

AUDIT REPORT



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

Audit Report on the Payroll, Timekeeping, And Other Than Personal Services Expenditures of the New York City Commission on Human Rights July 1, 2002–June 30, 2003

FN04-119A

March 1, 2005



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 examined the compliance of the New York City Commission on Human Rights with applicable City guidelines for payroll, timekeeping, and purchasing. The results of our audit, which are presented in this report, have been discussed with Commission officials, and their comments have been considered in preparing this report.

Audits such as this provide a means of ensuring that City agencies comply with applicable payroll, timekeeping, and procurement guidelines and that City funds are used on expenses that are reasonable, justified, and properly recorded.

I trust that this report contains information that is of interest to you. If you have any questions concerning this report, please contact my audit bureau at 212-669-3747 or e-mail us at audit@Comptroller.nyc.gov.

Very truly yours,

A handwritten signature in cursive script that reads "William C. Thompson, Jr.".

William C. Thompson, Jr.

WCT/gr

Report: FN04-119A
Filed: March 1, 2005

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

**Audit on the Payroll, Timekeeping, and
Other Than Personal Services of the
New York City Commission on Human Rights
July 1, 2002–June 30, 2003**

FN04-119A

AUDIT REPORT IN BRIEF

This audit determined whether the New York City Commission on Human Rights (Commission) is complying with certain payroll, personnel, timekeeping, purchasing, and inventory procedures as set forth in the New York City Comptroller's Internal Control and Accountability Directives (Comptroller's Directives) 3, 6, 13, 24, and 25, the Citywide Contract between the City of New York and District Council 37, AFSCME, AFL-CIO, Personnel Orders 88/5 and 97/2, the Procurement Policy Board (PPB) Rules, Comptroller's "Fiscal Year End Closing Instructions for June 30, 2003 for Inventory," and Department of Citywide Administrative Services' (DCAS) "*Office of Surplus Activities, Agency User Guide.*"

The Commission is a Charter-mandated agency empowered to enforce the Human Rights Law, Title 8 of the City Administrative Code. The Commission exercises its authority to eliminate and prevent actual or perceived discrimination in employment, housing, and public services because of actual or perceived differences based on national origin, age, creed, color, race, alienage or citizenship status, gender (including gender identity and sexual harassment), sexual orientation, disability, or marital status. The Commission consists of 15 members appointed by the Mayor.

Audit Findings and Conclusions

The audit found that the Commission generally complied with many City policies and guidelines and its own procedures applicable to payroll and timekeeping. In addition, the Commission complied with various PPB Rules and Comptroller's Directives for processing purchase orders and payment vouchers.

However, there were several minor instances in which the Commission did not follow certain aspects of its Employee Manual, Citywide contract, personnel orders regarding workweek requirements and time and leave regulations. In addition, there were other minor instances in which the Commission did not follow certain aspects of the PPB Rules, Comptroller's Year-End Closing Instructions and Directives 6, 24, and 25. These exceptions included: leave use not always recorded on PMS for one non-managerial employee and 16 non-

managerial employees; excess annual leave to be carried over into the following year not always approved; available requirement contracts not always used; required number of bids not always solicited; miscellaneous vouchers used improperly for six purchases; purchase files for four purchase orders, three purchase contracts, and three miscellaneous payments lacked sufficient documentation; and inventory records were incomplete.

Audit Recommendations

The audit made 19 recommendations, including that the Commission ensure that: all time records are properly reviewed and compared to the employee's title for required number of hours worked for the week; employee timesheets are compared with PMS records on a weekly basis to ensure that employees are charged with the appropriate leave when used; employees are charged for annual leave when they depart before completing a full work day, in accordance with its *Employee Manual*; employees are credited only for compensatory time actually earned; bids are solicited from five vendors when purchasing goods or services that are more than \$2,500, in conformance with §3-08(c)(iii) of the PPB Rules; purchases are made from requirement contracts when they are available; miscellaneous vouchers are not used in cases where intra-City vouchers, Imprest Fund vouchers or vouchers against purchase contracts are required; all documentation to support payments is contained in the voucher file and that all payments match the prices, quantities, and other terms specified in the purchase contract files; and, its inventory list contains all pieces of equipment on hand.

INTRODUCTION

Background

The Commission is a Charter-mandated agency empowered to enforce the Human Rights Law, Title 8 of the City Administrative Code. The Commission exercises its authority to eliminate and prevent actual or perceived discrimination in employment, housing, and public services because of actual or perceived differences based on national origin, age, creed, color, race, alienage or citizenship status, gender (including gender identity and sexual harassment), sexual orientation, disability, or marital status. The Commission consists of 15 members appointed by the Mayor. The Commission's expenses for Fiscal Year 2003 totaled \$7,756,466—\$5,979,689 for Personal Services (PS) and \$1,776,777 for Other Than Personal Services (OTPS).¹

Objectives

The audit's objectives were to determine whether the Commission is complying with certain payroll, personnel, timekeeping, purchasing, and inventory procedures as set forth in the New York City Comptroller's Internal Control and Accountability Directives (Comptroller's

¹ The Commission receives both City and federal funding. Of the \$7,756,466 expended by the Commission during Fiscal Year 2003, \$3,713,594 was paid from City funds and \$4,042,872 was paid from federal funds.

Directives) 3, 6, 13, 24, and 25,² the Citywide Contract between the City of New York and District Council 37, AFSCME, AFL-CIO, Personnel Orders 88/5 and 97/2,³ the Procurement Policy Board (PPB) Rules, Comptroller's "Fiscal Year End Closing Instructions for June 30, 2003 for Inventory," and Department of Citywide Administrative Services' (DCAS) "*Office of Surplus Activities, Agency User Guide*."

Scope and Methodology

The audit covered the period July 1, 2002, through June 30, 2003—Fiscal Year 2003. We reviewed the following documents to obtain an understanding of the procedures and regulations with which the Commission is required to comply for the purposes of this audit:

- Comptroller's Directives 3, 6, 13, 24, and 25;
- Citywide Contract between the City of New York and District Council 37, AFSCME, AFL-CIO regarding time and leave regulations, and workweek requirements;
- Personnel Orders 88/5 and 97/2 regarding leave regulations for management employees;
- PPB Rules;
- Comptroller's "Fiscal Year End Closing Instructions for Inventory";
- DCAS's *Office of Surplus Activities, Agency User Guide*; and
- Commission's *Employee Manual*.

We conducted walk-throughs of the Commission's payroll and timekeeping operations on January 8, and 13, 2004, and of its purchasing process on January 9, 2004. We interviewed appropriate personnel and documented our understanding of the processes through narratives.

To determine the completeness of the documentation provided, we reviewed, analyzed, and reconciled the City's Payroll Management System (PMS) and Financial Management System (FMS) printouts to the Commission's payroll, contracts, purchase orders, and miscellaneous payments.

