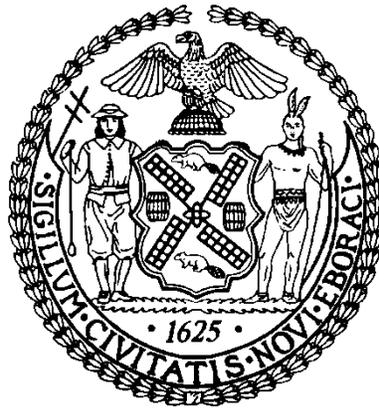


# **CITY OF NEW YORK OFFICE OF THE COMPTROLLER**

**John C. Liu  
COMPTROLLER**

**Tina Kim  
Deputy Comptroller for Audit**



## **Report to the Mayor and City Council on City Comptroller Audit Operations Fiscal Year 2011**

March 1, 2012

<http://comptroller.nyc.gov>

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John C. Liu  
COMPTROLLER

March 1, 2012

Mayor Bloomberg, Speaker Quinn, and Members of the City Council:

I hereby transmit the annual report on the operations of the audit bureau of the New York City Comptroller's Office for Fiscal Year 2011. This report is mandated under Section 93 (f) of the City Charter, which stipulates that no later than March 1 of each year, the Comptroller is to provide a report to the Mayor and City Council on all major audit activities of City agencies conducted in the previous fiscal year.

As Comptroller, I am committed to make aggressive and vigorous use of the power of audit to both champion and pursue the achievement of efficient, effective City operations and services. The severe national and local recessions have resulted in lower tax collections at the State and City level. As a result, the City is facing looming budget deficits in the billions of dollars in each of the next several years. Therefore, it is critical that we root out waste, mismanagement, and inefficiencies in City government. As New York City Comptroller, my audits will be crucial in accomplishing that task and in putting government resources to work to improve the lives of all New Yorkers.

In Fiscal Year 2011, the audit bureau issued 90 audits and special reports that resulted in \$4.4 million in actual revenues and savings, \$36.7 million in potential revenues and savings, and called into question another \$166.1 million associated with claims filed against the City. Additionally, the audit bureau offered 527 recommendations to City agencies and other related entities to improve government programs and operations. While Agency managers are responsible for resolving and implementing recommendations promptly and effectively, auditors are responsible for following up to see that action is taken and that intended results are realized. Follow-up of this year's recommendations found that Agencies reported implementing or are in the process of implementing 362 recommendations (68.7%) and not implementing 165 recommendations (31.3%).

The Comptroller's Office welcomes your interest in ensuring that those recommendations made by the audit bureau which have not been implemented are carefully considered by City agencies. The benefit from audit work is not in the recommendations made, but in their effective implementation. Corrective action taken by management is essential to improving the effectiveness and efficiency of government operations. To that end, we have provided supplementary information on the status of all our recommendations by both audit report and by agency.

Our office is using its audit power to ensure that money is recouped and saved whenever and wherever possible and that waste, fraud , and abuse are continuously rooted out. During the last two calendar years, the 186 audits and special reports issued by my audit bureau have generated a total of \$256 million in actual and potential revenues and savings, and have called into question \$191 million associated with claims filed against the City.

Sincerely,

A handwritten signature in black ink, appearing to read "JCL", with a flourish at the end.

John C. Liu



## SUMMARY OF AUDIT RESULTS

Actual savings and revenues identified in Fiscal Year 2011 totaled \$4.4 million.

Potential cost avoidance, savings, and revenues identified in Fiscal Year 2011 totaled \$202.8 million. These are estimates of what could be achieved if all the audit and special report recommendations were implemented. Of this \$202.8 million:

- \$36.7 million represents potential cost savings or revenues from a variety of management and financial audit findings, and
- \$166.1 million presents potential cost avoidance resulting from analyses of claims.

The Comptroller's Audit Bureau issued 90 audits and special reports in Fiscal Year 2011. Audits of managerial lump-sum and welfare-fund payments were also performed.

This report is divided into two sections: one section for audits and special reports of City agencies and public authorities, and one section for audits and special reports covering private entities that received funding from or generated revenue for the City. The audits were performed in accordance with generally accepted government auditing standards as required by the New York City Charter.

Many of the audit recommendations have been implemented, either in whole or in part. Information on implementation status of the recommendations (as described in the "Audit Follow-up" section of each audit summary) was provided by the auditees in response to our follow-up inquiries.

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**ECONOMIC IMPACT OF AUDITS OF GOVERNMENT AND NON-GOVERNMENT AGENCIES**  
**ACTUAL/ POTENTIAL SAVINGS/REVENUE & POTENTIAL COST AVOIDANCE**  
**FROM AUDITS AND SPECIAL REPORTS FOR FISCAL YEAR 2011**

<b><u>REPORT TYPE</u></b>	<b><u>FISCAL YEAR 2011 NUMBER OF REPORTS</u></b>	<b><u>FISCAL YEAR 2011 ACTUAL SAVINGS/ REVENUE</u></b>	<b><u>FISCAL YEAR 2011 POTENTIAL SAVINGS/ REVENUE(1)</u></b>	<b><u>FISCAL YEAR 2011 POTENTIAL COST AVOIDANCE</u></b>	<b><u>TOTAL</u></b>
<b>Government Agencies</b>					
<b>Audits and Special Reports</b>	<b>66</b>	<b>\$1,776,266</b>	<b>\$33,217,187</b>	<b>\$0</b>	<b>\$34,993,453</b>
<b>Managerial Lump Sum Reviews</b>	<b>NA</b>	<b>\$922,525</b>	<b>\$0</b>	<b>\$0</b>	<b>\$922,525</b>
<b>High Risk Voucher Reviews</b>	<b>NA</b>	<b>\$1,289,834</b>	<b>\$143,841</b>	<b>\$0</b>	<b>\$1,433,675</b>
<b>Total Government Agencies</b>	<b>66</b>	<b>\$3,988,625</b>	<b>\$33,361,028</b>	<b>\$0</b>	<b>\$37,349,653</b>
<b>Non-Government Agencies</b>	<b>24</b>	<b>\$402,076</b>	<b>\$3,383,409</b>	<b>\$166,067,856</b>	<b>\$169,853,341</b>
<b>Grand Total Government and Non-Government Agencies</b>	<b>90</b>	<b>\$4,390,701</b>	<b>\$36,744,437</b>	<b>\$166,067,856</b>	<b>\$207,202,994</b>

(1) The potential savings/revenue amounts are estimates that could be achieved if recommendations are implemented.

