and budget codes for each purchase to assure that the proper budget lines are charged. The use of the correct object code allows the agency to track expenses by category within a fiscal year and to generate year-end reports that identify expenditure patterns. The use of incorrect object codes compromises management’s ability to plan future budgets and can prevent DFTA from tracking expenditures by category during the year and may distort year-end reports.

During the exit conference, DFTA officials stated that purchase of car wash coupons was not contractual. However, in each of the three instances cited, DFTA purchased booklets of coupons in the amount of \$245 that were used on a regular and reoccurring basis, thereby making this an ongoing purchase.

Recommendation

2. DFTA should ensure that the correct object codes are used when recording expenditures.

DFTA Response: “As we stated during the exit conference we use the appropriate budget codes for non-contractual purchases.”

Auditor Comment: In addition to the 3 instances cited as examples in the report, we found an additional 14 instances in which DFTA used incorrect object codes. DFTA should ensure that the correct object codes are used when recording expenditures.

Underutilizing of Requirements Contracts

DFTA is underutilizing the Requirements Contract Listing (RCL) by not purchasing supplies, materials, or equipment directly from the Department of Citywide Administrative Services (DCAS) requirements contracts. According to §2.0 of Comptroller’s Directive #3, agencies may not use imprest funds to purchase items that are available from DCAS requirements contracts, open market price agreements, or the DCAS Central Storehouse. Additionally, agencies must document that availability from these sources was considered prior to making a purchase through the imprest fund.

During our review of the Imprest Fund, we found that 119 (15%) of the 783 purchase transactions were purchases from Staples. These 119 purchases totaled \$9,644 (13%) of the \$76,822 total Imprest Fund expenditures for Fiscal Year 2006. These purchases included, but were not limited to, office supplies, materials, and equipment. We found no evidence on file to indicate that DFTA considered the Central Storehouse or Requirements Contract availability prior to making a purchase through the Imprest Fund. When we questioned DFTA officials about the Staples transactions, they replied that they made purchases from Staples when they needed certain items right away and time was of the essence. However, proper planning would solve this problem and would allow DFTA to purchase items from the requirements contract, thereby decreasing their cost.

Utilizing requirements contracts can reduce costs to agencies. DFTA may be buying items at higher costs, since prices on requirements contracts are usually lower for the same goods and services or products purchased on the open market.

During the exit conference, DFTA officials stated that General Services, the unit responsible for these purchases, always attempted to determine whether the items were available for purchase from the Requirements Contract prior to making a purchase from Staples. However, they acknowledged that they did not maintain evidence to support this. As a result, we were unable to verify the accuracy of their statement. The officials told us that in the future, they will require that evidence be attached to the request for payments for Staples purchases to indicate that the Central Storehouse or Requirements Contract was first considered.

Recommendation

3. DFTA should ensure that items available through the Central Storehouse and requirements contracts are not purchased through the Imprest Fund.

DFTA Response: “As stated in the exit conference we make every effort to use Requirements Contracts and Central Storehouse listings. However, when required items are not on these listings we use other allowable sources.”

Auditor Comment: Although DFTA has stated that it makes every effort to use Requirements Contracts and Central Storehouse listings, we found no evidence to support this claim. DFTA should ensure that evidence of this review is maintained and attached to the request for payment.

Late Vendor Payments

DFTA did not pay 9 (18%) of the 50 sample vendor transactions, for which invoices were received, totaling \$1,448, within the time frames specified by PPB Rules¹. In addition, although purchases for 5 of the 9 late invoices were made during fiscal year 2005, they were paid in Fiscal Year 2006, in violation of the 2005 Year End Closing Instructions.

¹ The remaining 55 purchases in our sample of 105 transactions did not have any invoice; instead, there were registration forms, e-mails, etc. Therefore, we were unable to determine whether these 55 purchases were paid on time.

Section 4-06 of the PPB Rules, *Prompt Payment*, states that agencies are required to pay all vendors within 30 calendar days from the date the agency receives a proper invoice. The nine invoices were paid 47 to 372 days after the end of the 30-day time frame specified in the PPB Rules. Furthermore, DFTA made five of these purchases in Fiscal Year 2005. According to the 2005 Fiscal Year-End Closing Instructions, goods and services purchased during the 2005 Fiscal Year should have been paid by July 15, 2005. Instead, the earliest payment for any of these purchases was July 27, 2005 and the last payment was February 10, 2006.

Though DFTA did not incur late fees or charges on any of the late payments, it is contrary to the PPB rules and is bad business practice to have late vendor payments.

During the exit conference, DFTA officials said that invoices are usually sent to the department that initiated the request for goods and services. The purpose of this, they said, is to give the individuals making the request an opportunity to ensure that the items received reflect what was ordered. Afterwards, the invoices are forwarded to the billing department. DFTA officials claimed that the invoices were paid soon after they were received by the billing department. For example, the officials claimed that one invoice was paid within two days of receipt by the billing department. Though that may be the case, there were still 372 days between the date of the invoice and the date that the invoice was paid by the billing department.