Tests of Compliance with Comptroller's Directive 13, Personnel Orders 88/5 and 97/2, and Citywide Contract for Leave and Time Regulations

To determine whether Commission employees were bona fide, we conducted an unannounced floor check on April 8, 2004. We determined whether employees who were present

² These Comptroller's Directives are: 3, *Procedures for the Administration of Imprest Funds*; 6, *Travel, Meals, Lodging and Miscellaneous Agency Expenses*; 13, *Payroll Procedures*; 24, *Purchasing Function—Internal Controls*; and, 25, *Guidelines for the Use and Submission of Miscellaneous Vouchers*.

³ Personnel Orders 88/5 and 97/2 contain sections entitled "Leave Regulations for Management Employees."

had signed in, whether those who signed in were actually present, and whether employees signed out appropriately. We also determined whether Commission timekeepers properly monitored employee sign-in and sign-out sheets. In addition, we witnessed a payroll distribution to determine whether employees receiving checks or direct deposit earning statements properly identified themselves. In that regard, we observed whether names and signatures on employee picture identifications matched the names and signatures on the “Paycheck Distribution Control Report.”

To determine whether the Commission adhered to the Citywide Contract and Comptroller’s Directive 13, we randomly sampled 48 employees of the Commission’s 102 employees in Fiscal Year 2003. (The annual salaries of the sampled employees represented approximately 47 percent of the Commission’s payroll during Fiscal Year 2003.) We reviewed the 48 personnel files to determine whether the descriptions (names, titles, social security numbers, etc.) on the Commission’s list were accurate and matched the employee descriptions on PMS report PQR200. We determined whether Federal W-4 and New York State IT 2104/2104E withholding status forms were on file, and whether a Form DP-1021 was submitted to the City’s Personnel Department for each employee who may have secured an additional position with the City or another government agency. In addition, we determined whether employees’ salaries were within the ranges for their civil service titles, and whether Section 1127 waivers were on file, when required, for employees who reside outside City limits. Finally, we determined whether managerial lump sum payments were submitted to the Comptroller’s Office for approval prior to payment.

To determine whether the Commission’s internal controls for timekeeping were adequate and in accordance with Comptroller’s Directive 13, we reviewed employee daily attendance sheets for the three months of October through December 2002 for the same 48 employees. We determined whether employees’ daily attendance sheets were complete, accurate and reliable; whether they included arrival and departure times; and whether non-managerial employees worked the required hours for their titles.

To determine whether all leave use was appropriately deducted from employee leave balances as required by the Citywide Contract and Comptroller’s Directive 13, we compared the recorded use on the employee daily attendance sheets to PMS report PQR700. We then compared the time adjustments recorded on the daily attendance sheets to employee leave slips and compensatory time slips to determine whether time earned or used was accounted for, and whether the times and dates correctly matched those recorded on the daily attendance sheets. In addition, we reviewed the Employee Time Reports (ETRs), ETR Adjustment Reports, and Manual Leave Adjustment Forms for accuracy and proper approvals.

Finally, we reviewed employee time records to determine whether requests for leave complied with the Commission’s *Employee Manual*, Personnel Orders 88/5 and 97/2, and the Citywide Contract guidelines. We determined whether, as required, bereavement leave was limited to the maximum four days, excess annual leave was converted to sick leave, and accrued annual leave was accurate and conformed with each employee’s civil service title and years of City service. In addition, we checked whether appropriate Commission officials authorized paid overtime.

Although the results of the above tests cannot be projected to their entire populations for the fiscal year, they provided us a reasonable basis to assess the Commission's compliance with City guidelines for payroll and timekeeping.

Tests of Compliance with Comptroller's Directives 3, 6, 24, and 25, and PPB Rules

To determine whether the Commission complied with guidelines under the PPB Rules and Comptroller's Directives 3, 6, 24, and, 25, for purchasing, procurement, and vouchering, we examined all 12 contracts, totaling \$1,462,816; all 48 purchase orders, totaling \$84,749, for which vendors were paid \$2,500 or more; and randomly sampled 25 (40.3%) of 62 purchase orders for less than \$2,500, which represented \$24,975 of the \$39,452 total. To determine whether the vendor names and descriptions of purchased items were on the Citywide list of requirement contracts, we reviewed all of the Commission's 21 requirement contracts, totaling \$53,246. Finally, we randomly reviewed 35 (48.6%) of 72 miscellaneous voucher payments issued by the Commission, which represented \$48,798 and 88.5 percent of the \$55,126 total.⁴

We reviewed each purchase order, contract, certificate of necessity, payment voucher, invoice, and corresponding documentation indicating the requisite approvals and authorizations. We also sought evidence that the transactions were for proper business purposes and were supported by adequate documentation such as contract awards, order specifications, and bid invitations. In addition, we determined whether the purchases were charged to the correct budget codes, object codes, and time periods; whether there was evidence of split purchasing; whether there were any duplicate payments; and whether purchases were properly authorized. We also determined whether the required number of bids was solicited; whether purchases could have been made through available City requirement contracts; and whether procurements made under New York State contracts contained the written determination that prices were lower than prevailing market prices, as required under the PPB Rules. To determine whether voucher amounts were correctly calculated, we traced and recalculated the amounts on supporting Certificates of Necessity and vendor invoices to the voucher totals. We then determined whether expenses incurred during Fiscal Year 2003 were charged to the correct fiscal year.

To determine whether there was adequate segregation of duties over the purchase and payment functions, we reviewed the Commission's list of individual and corresponding authorization levels assigned to FMS. We determined whether the employees who prepared the purchase orders and vouchers were employees other than those who authorized them.

Additionally, we determined whether the Commission made payments to vendors within 30 days after the Invoice Received or Acceptance Date (IRA Date), in accordance with §4-06(c)(2) of the PPB Rules. In that regard, we compared the IRA dates to the FMS voucher acceptance dates for all purchases reviewed. Finally, we determined whether the Commission submitted its Year-End Accountability for its Imprest Fund report to the Comptroller's Office.

⁴ Appendices I, II, and III list the purchase orders, contracts, payments, and related findings.

Although the results of the above tests cannot be projected to the entire population of purchases for the fiscal year, they provided us a reasonable basis to assess the Commission's compliance with the above-mentioned City purchasing guidelines.

Tests of Inventory Records

We conducted a physical inventory of the items listed on the Commission's inventory asset lists for Fiscal Year 2003. Commission officials provided us with several inventory lists during the course of audit fieldwork and stated that their computer inventory records were inaccurate due to moved and replaced equipment. Therefore, we conducted several tests of the inventory; our final test was based on the Commission's April 16, 2004, inventory list.

The inventory list contained 823 pieces of equipment, of which 690 pieces were listed as computer equipment. To determine whether all computer equipment was on hand at the Commission's main office (17 Rector Street), we initially performed 100 percent counts on February 5 and 10, 2004. We compared the serial numbers of 64 pieces of computer equipment to the numbers listed on the Commission's inventory records to determine whether the serial numbers for these items were recorded accurately on the Commission's inventory records.