**SECTION I**  
**GOVERNMENT AGENCIES**



**OFFICE OF ADMINISTRATIVE TAX APPEALS**

Audit Report on the Other Than Personal Service Expenditures of the Office of Administrative Tax Appeals

Audit # FL10-097A

Comptroller's Library #8076

Issued: February 28, 2011

Monetary Effect: None

**Introduction:**

This audit determined whether the Office of Administrative Tax Appeals (OATA) complied with certain purchasing and inventory procedures for Other Than Personal Services (OTPS) expenditures of the New York City Comptroller's Internal Control and Accountability Directives (Comptroller's Directives); Procurement Policy Board (PPB) rules; City Financial Management System (FMS) accounting policies, procedures, and related bulletins; the Comptroller's "Fiscal Year-End Closing Instructions" for June 30, 2009; and other applicable OTPS and inventory guidelines.

The OTPS expenditures of OATA during Fiscal Year 2009, the period covered by the audit, amounted to \$287,419.

**Results**

The audit disclosed that all OATA purchases reviewed were for proper business purposes, properly authorized and approved, and the purchased goods were received and the services rendered. However, OATA had problems with its equipment inventory. It has no written policies and procedures for recording, reporting, and safeguarding its equipment, and it did not maintain complete and accurate inventory records for its equipment. As a result, OATA did not record 130 of 401 (32 percent) equipment items on its inventory records and could not account for six items: two laser printers, two monitors, a postage machine, and a VCR, with a replacement cost of \$3,579. For 258 pieces of equipment recorded on inventory, OATA's inventory records lacked or had incorrect critical information such as descriptions of the items, model numbers, ID tag numbers, and office locations for the items listed. Moreover, the OATA does not always update its inventory records to reflect relocated equipment. Consequently, these weaknesses increase the risk that equipment, including computer equipment, may be stolen and that theft may go undetected. There were some instances of noncompliance with Comptroller's Directives concerning parking violations, sales tax, encumbrance documents, and reimbursements.

The audit made five recommendations. OATA should:

- Develop inventory policies and procedures to ensure that the inventory control system is: (1) accurate (all equipment is recorded on its inventory records and accounted for), and (2) timely (records are adjusted to immediately reflect receipts, transfers, and relinquishments).
- Ensure that it does not pay for parking violations and towing fees issued on its City-owned vehicles and seek reimbursement from the offending drivers.

- Ensure that it does not pay any sales tax on any item or service that it purchases on behalf of the City for official business purposes.
- Ensure that it processes requisitions when a purchase exceeds the micro-purchase limits.
- Reimburse employees only when they submit original receipts as required by Directive #6.

OATA's president generally agreed with the audit's recommendations. However, OATA's president took exception with several of the audit's findings.

**Audit Follow-up**

OATA reported that four recommendations have been implemented and the remaining recommendation to develop inventory policies and procedures will be implemented in early 2012.

**DEPARTMENT FOR THE AGING**

Audit Report on the Oversight of the Home-Delivered Meal Program by the Department for the Aging

Audit # MG10-079A

Comptroller's Library #8095

Issued: June 8, 2011

Monetary Effect: None

**Introduction**

This audit determined the adequacy of oversight of the Home-Delivered Meals (HDML) program by the Department for the Aging (DFTA).

DFTA promotes, administers, and coordinates a broad range of services for older New Yorkers, one of which is the Home-Delivered Meals (HDML) program. To be eligible for meal delivery, one must be at least 60 years of age, be unable to attend a congregate meal site unattended, and either be unable to prepare meals or lack assistance for such preparation. DFTA currently has 21 contracts with 14 HDML providers responsible for delivering five meals a week to eligible seniors. As part of the program, HDML providers must provide clients with the opportunity to contribute voluntarily and confidentially to the cost of providing their home-delivered meals.

During Fiscal Year 2010, DFTA reported that it delivered almost 3.8 million meals through the HDML program to an average of more than 16,000 clients each month. In addition, HDML providers reported that their clients made voluntary contributions totaling \$1.9 million.

**Results**

The audit found that DFTA lacks adequate controls over its payment process. These control weaknesses increase the possibility that overbilling by providers may occur and remain undetected. In addition, DFTA had inadequate controls to ensure that providers complied with HDML contract standards and provisions. Specifically, DFTA did not monitor contract compliance on an ongoing basis, did not have a mechanism in place to ensure that it was aware of all complaints made by clients, and did not perform an annual assessment. As such, DFTA was not able to ensure that meals had been delivered to clients in accordance with standards set forth in the contracts and in its HDML policies.

The audit made six recommendations, including that DFTA should:

- Verify that the number of meals reported delivered on invoices matches supporting documentation and resolve variances prior to making payments.
- Periodically compare the average number of meals delivered per client for each contract to detect irregularities.
- Verify the integrity of the data entered into the Senior Participant Profiles data system (SPP) by periodically matching the information against supporting documents as well as making random phone calls to HDML clients.
- Ensure that key HDML performance standards associated with delivering meals to clients are monitored on an ongoing basis and that complaints from all sources are tracked.

- Ensure that the assessment process is reorganized for more effective performance evaluations.
- Ensure that Evaluations and the related ratings submitted to VENDEX are justifiable.

DFTA officials agreed with the audit’s six recommendations and stated that three of them have already been implemented.

**Audit Follow-up**

DFTA reported that it is implementing all six audit recommendations.