In another instance, DFTA officials claimed that an invoice was paid within five days of receipt by the billing department. DFTA instructions for filling out the receiving/inspection reports require that the receiving report be filled out one day after receipt of goods, and that the inspection report be filled out within three days after receipt of goods. In this case, DFTA is using the date indicated on the receiving report as the date that the invoice was received. However, as noted in a later section of the report, DFTA is not using the correct dates to fill out the receiving reports. In this instance, the delivery date and the date of the invoice was February 9, 2006; however, the date on the receiving report was April 17, 2006, 67 days later.

DFTA officials stated that they will send out an office-wide memorandum, informing the individuals from various departments that are responsible for making purchases not to hold on to the invoices and to resolve disputes with vendors in a timely manner.

Recommendation

4. DFTA should ensure that Imprest Fund payments are made in the correct fiscal year and on a timely basis.

DFTA Response: “We agree with your recommendation.”

Split Purchases

DFTA made split purchase payments to eight (8%) of the 95 payees in our sample, totaling \$4,252 (17%) of the \$24,518 payments in our sample. Each of these payments was made to vendors for conferences and training.

According to §2.0 of Comptroller's Directive #3, "Individual purchases or disbursements must not exceed \$250. The directive then goes on to state that "Purchases must not be split to circumvent the \$250 expenditure limitations." Though the individual payments did not exceed \$250, as shown in Table I, below, the aggregate expenditure for each of the nine vendors totaled more than \$250.

Table I

Split Purchases

Vendor	Description	Check Date	# of Check Payments	Total Amount Paid
1	CSCS 2006 Conference Registration	1/13/06	3	\$645
2	Seminar/Exhibits	10/04/05	2	\$344
3	11 th Annual Jarvie Colloquium	5/23/06	3	\$720
4	Jasa Elder Abuse	5/24/06	2	\$330
5	Seminar	4/24/06	4	\$658
6	Seminar	4/27/06	3	\$420
7	Conference in Florida for three employees	10/7/05	3	\$735
8	Registration	10/20/05	4	\$400
Total				\$4,252

By making individual payments to these 8 vendors, DFTA was able to circumvent the \$250 expenditure limit set by Comptroller's Directive #3, thereby avoiding the need to use purchase orders. In each of the eight instances, DFTA officials knew in advance the total amount that was to be paid. As a result, DFTA should have issued a purchase order for the total amount of each conference or seminar.

Recommendation

5. DFTA officials should follow Comptroller's Directive #3 and not circumvent the \$250 expenditure limit.

DFTA Response: "We agree with your recommendation."

Inadequate Maintenance of Required Documents

DFTA did not maintain complete and accurate backup documentation required to support 99² of the 105 sample vendor transactions. Specifically, DFTA did not have all of the vendor expense forms, certification stamps/receiving reports, as well as attendance sheets for the purchase of meals.

Each of the missing or incomplete documents cited below is an integral part of the purchasing and payment process. They ensure that before payments are issued purchases are approved, necessary, budgeted for, received and correctly charged.

Missing Approved Vendor Expense Forms

Nine (9%) of the 105 sample vendor transactions had no approved vendor expense form. It is required that vendor expense forms be filled out by an individual requesting approval for the purchase of goods or services, and that the vendor expense form be approved by an authorized individual as an indication that the expenditure is permissible. Without an approved vendor expense form, it is difficult to determine whether the functions of requesting, ordering, receiving, and invoice processing are performed by different individuals.

Missing and Incomplete Certification Stamps/Receiving Reports

For 53 (50%) of the 105 sample vendor transactions, DFTA had no certification stamp on the invoice and no receiving report to indicate that the items had been received. In addition, the dates on the invoices for 30 of the certification stamps were illegible and the dates on 12 of the receiving/inspection reports were incorrect.

Certification signatures, whether indicated by a certification stamp or through a receiving report, serve as an indication that the purchases have been reviewed for accuracy and completeness. DFTA instructions for filling out the receiving/inspection reports require that the receiving report be filled out one day after receipt of goods, and that the inspection report is filled out within three days after receipt of goods. However, in 12 instances, the dates on the receiving reports were the same dates as the payment dates, rather than the dates that the goods were received and inspected.

Without the certification stamp/receiving report, or the recording of correct dates, it is difficult to confirm that the goods and services ordered were actually received and inspected prior to payment.

² Some of the purchases were missing just one document, others were missing two and some were missing all three documents.

No Evidence to Document Attendance At Business Functions Where Meals Were Provided

For 20 of the 27 payments for meals for business functions, DFTA had no evidence to document the number of attendees. Without this evidence, neither we nor DFTA officials can substantiate that the number of people they ordered and paid for was reasonable.

Attendance sheets should be used by DFTA prior to placing orders for meals to ensure that the appropriate amounts are being ordered for the correct number of individuals and that the allowable cost per person is not exceeded. For example, for one of the seven functions for which an attendance sheet was available, DFTA ordered a continental breakfast for 85 individuals, totaling \$250 (a cost of \$2.94 per person); however according to the attendance sheet, only 20 individuals attended (a cost of \$12.50 per person). According to Comptroller's Directive #6 light refreshments may be provided at a maximum cost of \$3 per person. DFTA officials placed the order for the 85 individuals, even though they acknowledged in an e-mail that the attendance records for the same event from the prior year indicated that only 17 individuals attended that same function.