For 59 of the 133 pieces of non-computer equipment items listed on the Commission's inventory for Fiscal Year 2003, we determined whether the items were on hand and whether they were correctly tagged as Commission property.

The results of the above tests, while not projectable for all pieces of equipment, provided us a reasonable basis to assess the Commission's controls over inventory.

The audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and included all tests of records and other auditing procedures considered necessary. The 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 Commission officials during and at the conclusion of this audit. A preliminary draft report was sent to Commission officials and was discussed at an exit conference on December 21, 2004. On January 13, 2005, we submitted a draft report to Commission officials with a request for comments. On January 20, 2005, we received a response from the Commission.

In its response, the Commission detailed the corrective actions they have taken to implement 15 of the 19 audit recommendations made in this report. The Commission disagreed with four recommendations—two recommendations pertaining to timekeeping policies regarding its *Employee Manual*; one recommendation concerning soliciting bids from five vendors when procuring services for more than \$2,500; and, one recommendation relative to choosing the appropriate object code for charging expenses.

The full text of Commission comments is included after each of the respective recommendations and as an addendum to this final report.

FINDINGS AND RECOMMENDATIONS

The Commission generally complied with many City policies and guidelines and its own procedures applicable to payroll and timekeeping. In addition, the Commission complied with various PPB Rules and Comptroller's Directives for processing purchase orders and payment vouchers. Specific findings of compliance were that:

- All sampled employees were bona fide. In addition, employees who signed in and out were present and signed for their paychecks or direct deposit stubs.
- Personnel files contained all tax withholding forms, all required information for termination or retirement, and proper authorizations for hiring and promotions.
- Purchase documents were appropriately prepared and approved for goods and services that were reasonable and necessary for Commission operations.
- Payments to vendors were made within the required 30 days.
- The Year-End Accountability report for Imprest Fund was submitted to the Comptroller's Office, as required by Comptroller's Directive 3.
- Miscellaneous voucher payments were appropriately approved.
- There was adequate segregation of responsibilities over the procurement and payment processes.
- All overnight travel was appropriately approved by the Mayor's Office, as required by Comptroller's Directive 6.

Although the Commission complied with the particular policies and guidelines mentioned above, there were exceptions of noncompliance. These issues, as well as others related to inventory controls, are discussed in detail in the following sections of this report.

Matters Relating to Payroll and Timekeeping

Our review of the Commission's payroll and timekeeping records disclosed the following exceptions.

Incorrect Workweek Calculation

One non-managerial employee (a timekeeper in title code 56056) did not complete the 40-hour workweek for each week (14 weeks) in the three months sampled as required by the Citywide contract for employees in this title. This employee accrued annual and sick leave on the basis of a 40-hour workweek; however, only seven hours for each day, instead of the required eight hours for each day, were deducted from the employee's leave balances, when she was absent from work. As a result, the employee's leave balances were undercharged a total of 45 hours and 15 minutes for the three-month period tested.

Recommendation

1. The Commission should ensure that all time records are properly reviewed and compared to the employee's title for required number of hours worked for the week, and that all leave time accruals and use are accurate.

Commission's Response: "The report accurately points out that the Commission had one employee who, based upon her title, was required to work a 40 hour week (all other employees at the Commission work a 35 hour week). The problem was discovered in October 2003, prior to the audit, and corrected. That individual no longer works at the Commission and there are no other employees with that title code."

Leave Use Not Recorded on PMS

Sixteen non-managerial employees recorded annual leave, sick leave, compensatory time, or lateness use on their timesheets that was not recorded on PMS Leave Summary/PQR700 Report. As a result, their respective leave balances were undercharged a total of 54 hours and 29 minutes. In addition, there was one instance in which a managerial employee recorded annual leave use on a timesheet that was not reflected on and not deducted from PMS, which resulted in the annual leave balance being undercharged by seven hours.

Recommendation

2. The Commission should ensure that appropriate adjustments are made to employee leave balances based on the audit's findings, and should compare employee timesheets with PMS records on a weekly basis to ensure that employees are charged with the appropriate leave when used.

Commission's Response: "The Commission has already taken steps to correct the issues raised in this recommendation."

Excess Annual Leave Not Approved

Two managerial employees had excess annual leave totaling 86 hours carried over to the following year without written authorization from the Commissioner. Despite the lack of written authorization, the excess annual leave was not converted to sick leave as required by City Personnel Order 88/5 §4.3, which states "Any leave which exceeds the maximum accumulated limits established by this section shall be converted to sick leave except . . . in the event that the Mayor, an elected official of any department, or any agency head orders in writing that an employee forego the requested use of annual leave, that portion thereof shall be carried over." In addition, there were no plans in the personnel files for five non-managerial employees who received letters from Commission personnel officers requiring them to submit a plan to use excess leave totaling 872 hours and 30 minutes.

Recommendation

3. The Commission should ensure that all employees are aware of the City's guidelines regarding the maximum annual leave balance restriction. In this regard, the Commission should provide written notices to all employees, ensure that all plans are returned and approved by the Commissioner, and conduct periodic reviews of leave balances to ensure that employees follow their plans in reducing their annual leave balances. All excess annual leave balances without the Commissioner's approval should be converted to sick leave, in accordance with City policy.

Commission's Response: "Upon arriving at the Commission in February 2002, the new administration took steps to bring all leave balances within the appropriate guidelines. The prior administration had failed to enforce City policies on the issue. At the time we were advised that we needed to provide the employees with an opportunity to reduce their balances, which we did. All employee leave balances are now within appropriate guidelines and no employee will be allowed to carry-over excess leave into the next year without written approval from the agency head."

Incorrect Charge to Lateness

Seven non-managerial employees, who began their work day within the acknowledged flexband time, but departed at the end of their day before completing their required seven-hour day were charged with lateness instead of being charged annual leave. By being charged for lateness rather than for annual leave, these employees had their annual leave reduced on a minute-by-minute basis, instead of in increments of one hour, as required by the Commission's *Employee Manual*. As a result, their annual leave balances were undercharged a total of 9 hours and 56 minutes. The "Flextime Schedule" in the Commission's *Employee Manual* states that "you may choose a different starting time from day-to-day, within your flexband limit. You *must* [emphasis added] work a full day (7 hours) every day (5 days a week). . . . Annual leave may be used in units of 1 hour."

Recommendation

4. The Commission should charge employees for annual leave when they depart before completing a full work day, in accordance with the *Employee Manual*.

Commission's Response: (See Commission's response to Recommendation 5, below.)

Lack of Authorization for Annual Leave

There were 161 instances in which 33 non-managerial employees did not submit an authorization request for leave, as required by the Commission's *Employee Manual*.

Recommendation

5. The Commission should ensure that all annual leave is pre-approved in accordance with its *Employee Manual*.

Commission's Response: Regarding Recommendations 4 and 5, the Commission stated that: "these recommendations relate to the Commission's employee manual, having nothing to do with Comptroller's Directives or City policy. Changes to these internal policies are within the discretion of the Commission and are not the concern of the Comptroller's office"

Auditor Comments: It appears that the Commission misunderstood the intent of the recommendations. We have not asked the Commission to change its internal policies. Rather, we recommended that it consistently follow them, which is certainly within the purview of the Comptroller's Office.