**BRONX BOROUGH PRESIDENT'S OFFICE**

Audit Report on the Financial and Operating Practices of the Bronx Borough President's Office

Audit # FP11-062A

Comptroller's Library #8078

Issued: March 18, 2011

Monetary Effect: None

**Introduction**

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

This audit determined whether the Bronx Borough President's Office is complying with certain inventory procedures for office equipment as set forth in the Department of Investigation's (DOI) *Standards for Inventory Control and Management* and is maintaining effective internal controls systems over equipment inventory as required by Comptroller's Directive #1 *Financial Integrity Statement*. During Fiscal Year 2010, the period covered by the audit, Other Than Personal Services (OTPS) expenditures for the Bronx Borough President's Office totaled \$768,663.

**Results**

Our review of the inventory records maintained by the Borough President's Office found that the Office generally adhered to the DOI's *Standards for Inventory Control and Management* and to Comptroller's Directive #1 *Financial Integrity Statement*. We found that 49 of the 50 randomly sampled computers, laptops, and scanner/printers, and all 18 blackberries that were on the inventory lists were on hand. All Fiscal Year 2010 purchases were indicated on the inventory lists and accounted for, and the 25 additional computers and scanner/printers that we observed in the Borough President's Office during our walk-through were listed on the inventory records. However, we did note some instances of noncompliance regarding maintenance of complete and accurate inventory lists. These instances of noncompliance did not cause us to change our overall opinion.

The audit made three recommendations, including that the Borough President's Office should ensure that:

- Missing equipment is located.
- Complete and accurate records of all equipment are maintained.
- Identification tags are affixed to all office equipment items and include sequential internal control numbers.

Officials at the Borough President's Office agreed with the three recommendations.

**Audit Follow-up**

The Borough President's Office reported that all audit recommendations have been implemented.

**STATEN ISLAND BOROUGH PRESIDENT'S OFFICE**

Audit Report on the Financial and Operating Practices of the Staten Island Borough President's Office

Audit # FP10-107A

Comptroller's Library #8066

Issued: January 13, 2011

Monetary Effect: None

**Introduction**

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

This audit determined whether the Staten Island Borough President's Office (SIBP) is complying with certain purchasing procedures, as set forth in the Comptroller's Directives #1, #3, #6, #11, and #24; applicable Procurement Policy Board (PPB) rules; and the Department of Investigation's (DOI's) *Standards for Inventory Control and Management*. During Fiscal Year 2009, the period covered by the audit, Other Than Personal Services (OTPS) expenditures for the SIBP totaled \$618,388.

**Results**

The SIBP generally adhered to the requirements of Comptroller's Directives #3, #6, #11, and #24, applicable PPB rules, and the DOI's *Standards for Inventory Control and Management*. In addition, the SIBP OTPS expenditures disclosed no instances in which monies were improperly used. However, we did note some instances of noncompliance representing internal control weaknesses. Specifically:

- Imprest fund supporting documentation was not stamped "PAID, CHECK #, DATE."
- Imprest fund reimbursement requests were not submitted promptly.
- A continuing monthly expenditure was incorrectly charged as an imprest fund expense.
- Thirty-three out of 65 purchase request forms were approved after the purchases were incurred.
- The inventory list of computer and electronic equipment was not complete and accurate.
- Four items lacked agency property identification tags.
- Forty-seven relinquished items were included on the inventory list.
- Eighteen Topographical Bureau cash receipts totaling \$6,800 were not deposited on a daily basis.

The audit made seven recommendations to the SIBP to address these issues, including the following:

- The SIBP should ensure that all imprest fund expenditures comply with the provisions of Directive #3.
- The SIBP should ensure that agency purchase request forms are approved in advance of the purchase by the employee(s) designated by the Agency Head.
- The SIBP should ensure that complete and accurate records of all pieces of equipment are maintained.
- The SIBP should ensure that all cash receipts are deposited in a timely manner.

SIBP officials agreed with the seven recommendations.

**Audit Follow-up**

The SIBP reported that it is implementing all of the audit recommendations.

**DEPARTMENT OF BUILDINGS****Audit Report on the Department of Buildings' Audit of Professionally Certified Building Applications**

Audit #7E11-056A

Comptroller's Library #8094

Issued: June 7, 2011

Monetary Effect: None

**Introduction:**

The audit determined whether the Department of Buildings (DOB) is complying with its policies and procedures for auditing professionally certified building applications. DOB is responsible for granting building permits to property owners who want to alter, build an addition to, or erect a structure. To obtain a building permit, a property owner must submit to DOB plans prepared by a licensed professional engineer or registered architect, which are examined by DOB to ensure compliance with building code and zoning requirements. Alternatively, since 1995, property owners can obtain a building permit by having their permit applications 'professionally certified' by the licensed engineer or architect who affirms that the plans comply with all applicable laws and codes. Approximately 45 percent of permit applications in Fiscal Year 2010 were professionally certified.

**Results**

DOB did not comply with its policies and procedures for auditing professionally certified building applications. DOB policy required that 20 percent of professionally certified applications be audited within 10 days after a building permit is obtained; however, our review indicated that DOB audited only 55 percent of the required number of applications.

Moreover, the data about professionally certified applications that we obtained from DOB was unreliable. Consequently, we could not ascertain an accurate population of applications that were subject to audit.

Furthermore, in two DOB borough offices—Brooklyn and Queens—DOB did not audit a representative sample of application types. In addition, DOB did not always comply with its regulations governing the commencement of audits and the resolution of audit objections. Finally, DOB is not providing to the Mayor's Management Report accurate statistics for reporting the auditing of professionally certified applications as required by DOB policy.

This report makes a total of eight recommendations, including that DOB:

- Ensure that all selected professionally certified building applications are audited and comply with regulations governing the timeframes for auditing applications.
- Take immediate steps to resolve any outstanding problems pertaining to audits of professionally certified applications discussed in this report.
- Develop adequate controls so that information contained in DOB data records is complete and accurate as required by Comptroller Directive #18.
- Provide accurate, reliable data for reporting in the Mayor's Management Report about the actual numbers of audits conducted of professionally certified building applications.