Recommendations

DFTA should ensure that:

6. A vendor expense form is filled out by the individual requesting the purchase of goods and services and that it is approved by an authorized individual prior to purchasing the goods and services.

DFTA Response: "We agree with your recommendation."

7. Receiving reports contain accurate information and record the dates that goods are actually received.

DFTA Response: "We agree with your recommendation."

8. All invoices contain either a certification stamp, with a legible date, or a receiving report to confirm the receipt and inspection of the goods or services.

DFTA Response: "We agree with your recommendation."

9. Documentation for purchases of meals for meetings or other business functions include attendance sheets. In addition, when practical, DFTA should refer to attendance sheets from previous year's meetings prior to placing an order.

DFTA Response: "We agree with your recommendation."

10. Meal expenditures do not exceed the allowable limits as per Comptroller's Directive #6.

DFTA Response: "We agree with your recommendation."



DEPARTMENT FOR THE AGING

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Edwin Méndez-Santiago, LCSW
Commissioner

NEW YORK CITY

2007 MAY 29 PM 1:49

May 29, 2007

John Graham, Deputy Comptroller
Audits, Accountancy and Contracts
Office of the Comptroller
One Centre Street
New York, NY 10007-2341

Re: Comptroller's Draft Audit on the Administration of
Imprest Funds by the Department for the Aging. (MD07-057A)

Dear Deputy Comptroller Graham:

Thank you for the opportunity to respond to your May 11, 2007 draft audit of the Department for the Aging's (DFTA's) administration of Imprest Funds. We are very pleased with the positive findings of the audit and appreciate the constructive recommendations for improving our internal controls.

DFTA's Responses to Individual Audit Findings

Comptroller's Recommendation 1:

DFTA should assess its segregation of duties within the Imprest Fund functions and should ensure that individuals assigned the task of bank reconciliations are not assigned other Imprest Fund functions.

DFTA Response:

We agree with your finding. In order to comply with Comptroller's Directive 3 section 4.4 we have made the following adjustments to ensure that individuals assigned the task of Bank Reconciliations are not assigned other Imprest Fund functions. The staff member assigned the task of Bank Reconciliations has had her former Imprest Fund responsibilities reassigned to other staff.

Page 2.
John Graham, Deputy Comptroller
May 29, 2007

Comptroller's Recommendation 2:

DFTA should ensure that the correct object codes are used when recording expenditures.

DFTA Response:

As we stated during the exit conference we use the appropriate budget codes for non-contractual purchases.

Comptroller's Recommendation 3:

DFTA should ensure that items available through the Central Storehouse and Requirements Contracts are not purchased through the Imprest Fund.

DFTA Response:

As stated in the exit conference we make every effort to use the Requirements Contracts and Central Storehouse listings. However, when required items are not on these listings we use other allowable sources.

Comptroller's Recommendation 4:

DFTA should ensure that Imprest Fund payments are made in the correct fiscal year and on a timely basis.

DFTA Response:

We agree with your recommendation.

Comptroller's Recommendation 5:

DFTA officials should follow Comptroller's Directive #3 and not circumvent the \$250 expenditure limit.

DFTA Response:

We agree with your recommendation.

Comptroller's Recommendation 6:

A vendor expense form is filled out by the individual requesting the purchase of goods and services and that it is approved by an authorized individual prior to purchasing the goods and services.

DFTA Response:

We agree with your recommendation.

Comptroller's Recommendation 7:

Receiving reports contain accurate information and record the dates that goods are actually received.

DFTA Response:

We agree with your recommendation.

Comptroller's Recommendation 8:

All invoices contain either a certification stamp, with legible date, or a receiving report to confirm the receipt and inspection of the goods or services.

DFTA Response:

We agree with your recommendation.

Comptroller's Recommendation 9:

Documentation for purchases of meals for meetings or other business functions include attendance sheets. In addition, when practical, DFTA should refer to attendance sheets from previous year's meetings prior to placing and order.

DFTA Response:

We agree with your recommendation.

Comptroller's Recommendation 10:

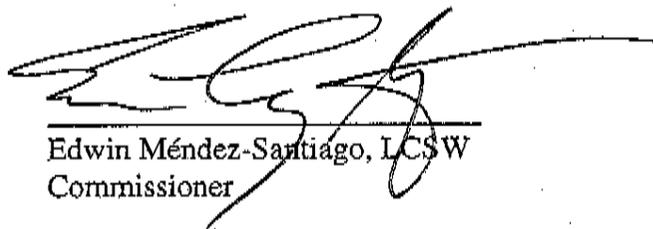
Meal expenditures do not exceed the allowable limits as per Comptroller's Directive #6.

DFTA Response:

We agree with your recommendation.

In closing, we appreciate the opportunity to respond to the draft audit. If you have any questions about this reply, please contact Jorge Romero, Assistant Commissioner of the Bureau of Fiscal Management at 212-442-2322.

Sincerely,



Edwin Méndez-Santiago, LCSW
Commissioner

Cc: Jorge Romero, Assistant Commissioner