Overstated Accrued Compensatory Time

Three non-managerial employees were credited on PMS for compensatory time that was not reflected on their timesheets. As a result, their compensatory time balances were overstated by a total of 7 hours and 46 minutes.

Recommendations

The Commission should:

6. Adjust the employees' compensatory time balances based on the findings of this report.
7. Ensure that employees' time balances are credited only for compensatory time actually earned.

Commission's Response: "The Commission has reviewed the records relating to the recommendations and made the necessary adjustments."

Matters Relating to Procurement and Vouchering

Our review of the Commission's procurement and vouchering documents disclosed the following exceptions.

Required Bids Not Solicited

The Commission issued four purchase orders totaling \$3,335 to ADT Security Services, Inc., on July 1, 2002. Because the total amount exceeded \$2,500, the Commission should have solicited bids from at least five suppliers "from the appropriate small purchases bidder list for the particular goods, services." We found no evidence in the Commission's purchase files that any bids were solicited for these purchases. In addition, the Commission did not solicit bids from the required number of vendors for contract #CT20030006936 to Guardian Services, Inc. for \$21,346. Commission files indicated that it solicited only three bids for this purchase. In both instances, §3-08(c) (iii) of the PPB Rules requires that five bids be solicited.

Recommendation

8. The Commission should solicit bids from the five vendors when purchasing goods or services that are more than \$2,500, in conformance with §3-08(c)(iii) of the PPB Rules.

Commission's Response: "Both of these contracts were entered into prior to the current administration. Since ADT was providing services at several different locations in four different boroughs, they insisted that the contracts be handled separately."

Auditor Comments: It was inappropriate for the Commission to blame the prior administration in these cases since both purchase orders were processed after the current administration took office. In addition, it is the buyer [Commission], not the vendor, who determines specifications of the goods or services to be provided—the seller has no right to insist that the "contracts be handled separately." Finally, the Commission did not state whether it will implement Recommendation 8—specifically, that it comply with §3-08(c) (iii) of the PPB Rules.

Requirement Contracts Not Used

The Commission did not use requirement contracts when procuring various items totaling \$16,545. (Appendix IV of this report contains a list of the items and requirement contracts that should have been used.) An August 31, 1995, memorandum, from the DCAS (formerly the Department of General Services) Commissioner to Agency Heads stated that "agencies are also reminded that commodities on requirement contracts must be purchased from these contracts through DMSS [Department of Municipal Supply Services] and may not be purchased separately under agency spending authority. Additionally, Storehouse items must be obtained from the DMSS Storehouse."

Recommendation

9. The Commission should ensure that it makes purchases from requirement contracts when they are available.

Commission's Response: "The Commission seeks the best price for services. When inquiries were made, we were informed that the services in question either would not have been ready in the time required or would have been far more expensive under the requirement contract. The Commission always attempts to obtain goods or services through the City when available."

Auditor Comments: We find it hard to believe that the Commission found that the items "in question either would not have been ready in the time required or would have been far more expensive under the requirement contract." Requirement contracts are entered into by DCAS because a large purchaser has the ability to negotiate lower prices and more favorable terms including assurance that items will be readily available. In fact, in most cases, the services purchased by the Commission were available from multiple suppliers on the DCAS vendor list. The Commission did not provide us with

documentation to support its claim that it received a lower price or that it could not have obtained the items in a timely manner. In addition, DCAS rules do not make any exceptions for the use of requirement contracts. As stated above, commodities on requirement contracts must be purchased from these contracts through DMSS and may not be purchased separately under agency spending authority.

Improper Use of Miscellaneous Vouchers

The Commission improperly used miscellaneous vouchers to make six payments totaling \$21,921.98. Directive 25 stipulates that miscellaneous vouchers may be used only when the estimated or actual future liability cannot be determined, when a contract or a purchase document is not required or applicable, or when items are less than \$250 (for agencies without an Imprest Fund). The Commission made two payments for the purchase of fuel from the Department of Sanitation that should have been processed through an intra-City payment voucher issued against an intra-City purchase order, three payments for rent that should have been processed against the existing contracts with Arbas Company, LLC and Flushing Office Center, and one payment for less than \$250, for miscellaneous supplies, that should have been processed through the Commission's Imprest Fund.

Recommendation

10. The Commission should ensure that it does not use miscellaneous vouchers in cases where intra-City vouchers, Imprest Fund vouchers or vouchers against purchase contracts are required.

Commission's Response: "The Commission is attempting to negotiate the use of inter-city payment vouchers with the Department of Sanitation for the purchase of fuel."

Auditor Comments: It should be noted that the Commission did not address the use of miscellaneous payments which it used for an existing rent contract, and the one payment for supplies under \$250, which should have been processed through its Imprest Fund.

Insufficient Documentation of Expenses

Purchase files for four purchase orders totaling \$5,034.87, three purchase contracts totaling \$162,260, and three miscellaneous payments totaling \$1,873.46 did not contain sufficient documentation to allow us to evaluate the propriety of the expenses and accuracy of the payments. Some examples follow:

- The Certificate of Necessity for contract #20030017888 with the New York Immigration Coalition detailed the amount that could be spent on personnel (\$26,657), printing and equipment (\$7,278), and travel/training (\$1,065). The Commission's files indicated that it paid \$6,505 to the Coalition based on March 5, and June 4, 2003, invoices, which did not specify the amount to be charged to each category. Therefore, we could not determine whether the invoice was accurate and should have been paid.

- The file for contract #20030018596 with 4U Services, Inc., indicated a payment of \$17,131 for consulting services in which the project cost worksheet estimated the number of billable hours and specified an hourly rate. However, the consultant's invoice did not include the hourly rate payable and the total hours billed. Therefore, we were unable to verify the accuracy of the invoice and the amount paid.
- The Commission may have overpaid \$2,433.69 on contract #20020009014 with Peter Mendoudakis because it did not apply a credit that was noted on the vendor's invoices, did not apply a 9.7% miscellaneous charge, and included miscellaneous charges on voucher payment PVE1003000036 for the period June 10-16, 2002, which were already paid on a previous payment voucher, PVE1003000005.
- The Commission's purchase files did not contain documentation to substantiate whether goods and services were actually received for three miscellaneous payments totaling \$1,873.46.
- Purchase order #03K0006 with ADT Security Services included a memorandum dated September 12, 2002, that stated, "After these transactions are completed, ADT will refund a check for Account #010068S02580." The file did not contain any documentation to evidence this refund.
- Payments against purchase order #03K0015 for newspaper delivery exceeded the stated contract price on the specifications by \$195.50 without explanation.

Recommendation

11. The Commission should ensure that all documentation to support payments is contained in the voucher file and that all payments match the prices, quantities, and other terms specified in the purchase contract files.