In its response, DOB appeared to agree or partially agreed with seven recommendations and disagreed with one recommendation.

### **Audit Follow-up**

DOB reported that it has either implemented or is in the process of implementing seven recommendations. In response to our recommendation that DOB should provide accurate and reliable data for reporting in the Mayor's Management Report (MMR) about the actual number of audits conducted under the OPPN #1/04 of professionally certified building applications, DOB reported that no corrective action was required. DOB stipulated that it previously clarified that the MMR includes all audits of the professionally certified building applications and is not limited to random audits of such applications.

## **DEPARTMENT OF BUILDINGS**

Audit Report on the Department of Buildings Elevator Inspections and Follow-up Activities

Audit #MJ10-063A

Comptroller's Library #8046

Issued: October 21, 2010

Monetary Effect: None

### **Introduction**

This audit determined whether the Department of Building's (DOB) enforcement and follow-up activities reasonably ensure that mandated elevator safety inspections and tests are performed and cited deficiencies are corrected.

DOB is responsible for promoting the safe and lawful use of more than 975,000 buildings and properties throughout the five boroughs and enforcing related provisions of the City's Administrative Code, local laws, and Rules of the City of New York (City Rules) governing the construction, alteration, maintenance, use, occupancy, safety, mechanical equipment, and inspection of buildings or structures in the City.

The DOB Elevator Division's mission is to ensure the operational safety, reliable service, and lawful use of elevators, escalators, amusement rides, and related devices throughout the City. It facilitates compliance and fosters safety awareness through outreach programs. This audit focused on the Elevator Division's inspections and related follow-up activities on approximately 59,000 active and available-for-use passenger and freight elevators in approximately 20,000 buildings citywide under DOB jurisdiction.

### **Results**

The audit determined that DOB's enforcement and follow-up activities are not adequate to ensure the performance of mandated elevator safety inspections and tests and the correction of cited deficiencies. DOB did not ensure that all required periodic inspections were performed for the sampled elevators. The audit found that periodic inspections were lacking. Nearly one-fifth

of all 94 sampled elevators were not inspected in 2009. Also, DOB had a persistent backlog of elevators requiring a periodic inspection and did not adequately follow up on inspection attempts in which inspectors could not gain access to the property.

DOB's enforcement and follow-up activities did not provide sufficient assurance that property owners carried out required Category 1 (one-year, "no-load") and Category 5 (five-year, "full-load) tests or corrected deficient conditions cited in a periodic inspection or Category 1 test. DOB's procedures do not adequately address violations issued by DOB contract inspectors (PVT violations). Further, its procedures to ensure the correction of deficient conditions by property owners do not clearly establish the time frame within which the owners must submit proof of the corrections to DOB. Additionally, DOB needs to improve the timeliness of its reinspection of elevators issued cease-use orders.

The audit found that DOB's response to complaints was generally satisfactory and that it met its response goals.

To address these weaknesses, the audit made nine recommendations, including that DOB should:

- Review and strengthen its procedures to ensure that periodic inspections of elevators are carried out promptly each year.
- Establish benchmarks to identify inspection backlogs as they occur and design procedures to address them promptly to prevent the backlog from growing too large.
- Develop reports, procedures, and processes to flag and identify elevators that receive two non-access inspection attempts by contract inspectors and dispatch a DOB inspector to follow up in accordance with procedure. If a property remains inaccessible, DOB should design and apply stronger enforcement actions to encourage the property owner's compliance.
- Establish clear time requirements and procedures for property owners to submit to DOB proof of the correction of deficient conditions cited on PVT violations.
- Implement and consistently enforce appropriate procedures and follow-up activities to encourage building owners to comply with Category 1 and Category 5 test requirements. These procedures should explicitly establish the actions to be taken when property owners fail to take prompt and appropriate action to correct defects cited in an unsatisfactory Category 1 test.
- Establish procedures to improve its follow-up of open PVT violations.
- Ensure that all inspections required to lift a cease-use order are expedited and carried out promptly.

DOB generally agreed with seven of the audit's recommendations and did not address the remaining two.

#### **Audit Follow-up**

DOB reported that five recommendations have been implemented and the remaining four recommendations are in process of being implemented.

**ADMINISTRATION FOR CHILDREN'S SERVICES**

Follow-up Audit Report on the Development and Implementation of the Legal Tracking System by the Administration for Children's Services

Audit #7F10-138

Comptroller's Library #8077

Issued: March 18, 2011

Monetary Effect: None

**Introduction**

The objective of this follow-up audit was to determine whether the Administration for Children's Services (ACS) implemented the nine recommendations made in the previous audit entitled *Audit Report on the Development and Implementation of the Legal Tracking System by the Administration for Children's Services* (Audit No. 7A05-085, issued May 23, 2006).

ACS's Division of Family Court Legal Services (FCLS) is responsible for representing children's services in child neglect and abuse cases, permanency hearings, and other child welfare proceedings in the New York City Family Courts. Prior to 2000, FCLS used Child Abuse Case Tracking System (CACTS) to prepare and generate petitions. However, CACTS could not track outcomes of hearings or collect data. ACS decided to create Legal Tracking System (LTS)—a comprehensive, integrated system for FCLS with one shared database that all the attorneys as well as the casework staff at the agency could access. Fieldwork for this audit was performed from June 2010 to December 2010.

**Results**

The current follow-up audit disclosed that of the nine recommendations made in the previous audit, ACS implemented eight recommendations and did not implement one. ACS has completed primary functionalities of Legal Tracking System (LTS) Phase III and has assigned an official from the Management Information System to the Division of Family Court Legal Services to serve as the project manager for LTS. We found that LTS users are generally satisfied with the system's availability, training, layout, accuracy, and ease of use. However, we could not find 24 LTS users in the City's Payroll Management System (PMS), and an additional 58 users appear in PMS as inactive employees. This is concerning because LTS contains personal and private information regarding ACS clients.

To address the outstanding issues from the previous audit that still exist, the audit made one recommendation, that ACS officials should periodically review and track system users and terminate inactive User IDs.

ACS officials generally agreed with the recommendation.

**Audit Follow-up**

ACS reported that the audit recommendation is being implemented.

**ADMINISTRATION FOR CHILDREN'S SERVICES**

Audit Report on the Contract between the Administration for Children's Services and the Northeast Bronx Day Care Center, Inc. for Day Care Services at the Susan E. Wagner Day Care Center

Audit # MD10-069A

Comptroller's Library #8092

Issued: June 1, 2011

Monetary Effect: Potential Savings \$9,974

**Introduction**

This audit determined whether the Northeast Bronx Day Care Center (NEBDCC) appropriately managed City revenues received and expended for the Susan E. Wagner Day Care Center, Inc. (Center) and whether appropriate background investigations were conducted of its employees. The audit scope was Fiscal Year 2009.

The Center is a not-for-profit organization sponsored by NEBDCC and is located at 1140 East 229th Street in the Bronx. During Fiscal Year 2009, NEBDCC was under contract with the Administration for Children's Services (ACS) to provide child care services at the Center for approximately 115 pre-school children (two-and-a-half to six years of age). Tuition for all children attending the day care program at the Center is either fully or partially paid by the ACS. For children whose tuition is partially paid by ACS, the balance of their tuition is paid by their parents.

In addition to the day care program, NEBDCC also operates programs for Universal Pre-kindergarten (UPK) and Head Start at the Center location. NEBDCC has four locations. In addition to the Center, NEBDCC also operates the Victory Day Care Center, the Susan E. Wagner Day School, and the Day School at Riverdale. According to the audited financial statements, NEBDCC received a total of \$7.97 million in funding from government and private sources in Fiscal Year 2009.

**Results**

The audit found that NEBDCC did not appropriately manage the City revenues it received and expended for the Center. However, NEBDCC did conduct appropriate background investigations of the Center's employees.

There was a lack of control over the \$867,888 in revenues that NEBDCC received from the City for the period reviewed. NEBDCC is operating without an approved salary allocation plan and maintained no supporting documentation justifying the salary allocations for those employees who work for the Center and who also work for other NEBDCC-sponsored programs. NEBDCC also incorrectly and inconsistently charged expenditures to ACS and failed to allocate certain expenditures among all the NEBDCC-sponsored programs that received the benefit. Due to insufficient records, however, the full extent of the misspent funds and overcharges to ACS that may have occurred could not be determined. Further, the audit found that ACS inadequately monitored and reviewed the Center's expenditures, thereby allowing these conditions to occur. As a result of these inadequate controls, NEBDCC improperly charged and was reimbursed by ACS for services not provided and for goods that ACS did not receive any benefit from.

On a positive note, regarding background investigations of employees, the personnel files generally included all the required documentation, such as reviews of criminal background investigations and training in recognizing abuse and maltreatment of children.

To address these issues, the audit made 16 recommendations. NEBDCC should:

- Develop a cost allocation plan, with the assistance of ACS that accurately reflects the number of hours spent working on the various programs sponsored at the Center.
- Ensure that the appropriate allocation percentage is used when charging expenditures to its various programs. When a manual allocation method is used, the methodology and justification should be indicated on the payment records.

In addition, ACS should:

- Review the salaries of the employees covered by the ACS contract and recoup monies paid for any portions of their salaries that are not attributable to the ACS-contracted services.
- Review the expenditures submitted by NEBDCC for reimbursement and the documentation supporting the expenditures to ensure that the funds provided are used to benefit the Center as described in the contract with NEBDCC.

NEBDCC and ACS officials generally agreed with the audit's findings and recommendations.

#### **Audit Follow-up**

ACS reported that it has implemented six recommendations and is in the process of implementing the remaining 10 recommendations.

## **ADMINISTRATION FOR CHILDREN'S SERVICES**

Investigation of Child Abuse and Maltreatment Allegations Received by the Administration for Children's Services

Audit # MG10-059A

Comptroller's Library #8063

Issued: January 5, 2011

Monetary Effect: None

### **Introduction**

This audit determined whether the Administration for Children's Services (ACS) ensured that investigations of child abuse and maltreatment reports were conducted in accordance with established guidelines and regulations.

ACS was created in 1996 to ensure the safety and well-being of New York City children and to strengthen families. The ACS Division of Child Protection (DCP) is responsible for protecting all children who are abused or neglected and for ensuring that the appropriate services are provided to them and their families. The Child Protective Services Borough Offices (borough

offices) within DCP are in charge of investigating an average of 55,000 reports of alleged child abuse each year. A Child Protective Services investigation must be initiated within 24 hours of the receipt of a report.

The reports of alleged child abuse are entered in CONNECTIONS (CNNX), a child welfare computer system developed and maintained by New York State. CNNX allows for the documentation of information about families and children, including the investigation of alleged child abuse.

This audit focused solely on the investigative process performed by DCP and did not test any aspects of preventive or foster care services provided by ACS or its contracted agencies subsequent to those investigations.

### **Results**

The audit found that ACS generally ensured that investigations of child abuse and maltreatment reports were conducted in accordance with established guidelines and regulations. For the sampled investigations of child abuse reports, case workers made face-to-face contact with the children involved in the allegations of child abuse within the required time frames, and they completed the Safety Assessments, the Risk Assessment Profiles (RAP), and the Investigation Conclusion Narratives on a timely basis. Unit supervisors conducted the required pre-investigation conferences with the case workers and performed the necessary case reviews. In addition, the investigations of the sampled reports were properly approved.