Commission's Response: "The Commission understands the need to ensure that all files are complete. Unfortunately, our fiscal director resigned during the audit period and existing employees have had issues with his filing system. We are confident that our previous Fiscal Director followed all Comptroller's directives and City rules."

Other Procurement Matters

Incorrect Object Codes: Nineteen purchases totaling \$11,468.43 were charged to incorrect object codes. (See Appendix V for a detailed list.) The use of incorrect object codes prevents the Commission from identifying the type and amount of a particular expense item within a fiscal year and distorts year-end reporting that identifies expenditure patterns.

Funds Encumbered After Invoice Received: One contract, (#CT20030006936) totaling \$21,346 and four purchase orders totaling \$1,664 were issued after invoices were received from the vendor or after services had been provided. This practice is contrary to the requirements of Comptroller's Directive 24, which states, "Pre-encumbrance of funds is required for all direct agency purchases from vendors which are in excess of \$500, for all intra-City purchases, and also for purchase orders prepared by the Division of Municipal Supplies."

Prevailing Market Price Not Substantiated: File documentation for a purchase order processed through a New York State—contract #03K0026, totaling \$8,505—did not contain any indication that the Commission had checked the price against the prevailing market. Insofar as procurements made through a New York State contract are concerned, PPB Rule §3-09 requires that the procurement price be lower than the prevailing market price.

Lack of Specifications: Nine purchase orders totaling \$24,261 lacked complete specifications, which provide information necessary for evaluating payment invoices. Some of the missing specifications were hourly rates for workmen, the date when work was to be performed, total area to be painted, and type of paint to be used.

Unallowable Reimbursement: One \$336.70 payment (#1003000325) to an employee included a reimbursement for gasoline when the employee used a personal vehicle. However, reimbursements for gasoline are not allowable according to Comptroller Directive 6.

Incorrect Fiscal Year: Contract #CTC20020009014 included \$832.85 in miscellaneous charges for May and June 2002 (Fiscal Year 2002) that were paid in July and August 2002 (Fiscal Year 2003) of the following fiscal year.

Recommendations

The Commission should ensure that:

12. The Chart of Accounts is reviewed to select object codes that most closely reflect the types of expenditures.

Commission's Response: “. . . object codes overlap and there are many codes that are applicable to a particular expenditure. The fact that one code is chosen over another is often a matter of opinion or discretion. None of the codes provided as examples are ridiculous and a reasonable argument can be made for each use. Substituting your opinion for that of the budget director is inappropriate”

Auditor Comments: We do not agree with the Commission that “object codes overlap and there are many codes that are applicable to a particular expenditure.” In addition, we are not substituting our judgment for that of the budget director; rather we are reading the definitions in the City's Chart of Accounts and picking the correct code given the items purchased. The Chart of Accounts was designed to match expenditure types so that agencies may monitor and budget their current OTPS expenditures, as well as for planning, procuring, and budgeting next fiscal year's expenditures. Finally, we disagree with the Commission's statement that “none of the codes provided as examples are ridiculous.” For example, the Commission charged “interpreter services to Code 1000, which is for general supplies and materials—not services. It charged a Power Point training class to Code 4510, which is for local travel expense—as indicated these expenses should be charged to training programs for City employees, Code 6710.

13. Purchase orders are prepared and funds are encumbered prior to receiving vendor invoices.
14. New York State contracts are researched to determine that the prevailing market prices are lower than or equal to the prices received at the time of procurements, maintaining all relevant documentation in the contract files.
15. All purchase orders clearly specify all rates and charges necessary to verify the accuracy of the invoice amounts.

Commission's Response: The Commission did not respond directly to Recommendations 13, 14, and 15. The response stated that these recommendations were "not addressed . . . because the Commission agrees [with them] . . . and has already begun implementation."

16. Employees are not reimbursed for gasoline, in accordance with Comptroller's Directive 6.

Commission's Response: "The Commission clearly violated Comptroller's Directive 6 in paying for an employee's gas when the employee used her personal vehicle for agency business; however, we request that the report clearly indicate that the amount of the payment was \$11, not in excess of \$300 as implied. Since the employee was entitled to \$8.40 for use of the vehicle, the error cost \$2.60. Unfortunately, that employee is no longer with the agency; therefore, we were unable to recoup the funds. We request that the report clearly indicate that the commission erred in the payment of \$2.60 to an employee."

Auditor Comments: We agree that \$11 of the \$336.70 was the amount that was reimbursed for the purchase of gas. However, the Commission's contention that the employee was "entitled to \$8.40 for use of the vehicle, the error cost \$2.60" is incorrect. If the Commission had reviewed its records it would have seen that this individual was already paid an additional \$17.92 for using her personal vehicle.

17. The Comptroller's Year-End Closing Instructions are followed and that fiscal year expenditures are charged to the correct fiscal year.

Commission's Response: The Commission did not respond directly to this recommendation. The response stated that this recommendation was "not addressed . . . because the Commission agrees with the recommendation and has already begun implementation."

Inventory Control Weaknesses

The Commission did not maintain complete and accurate inventory records for its equipment. Specifically, we found that:

- Four CPUs (serial numbers 1KULM, 1KULU, 1KULR, AND ETMIQ), transferred to the Commission from the New York City Campaign Finance Board, were not recorded on the Commission’s inventory list as of April 16, 2004.
- One CPU (#23C8B4T) listed on the Commission’s October 24, 2003 inventory list was not included on the Commission’s updated April 16, 2004 list, nor was the CPU listed in the “surplus” file that contains all relinquished equipment. There was no documentation or notation stating why the equipment was removed from the updated inventory list.
- The Commission’s “surplus” file indicated that a monitor (serial number A48650011) was relinquished by the Commission on April 15, 2002. However, we found that the monitor was still listed on the Commission’s October 24, 2003 inventory list, more than a year-and-a-half later.
- 22 CPUs, eight monitors, 21 keyboards, 22 computer mice, two printers, and 10 pieces of other equipment, such as servers and projectors, were recorded as “junk” on the Commission’s “PC Lab” list as of April 16, 2004. However, classification of equipment as junk requires a completed Authorization for Disposal of Surplus Materials form. No forms were on file for these items.

Recommendations

The Commission should ensure that:

18. Its inventory list contains all pieces of equipment on hand.
19. It seeks proper authorization to discard assets that are no longer of use and that these assets are removed from its inventory list when such approvals are obtained.

Commission’s Response: Commission officials stated that “again, the prior administration failed to maintain a proper inventory of equipment, particularly computer equipment. Additionally, prior to and immediately after the arrival of the current administration, the agency’s computers were being upgraded. MIS [a Human Rights Commission Department which was never defined by the Commission in its response], which consisted of four employees, was unable to manage running the system, upgrading the hardware, and properly disposing of equipment. Inventory standards, especially with regard to computer equipment, are more strenuous under the current administration.”

Auditor Comments: As with its response to recommendation 8, it is inappropriate for the Commission to blame the prior administration for its inventory problems. The Commission has had more than two years to correct any shortcomings of the prior administration and to take appropriate measures to ensure that assets are appropriately identified, accounted for, and safeguarded.