However, case workers were not always making timely entries in CNNX of the various investigative activities performed. The delayed recording of these events increases the risk that case workers may enter inaccurate or incomplete information. It also interferes with the supervisors' ability to adequately oversee the investigations and offer meaningful directives in a timely manner. In addition, ACS Child Protective Managers (CPMs) were inconsistent in the performance of random managerial reviews. These managerial reviews are of particular importance because CPMs are not required to give final approvals for the closing of investigations (except for cases coded 1 and 13) and may not otherwise be familiar with how they are handled. Accordingly, failure to perform all of the required reviews increases the risk that some investigations may not be handled in accordance with established guidelines and that such occurrences may go undetected.

The audit made three recommendations to ACS. ACS should:

- Ensure that case workers document entries into CNNX on a timely basis.
- Continue to provide case workers with periods of time dedicated to entering into CNNX their investigative activities.
- Ensure that Deputy Directors follow up with CPMs to make certain that all random reviews are performed and completed in a timely manner.

ACS officials agreed to implement the three recommendations in the report.

### **Audit Follow-up**

ACS reported that it is implementing all of the audit recommendations.

**DEPARTMENT OF CITY PLANNING**

Audit Report on the Adherence of the New York City Department of City Planning to Executive Order 120 Concerning *Limited English Proficiency*

Audit # 7R10-155A

Comptroller's Library #8058

Issued: November 26, 2010

Monetary Effect: None

**Introduction**

We performed an audit of the New York City Department of City Planning's (DCP) compliance with Executive Order 120 (EO 120). DCP is a public-facing agency responsible for the City's physical and socioeconomic planning, including land use and environmental review; preparation of plans and policies; and provision of technical assistance and planning information to government agencies, public officials, and community boards. In addition, DCP is responsible for land use analysis in support of the Commission's review of proposals for zoning map and text amendments; special permits under the Zoning Resolution; changes in the City map; the acquisition and disposition of City-owned property; the acquisition of office space for City use; site selection for public facilities; urban renewal plans and amendments; landmark and historic district designations; and community-initiated plans under Section 197-a of the City Charter. DCP reports directly to the Deputy Mayor for Economic Development and through this office to the Mayor.

EO 120 requires public-facing agencies to develop and implement language access policy and implementation plans to accommodate Limited English Proficiency (LEP) persons. Agencies were required to have their plans in place by January 1, 2009. In implementing a language assistance program, EO 120 requires that each agency designate a Language Access Coordinator to oversee the creation and execution of the agency's language access policy and implementation plan; conduct a population needs assessment using guidelines from the U.S. Department of Justice; train front line staff; establish an appropriate monitoring and measurement system; and provide free language assistance based on at least the top six LEP languages<sup>1</sup> spoken in the City (as determined by the DCP), including the identification and translation of essential public documents, telephonic, and on-site interpretation services, and posting of signage notifying the public of their rights to access these services free of cost.

Our fieldwork was conducted from July 2010 to August 2010, a year and a half after the deadline by which agencies were required to have completed their language access policy and implementation plans. As the Executive Order calls for the Mayor's Offices of Operations (Operations) and Immigrant Affairs (MOIA) to play a leadership role overseeing agencies' language access initiatives, providing technical assistance, and promoting access to LEP customers through public outreach in its statute, we also included a review of the Mayor's Office's oversight efforts in our audit scope.

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<sup>1</sup> The designated top six LEP languages spoken by the population in New York City are: Spanish, Chinese, Russian, Korean, Italian, and Haitian Creole.

## **Results**

We found that DCP was generally in compliance with EO 120 when it is mandated that DCP ensure meaningful access of agency resources to LEP persons. DCP also implemented a program for language assistance that reflects the principles of plain language communication. However, there are a few areas where DCP's efforts should be enhanced to provide better services to LEP persons. We found that the translation of documentation on its website and the documentation of LEP training could be improved. In addition, Language Bank volunteers are not required to go through language certification.

This report makes a total of six recommendations. To address the issues we found during this audit, DCP should:

- Require all information be translated in the top six LEP languages and should utilize a more extensive translation tool when available for its website-based documents.
- Ensure that training session materials and attendance sheets are retained as documentation for all interpreters and translators in attendance.
- Require that Language Bank volunteers obtain certification of their interpretation and translation skills.

To address other issues we found during this audit, the Mayor's Office of Operations should revise EO 120 to include:

- A list of consequences an agency would face if its milestones for plan deadlines are not met;
- Requiring agencies to produce Annual Reports that contain details of what agencies have already done; and
- What agencies plan to do in the future to meet or enhance their LEP plans.

DCP officials generally agreed with the findings and recommendations of this audit.

## **Audit Follow-up**

DCP reported that one recommendation, to require all information be translated in the top six LEP languages, has been partially implemented. One recommendation, to ensure training session materials and attendance sheets be retained as documentation for all interpreters and translators in attendance, is being implemented. The remaining recommendation-- to require language bank volunteers to obtain certification-- will not be implemented because DCP does not agree with the recommendation.

The Mayor's Office reported that two recommendations are in the process of being implemented and disagrees with and does not plan to implement the recommendation to include a list of consequences an agency would face if it does not meet its LEP deadlines.

**DEPARTMENT OF CITY PLANNING**

Audit Report on the Financial and Operating Practices of the Department of City Planning

Audit # FP10-140A

Comptroller's Library #8065

Issued: January 7, 2011

Monetary Effect: None

**Introduction**

The Department of City Planning (DCP) is responsible for the City's physical and socioeconomic planning, including land use and environmental review; preparation of plans and policies; and provision of technical assistance and planning information to government agencies, public officials, and community boards. The responsibilities of the Director of City Planning, who also serves as Chair of the City Planning Commission, include advising and assisting the Mayor, the Borough Presidents, and the City Council regarding all matters related to the development and improvement of the City, as well as assisting the Mayor in the preparation of strategic plans that have long-term implications for the City.

This audit determined whether DCP is complying with certain purchasing procedures as set forth in the Comptroller's Directives #3, #6, and #24; applicable Procurement Policy Board (PPB) rules; and the Department of Investigation's (DOI's) *Standards for Inventory Control and Management*.

**Results**

The DCP generally adhered to the requirements of Comptroller's Directives #3, #6, and #24, applicable PPB rules, and the DOI's *Standards for Inventory Control and Management*. In addition, the DCP Other Than Personal Services (OTPS) expenditures disclosed no instances in which monies were improperly used. However, we did note some instances of noncompliance representing internal control weaknesses. Specifically:

- Two items purchased during Fiscal Year 2009 were not included on the inventory records.
- One monitor had an incorrect serial number listed on DCP inventory records.
- One monitor had an incorrect DCP tag number listed on DCP inventory records.
- DCP inventory records were at times inaccurate, incomplete, and had identification errors.

The audit made one recommendation to DCP that it ensure that complete and accurate inventory records are maintained.

DCP officials agreed with the recommendation.

**Audit Follow-up**

DCP reported that it is implementing the audit recommendation, and the Department is checking inventory on a monthly basis for accuracy. However, DCP has reported to us that it has not yet

performed a physical inventory count to ensure that all items listed in the inventory are accounted for.

**CIVILIAN COMPLAINT REVIEW BOARD**

Audit Report on the Adherence of the New York City Civilian Complaint Review Board to Executive Order 120 Concerning *Limited English Proficiency*

Audit # 7R10-154A

Comptroller's Library #8056

Issued: November 26, 2010

Monetary Effect: None

**Introduction**

We performed an audit of the New York City Civilian Complaint Review Board's (CCRB) compliance with Executive Order 120 (EO 120). CCRB is an independent and non-police mayoral agency. It is empowered to receive, investigate, hear, make findings, and recommend action on complaints against New York City police officers which allege the use of excessive or unnecessary force, abuse of authority, discourtesy, or the use of offensive language. Investigations are conducted by the board's investigative staff, which is composed entirely of civilian employees. Complaints may be made by any person whether or not that person is a victim of, or witness to, an incident. Dispositions by the board on complaints are forwarded to the police commissioner. As determined by the board, dispositions may be accompanied by recommendations regarding disciplinary measures.

EO 120 requires public-facing agencies to develop and implement language access policy and implementation plans to accommodate Limited English Proficiency (LEP) persons. Agencies were required to have their plans in place by January 1, 2009. In implementing a program of language assistance, EO 120 requires that each agency designate a Language Access Coordinator to oversee the creation and execution of the agency's language access policy and implementation plan; conduct a population needs assessment using guidelines from the U.S. Department of Justice; train front line staff; establish an appropriate monitoring and measurement system; and provide free language assistance based on at least the top six LEP languages<sup>2</sup> spoken in the City (as determined by the NYC Department of City Planning), including the identification and translation of essential public documents, telephonic, and on-site interpretation services, and posting of signage notifying the public of their rights to access these services free of cost.

Our fieldwork was conducted from July 2010 to August 2010, a year and a half after the deadline by which agencies were required to have completed their language access policy and implementation plans. As the Executive Order calls for the Mayor's Offices of Operations (Operations) and Immigrant Affairs (MOIA) to play a leadership role overseeing agencies' language access initiatives, provide technical assistance, and promote access to LEP customers through public outreach in its statute, we also included a review of the Mayor's Office's oversight efforts in our audit scope.

**Results**

CCRB was generally in compliance with EO 120 where it is mandated to ensure meaningful access of agency resources to LEP persons. CCRB is in the process of implementing a program

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<sup>2</sup> The designated top six LEP languages spoken by the population in New York City are: Spanish, Chinese, Russian, Korean, Italian, and Haitian Creole.

for language assistance that reflects the principles of plain language communication. However, there are a few areas where CCRB was partially in compliance with EO 120 and its efforts should be enhanced to provide better services to LEP persons.<sup>3</sup> We found that CCRB did not: develop its Language Access Policy and Implementation Plan timely; identify and provide for the translation of essential public documents; and provide frontline workers formal LEP training. In addition, the monitoring and measurement of language access services and public outreach endeavors can be strengthened.

This report makes a total of nine recommendations. To address the issues we found during this audit, the New York City Civilian Complaint Review Board should:

- Adhere to the timeline as it appears in the current Language Access Policy and Implementation Plan.
- Identify and translate essential public documents to accommodate LEP customers in all essential languages.
- Translate its website in at least the top six languages and revise its information brochure to include information on language services available to LEP persons.
- Develop a formal training program for its frontline workers, interpreters, and translators instructing them in the procedures in handling LEP persons.
- Adhere to its goals of incorporating into the complaint-tracking system (CTS) an indicator of LEP complainants, and developing and implementing means for evaluating the quality of the services it provides to LEP individuals.
- Ensure that community groups, organizations, and neighborhoods that serve LEP individuals are made aware of the agency's provision of language services available to LEP persons.

To address other issues we found during this audit, the Mayor's Office of Operations should revise EO 120 to include:

- A list of consequences an agency would face if its milestones for plan deadlines are not met.
- Requiring agencies to produce Annual Reports that contain details of what agencies have already done.
- What agencies plan to do in the future to meet or enhance their LEP plans.

### **Audit Follow-up**

CCRB reported that five recommendations have been implemented and the remaining recommendation to translate its website and revise its brochures with LEP information is in the process of being implemented.

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<sup>3</sup> While not initially identified as one of the original public-facing city agencies, CCRB has recently formalized its language access efforts by developing a Language Access & Implementation Plan and will utilize language access resources coordinated by the Mayor's Office (such as Language Access Coordinator Quarterly Meetings) in an effort to comply with EO 120.

The Mayor's Office reported that two recommendations are in the process of being implemented and disagrees with and does not plan to implement the recommendation to include a list of consequences an agency would face if it does not meet its LEP deadlines.