LISTS OF ALL PURCHASE ORDERS SAMPLED

INTERNAL P.O.#	P/O AMOUNT	VENDOR NAME	S/B R.C.?	SPLIT ORDERS? (Effect. 4/3/03, FMS Increase dollar limit to \$5,000)	SPECS. CLEAR? PPB R Sect. 2-05	OBJECT CODE CORRECT?	Written Determination that price is lower than prevailing market price PPB R 3-09	Invoices Pre-Dating Purchase Orders	Insufficient Docu./ Missing Justification
03K0058	\$275.00	ALDINE LEGAL SUPPLY	X						
03K0065	\$1,575.00	ALDINE LEGAL SUPPLY	X						
03K0048	\$ 1,575.00	ALDINE INC.	X						
03K0015	\$3,120.50	ALPERTS NEWSPAPER							X
03K0021	\$565.00	BROWNE AFFILIATES, INC.							
03K0039	\$630.00	BROWNE AFFILIATES, INC.							
03K0045	\$440.00	BROWNE AFFILIATES, INC.				X			
03K0050	\$1,455.00	BROWNE AFFILIATES, INC.			X				
03K0055	\$2,382.00	BROWNE AFFILIATES, INC.			X				
03K0101	\$320.00	BROWNE AFFILIATES, INC.						X	
03K0005	\$4,931.84	CDWG							
03K0031	\$636.50	CDWG							
03K0077A	\$134.86	CDWG							
03K0095	\$552.05	CDWG							
03K0004	\$953.22	COMPAQ COMPUTER CORP.			X				
03K0026	\$8,505.00	COMPAQ COMPUTER CORP.					X		
03K0070	\$953.22	COMPAQ COMPUTER CORP.			X	X			
03K0003	\$1,270.00	INDUSTRIES FOR THE BLIND							
03K0078B	\$2,064.15	INDUSTRIES FOR THE BLIND			X				
03K0018	\$3,035.00	IT SYSTEMS							
03K0046	\$750.00	KWIK KOPY	X		X				
03K0067	\$1,103.25	KWIK KOPY	X						
03K0042	\$565.00	VANGUARD DIRECT				X			
03K0097	\$420.00	VANGUARD DIRECT							
03K0098	\$159.00	VANGUARD DIRECT							
03K0102	\$570.00	VANGUARD DIRECT				X			
03K0023	\$8,505.00	WESTWOOD COMPUTERS							
03K0047	\$287.46	WESTWOOD COMPUTERS				X			
03K0047	\$1,467.60	WESTWOOD COMPUTERS							
03K0057	\$255.75	WESTWOOD COMPUTERS							
03K0029	\$ 610.00	AFAX BUSINESS MACHINES							
03K0066	\$ 2,225.00	BEST SOFTWARE, INC.							
03K0073	\$ 585.00	BLACK BOX NETWORK SVS.							
03K0091	\$ 585.00	BLACK BOX NETWORK SVS.							
03K0024	\$ 1,049.04	CHASE OFFICE SUPPLIES							
03K0001	\$ 1,179.00	EXPERIAN MARKETING							
03K0081	\$ 405.47	LASSEN AND HENNINGS							X
03K0060	\$ 598.24	LASSEN AND HENNINGS							
03K0063	\$ 675.14	LASSEN AND HENNINGS							X
03K0053	\$ 2,212.08	NEW YORK LAW SCHOOL							
03K0079	\$ 292.00	PITNEY BOWES INC.							
03K0017	\$ 540.00	PITNEY BOWES INC.							
03K0016	\$ 1,009.00	PITNEY BOWES INC.							
03K0010	\$ 1,036.00	SMITH WARREN CO.							
03K0054	\$ 1,719.20	TLIC WORLD WIDE INC.							
03K0032	\$ 500.00	TROPP PRINTING CORP.	X						
45	\$64,676.57		6	0	6	5	1	1	3
TOTAL City			\$5,778.23	\$0.00	\$8,557.59	\$2,815.68	\$8,505.00	\$320.00	\$4,201.11

AUDIT ON COMMISSION ON HUMAN RIGHTS
 AUDIT SCOPE: 7/1/02 - 6/30/03
 AUDIT#: FN04-119A

LIST OF CONTRACTS SAMPLE:

	CONTRACT #	CONTRACT AMOUNT	VENDOR NAME	WERE THERE AT LEAST 5 VENDORS SOLICITED FOR PROCUREMENTS OVER \$2,500?	INVOICES PRE-DATING CONTRACT	IS VOUCHER AMOUNT CORRECT?	IMPROPER/FISCAL YEAR CHARGE?	INSUFFICIENT DOCUMENTATION
	CT 226'			PPB R 3-08,c,iii				
1	CT 856 20010021470	\$ 1,088,369.00	40 RECTOR HOLDINGS LLC					
2	CT 20030009092	\$ 33,515.00	WINWIN SOLUTIONS, INC.					
3	CT 20030006936	\$ 21,346.22	GUARDIAN SERVICE	X	X			
TOTAL CITY		\$1,149,230.22	3 Contracts	\$21,346.22	\$21,346.32	\$0.00	\$0.00	\$0.00
TOTAL		3		1	1	0	0	0
1	00000007706	\$27,576.14	GR CAPITAL INFO TECHNOLOGY					
2	20030017888	\$35,000.00	NEW YORK IMMIGRATION COALITION					X
3	20030018596	\$17,131.00	4 U SERVICES INC.					X-Possible
4	20030001648	\$13,200.00	RELIABLE CLEANING CORP.					
5	20030001652	\$9,600.00	SCRUB CLEAN MAINTENANCE					
6	CTC 20020009014	\$ 110,129.00	PETER MENDOUDAKIS			X-Not All	X	x
7	CTC 99L6821	\$ 74,154.00	RENA, LIMITED LIABILITY CORP.					
8	CTC 20010001076	\$ 21,375.00	BSRC SHEFFIELD BLDG (BEDFORD STUYESANT REST.CORP.)					
9	CTC 20010019943	\$ 11,421.00	ARBAS					
TOTAL NON-CITY		\$319,586.14	9 Contracts	\$0.00	\$0.00	\$110,129.00	\$110,129.00	\$162,260.00
TOTAL		9		0	0	1	1	3
Total ALL		\$1,462,816.36		\$21,346.22	\$21,346.32	\$110,129.00	\$110,129.00	\$162,260.00
Total Count		12		1	1	1	1	3

AUDIT ON THE COMMISSION ON HUMAN RIGHTS
AUDIT#: FN04-119A

List of all Miscellaneous payment vouchers sampled

RAI NU	MISCELLANEOUS VOUCHER #	Budget Code	VENDOR/ PAYEE	VOUCHER AMOUNT	INCORRECT USE OF PVM's?	IS THE OBJECT CODE CORRECT? Chart of Acct's	VOUCHER AMOUNT CORRECT?	IS INVOICE CERTIFIED & DATED FOR Goods /Services Received? Insufficient Doc.
1	M1003000402	Multi	CCHR PERSONAL EXPENSE	\$3.50				
2	M1003000464	Multi	CCHR PERSONAL EXPENSE	\$537.44				
21	M1003000490	Multi	CCHR PERSONAL EXPENSE	\$143.85				
22	M1003000325	Multi	CCHR PERSONAL EXPENSE	\$11.00				
9	Total Multi-City:		4 Multi-paid by City Funds	\$685.79	0	0	0	0
9	Total Multi-City:				\$0.00	\$0.00	\$0.00	\$0.00
3	M1003000001	0201	POSTMASTER OF NEW YORK	\$5,000.00				
4	M1003000140	0201	POSTMASTER OF NEW YORK	\$5,000.00				
2	Total 0201-City Funded		2 under budget code 0201	\$10,000.00	0	0	0	0
2	Total 0201-City Funded				\$0.00	\$0.00	\$0.00	\$0.00
14	M1003000075	0234	POSTMASTER OF NEW YORK	\$2,500.00				
15	M1003000317	0234	POSTMASTER OF NEW YORK	\$5,000.00				
19	M1003000383	0234	CCHR PERSONAL EXPENSE	\$29.95	X			
28	M1003000286	0234	DEPT OF SANITATION	\$68.39	X			
30	M1003000148	0234	CCHR PERSONAL EXPENSE	\$351.58				
31	M1003000373	0234	CCHR PERSONAL EXPENSE	\$39.49				
32	M1003000209	0234	DEPT OF SANITATION	\$72.91	X			
7	Total 0234-City Funded		7 under budget code 0234	\$8,082.32	0	0	0	0
7	Total 0234-City Funded				\$171.25	\$0.00	\$0.00	\$0.00
13	Total City Count:		13 Payment transactions		0	0	0	0
13	Total City Amount:			\$18,758.11	\$171.25	\$0.00	\$0.00	\$0.00
1	M1003000402	Multi	CCHR PERSONAL EXPENSE	\$552.98				
2	M1003000464	Multi	CCHR PERSONAL EXPENSE	\$138.15				
21	M1003000490	Multi	CCHR PERSONAL EXPENSE	\$71.85				
22	M1003000325	Multi	CCHR PERSONAL EXPENSE	\$338.70		X	X	
9	M1003000430	Multi	CCHR PERSONAL EXPENSE	\$657.38				
12	M1003000449	Multi	J P MORGAN CHASE DEMAND ACCT	\$556.98		X		X
6	Total Multi-non-City		6 Multi-paid by non-City funds	\$2,312.00	0	2	1	1
6	Total Multi-non-City amounts				\$0.00	\$993.88	\$338.70	\$556.98
34	M1003000240	0230	CCHR PERSONAL EXPENSE	\$385.25				
1	Total 0230		1 under budget code 0230	\$385.25	0	0	0	0
1	Total 0230				\$0.00	\$0.00	\$0.00	\$0.00
5	M1003000097	0350	AMERICAN EXPRESS COMPANY	\$512.00				X
6	M1003000284	0350	ARBAS COMPANY, L.L.C.	\$1,903.50	X			
7	M1003000296	0350	ARBAS COMPANY, L.L.C.	\$1,903.50	X			
8	M1003000128	0350	CCHR PERSONAL EXPENSE	\$1,431.00				
10	M1003000147	0350	CHASE NHRP DEMAND ACCOUNT	\$804.50				X
11	M1003000476	0350	FLUSHING OFFICE CENTER	\$17,943.73	X			
13	M1003000017	0350	POSTMASTER OF NEW YORK	\$1,036.00				
16	M1003000438	0350	POSTMASTER OF NEW YORK	\$370.00				
17	M1003000253	0350	POSTMASTER OF NEW YORK	\$60.00				
18	M1003000399	0350	J P MORGAN CHASE DEMAND ACCT	\$230.70		X		
20	M1003000421	0350	J P MORGAN CHASE DEMAND ACCT	\$75.00				
23	M1003000195	0350	AMERICAN EXPRESS COMPANY	\$176.00				
24	M1003000239	0350	CCHR PERSONAL EXPENSE	\$329.20		X-Not all		
25	M1003000097	0350	CHASE NHRP DEMAND ACCOUNT	\$75.00				
26	M1003000300	0350	J P MORGAN CHASE DEMAND ACCT	\$231.00				
27	M1003000210	0350	CCHR PERSONAL EXPENSE	\$7.00				
29	M1003000352	0350	J P MORGAN CHASE DEMAND ACCT	\$165.80		X		
17	Total 0350		17 Payment transactions-0350	\$27,253.93	3	3	0	2
17	Total 0350				\$21,750.73	\$725.70	\$0.00	\$1,318.50
33	M1003000379	3150	J P MORGAN CHASE DEMAND ACCT	\$38.40				
35	M1003000271	3150	J P MORGAN CHASE DEMAND ACCT	\$52.40				
2	TOTAL 3150		2 Payment transactions-3150	\$90.80	0	0	0	0
2	TOTAL 3150				\$0.00	\$0.00	\$0.00	\$0.00
28	TOTAL NON-CITY		28 Non-City payment transactions		3	5	1	3
28	TOTAL NON-CITY			\$30,039.98	\$21,750.73	\$1,619.36	\$338.70	\$1,873.48
29	TOTAL ALL			\$48,798.09	\$21,921.98	\$1,619.36	\$338.70	\$1,973.26

Items Available Through the Requirement Contracts

Vendor Name	Goods/Services Procured	Requirement Contract #s	Total Paid	# OF P/Os
ALDINE LEGAL SUPPLY	Printing-Booklet etc.	20000025683	\$3,425.00	3
KWIK KOPY	Various Copying Jobs for CCHR Executive Office/Printing	20000029023/ 20000025683	\$2,603.25	3
TROPP PRINTING CORP.	Business cards with City Seal for CCHR staffs	20000025683/ 20010016635	\$1,200.00	2
CW DESIGN , INC	Printing various booklets, postcards, palm cards, etc.	20030007787	\$3,237.00	6
MOVING MAVEN OF NY INC.	Moving Furniture	20020000991	\$3,380.00	2
CULLIGAN	Maintenance Of Water Cooler	20020011450	\$1,400.00	1
M.D'ERASO MOVERS INC.	Movers-furniture to new office locations	20020000991	\$1,300.00	1
TOTAL			\$16,545.25	18

AUDIT ON COMMISSION ON HUMAN RIGHTS
 AUDIT SCOPE: 7/1/02 - 6/30/03
 AUDIT#: FN04-119A

Incorrect Object Codes

Transaction ID #	COST OF ITEMS	DESCRIPTION OF ITEMS	OBJECT CODE USED AND DESCRIPTION	CORRECT OBJECT CODE AND DESCRIPTION
03K0045	\$440.00	Installation of Cable--CPT 5E Computer Networking Cable	6080:Maintenance and Repair-General-Contractual	6130:Data Processing Equipment Maintenance & Repair
03K0070	\$924.64	Maintenance for COMPAQ 5500 Server-6 months	6840: Professional Services-Computer Services-Contractual	6130:Data Processing Equip. Maint.-Contractual
03K0022	\$575.00	Printing-Palm Cards for HIV Prison Project English & Spanish	1000: Supplies and Materials-General	6150:Printing Services Contractual
03K0110	\$1,857.14	Computer Equip.- Pentium1.5GHZ,PC2100SDRAM,Mouse,Travel Surge	1000: Supplies and Materials-General	3320:Purchases of Data Processing Equipment
03K0078C	\$456.00	LEXMARK OPTRA: T Series, S Series, & E	1000: Supplies and Materials-General	1990:Data Processing Supplies
03K0092	\$450.00	Moving of Metal Desks, and Small Module Unit and Hutch	6080:Maintenance and Repairs General-Contractual	6330:Transportation Services-Contractual
03K0042	\$565.00	Print-#10 Envelopes Standard White Bond	1000: Supplies and Materials-General	1010:Printing Supplies
03K0102	\$570.00	Print Office Stationery & #10 Envelopes	1000: Supplies and Materials-General	1010:Printing Supplies
03K0047	\$38.22	Toner-Black, Cyan, Magenta, and Yellow	3320:Purchases of Data Processing Equipment	1990:Data Processing Supplies
03K0014	\$1,475.00	Telephone Maintenance	4020: Telephone and Other Communications	6020: Telecommunications Maintenance-Contractual
03K0087	\$400.00	Telephone Installation and Service	6080:Maintenance and Repairs General-Contractual	6020: Telecommunications Maintenance-Contractual
03K0013	\$525.00	Telephone Installation and Service	4020: Telephone and Other Communications	6020: Telecommunications Maintenance-Contractual
03K0086	\$1,185.00	Telephone Installation and Service	6080:Maintenance and Repairs General-Contractual	6020: Telecommunications Maintenance-Contractual
03K0020	\$1,400.00	Maintenance of water cooler	1000: Supplies and Materials-General	1690: Maintenance Supplies
14 P.O.s	\$10,851.00			
M1003000449	\$200.00	Interpreter Service	1000: Supplies and Materials-General	6000-Contractual Services-General
M1003000449	\$123.71	Window Blinds	1000: Supplies and Materials-General	3140-Office Furniture
M1003000399	\$85.00	Power Point Training Class	4510: Local Travel Expense	6710:Training Program for City Employees
M1003000325	\$17.92	Auto Expense --travel to Long Island	4510: Local Travel Expense	4530:Non Local Travel Expense--General
M1003000239	\$15.00	Registration Fee for Conference	4510: Local Travel Expense	4520: Local Travel Expense--Special
M1003000352	\$165.80	Corrugated Boxes	4140: Rentals for Land, Buildings and Structures	1000: Supplies and Materials-General
5 P.V.M.s	\$607.43			
TOTAL ALL	\$11,468.43			



COMMISSION ON HUMAN RIGHTS

40 RECTOR STREET, NEW YORK, NY 10006

Dial 311 www.nyc.gov/cchr

PATRICIA L. GATLING

Commissioner and Chair

January 20, 2005

Office of the Comptroller
1 Centre Street
New York, New York 10007-2341
Attn: Greg Brooks

Re: Comptroller Audit # FN04-119A

Dear Mr. Brooks:

Thank you for the opportunity to respond to the draft report. As requested, my response will make reference to the recommendation numbers contained in the report.

Recommendation # 1: The report accurately points out that the Commission had one employee who, based upon her title, was required to work a 40 hour week (all other employees at the Commission work a 35 hour week). The problem was discovered in October 2003, prior to the audit, and corrected. That individual no longer works at the Commission and there are no other employees with that title code.

Recommendation # 2: The Commission has already taken steps to correct the issues raised in this recommendation.

Recommendation # 3: Upon arriving at the Commission in February 2002, the new administration took steps to bring all leave balances within the appropriate guidelines. The prior administration had failed to enforce City policies on the issue. At the time, we were advised that we needed to provide the employees with an opportunity to reduce their balances, which we did. All employee leave balances are now within appropriate guidelines and no employee will be allowed to carry-over excess leave into the next year without written approval from the agency head.

Recommendation #s 4 & 5: These recommendations relate to the Commission's employee manual, having nothing to do with Comptroller Directives or City policy. Changes to these internal policies are within the discretion of the Commission and are not the concern of the Comptroller's office; therefore, we request that all references to the Commission's employee manual and all recommendations that make reference to violations of the policy stated in that manual be removed from the final report.

Recommendation #s 6 & 7: The Commission has reviewed the records relating to the recommendations and made the necessary adjustments.

Recommendation # 8: Both of these contracts were entered into prior to the current administration. Since ADT was providing services at several different locations in four

different boroughs, they insisted that the contracts be handled separately.

Recommendation # 9: The Commission seeks the best price for services. When inquiries were made, we were informed that the services in question either would not have been ready in the time required or would have been far more expensive under the requirement contract. The Commission always attempts to obtain goods or services through the City when available.

Recommendation # 10: The Commission is attempting to negotiate the use of inter-city payment vouchers with the Department of Sanitation for the purchase of fuel.

Recommendation # 11: The Commission understands the need to ensure that all files are complete. Unfortunately, our fiscal director resigned during the audit period and existing employees have had issues with his filing system. We are confident that our previous Fiscal Director followed all Comptroller's directives and City rules.

Recommendation # 12: As I am sure you are aware, object codes overlap and that are many codes that are applicable to a particular expenditure. The fact that one code is chosen over another is often a matter of opinion or discretion. None of the codes provided as examples are ridiculous and a reasonable argument can be made for each use. Substituting your opinion for that of the budget director is inappropriate and we would request that this recommendation be removed from the final report.

Recommendation # 16: The Commission clearly violated Comptroller's Directive 6 in paying for an employee's gas when the employee used her personal vehicle for agency business; however, we request that the report clearly indicate that the amount of the payment was \$11, not in excess of \$300 as implied. Since the employee was entitled to \$8.40 for use of the vehicle, the error cost \$2.60. Unfortunately, that employee is no longer with the agency; therefore, we are unable to recoup the funds. We request that the report clearly indicate that the Commission erred in the payment of \$2.60 to an employee.

Recommendation #s 18 & 19: Again, the prior administration failed to maintain a proper inventory of equipment, particularly computer equipment. Additionally, prior to and immediately after the arrival of the current administration, the agency's computers were being upgraded. MIS, which consisted of four employees, was unable to manage running the system, upgrading the hardware, and properly disposing of equipment. Inventory standards, especially with regard to computer equipment, are more strenuous under the current administration.

The above constitutes the Commission's response to the draft report. Recommendations not addressed in this response were omitted because the Commission agrees with the recommendation and has already begun implementation.

Very truly yours,


Cliff Mulqueen
Deputy Commissioner/General Counsel