**BRONX COMMUNITY BOARDS**

Audit Report on the Financial and Operating Practices of the 12 Bronx Community Boards

Audit # FP11-061A

Comptroller's Library #8079

Issued: March 18, 2011

Monetary Effect: None

**Introduction**

There are Community Boards for each of the 59 Community Districts throughout the five boroughs of New York City. Each Community Board (Board) is appointed by the respective Borough Presidents and has a Chairperson and a District Manager, who manages day-to-day operations.

This audit determined whether the 12 Bronx Boards are complying with certain inventory procedures for office equipment as set forth in the Department of Investigation's (DOI) *Standards for Inventory Control and Management* and are maintaining effective internal controls systems over equipment inventory as required by Comptroller's Directive #1 *Financial Integrity Statement*. During Fiscal Year 2010, the period covered by the audit, Other Than Personal Services (OTPS) expenditures for the 12 Boards totaled \$617,461.

**Results**

The Boards ensured that all of the 307 major equipment items that were on their inventory lists were on hand and that all Fiscal Year 2010 purchases were indicated on the inventory lists and accounted for. However, with regard to maintaining complete and accurate inventory lists, the Boards generally did not adhere to the DOI's *Standards for Inventory Control and Management* or to Comptroller's Directive #1 *Financial Integrity Statement*. Our examination of all major equipment items, including 28 items purchased in Fiscal Year 2010, found that the Boards did not maintain complete and accurate inventory lists of all their computer and electronic equipment.

The audit made seven recommendations, including that the Boards should ensure that:

- Complete and accurate records of all equipment are maintained.
- Identification tags are affixed to all office equipment items and include sequential internal control numbers.
- Each item of equipment should be assigned a separate control number.
- The relinquishment procedures set forth in the Division of Municipal Supply Services (DMSS) Office of Surplus Activities OSA *Agency User Guide* are adhered to when disposing of surplus property.

Board officials agreed with the seven recommendations.

**Audit Follow-up**

Bronx CB #1 reported that most of the audit recommendations are being implemented.

Bronx CB #2 reported that it has implemented the recommendations regarding labeling inventory, but did not address recommendations concerning relinquishment procedures.

Bronx CB #3 reported that it has implemented the recommendations concerning updating and keeping accurate inventory records of equipment and recovering and paying the cell phone charges. However, CB #3 did not address the recommendations concerning affixing inventory tags and relinquishing surplus property.

Bronx CB #4 reported that the audit recommendations are being implemented.

Bronx CB #5 reported that all of the audit recommendations have been implemented.

Bronx CB #6 reported that all of the audit recommendations have been implemented.

Bronx CB #7 reported that all of the audit recommendations have been implemented.

Bronx CB #8 reported that it has implemented the recommendations regarding keeping an accurate inventory, but it did not address the recommendations concerning relinquishment procedures.

Bronx CB #9 reported that it has implemented the recommendations concerning updating the inventory list, but did not address the recommendations concerning relinquishment procedures.

Bronx CB #10 reported that all of the audit recommendations have been implemented.

Bronx CB #11 reported it has implemented the recommendations regarding keeping an accurate inventory, but did not address recommendations concerning relinquishment procedures.

Bronx CB #12 reported it that it has implemented the recommendations regarding keeping an accurate inventory, but did not address the recommendations concerning relinquishment procedures.

**NEW YORK CITY COMPTROLLER'S OFFICE**

Cost Allocation Plan Fiscal Year 2010

Report: #FM11- 073S

Comptroller's Library # N/A

Issued: November 23, 2010

Monetary Effect: None

**Introduction**

The Cost Allocation Plan of the City of New York is used to identify and distribute allowable indirect costs of certain support services to City agencies. A portion of these costs may eventually be passed on to programs eligible for federal funding, and thus be reimbursed to the City.

The New York City Comptroller's Office review of its own costs resulted in a summary schedule that was sent to the Office of Management and Budget (OMB) for inclusion in the City's Cost Allocation Plan. The schedule indicated, by bureau, the percentage of staff time spent providing services to various City agencies during Fiscal Year 2010.

**Results**

A letter report was issued to the OMB indicating various statistics for inclusion in its annual Cost Allocation Plan.

**DEPARTMENT OF DESIGN AND CONSTRUCTION**

Audit Report on the Recoupment of Change Order Costs by the Department of Design and Construction

Audit #7E11-063A

Comptroller's Library #8096

Issued: June 20, 2011

Monetary Effect: Potential Revenue: \$702,580

**Introduction**

The audit determined whether the Department of Design and Construction (DDC) has appropriate standards and procedures to reduce consultant design errors and omissions and recoup from consultants the cost of change order work that results from design errors and omissions. If a construction contractor executes a design that was done in error by a design consultant, the contractor may remedy the deficient work under a change order. In other cases, a change order may be necessitated to include work that was originally omitted by the design consultant. In these cases, DDC's procedures require that the agency seek recoupment from the design consultant for any additional costs due to the design error or omission. In Fiscal Years 2009 and 2010, DDC issued 1,560 change orders totaling \$230,525,580. Of these, 51 totaling \$980,633 were classified as design errors, and 121 totaling \$5,752,452 were classified as design omissions.

**Results**

DDC has appropriate standards and procedures to reduce consultant design errors and omissions and recoup from consultants the cost of change order work that results from design errors and omissions. However, DDC did not adhere to the standards for recouping from consultants the cost of change order work that resulted from design errors. Consequently, DDC has foregone an opportunity to recoup from consultants in Fiscal Years 2009 and 2010 up to \$702,580 in costs for change orders that were necessitated by design errors. Moreover—although recovering the costs of design omission change orders may be less likely—DDC did not follow procedures for recouping costs for \$2.2 million in change order work that was necessitated by design omissions. Furthermore, DDC did not always adhere to standards to preclude design errors and omissions from occurring in the first place.

Additionally, the audit identified problems with classifying change orders and with accurately recording information about change order classifications in DDC's Standardized Change Order Record-Contract Overrun Request Entry (SCORE) system.

This report makes a total of six recommendations, including that DDC:

- Ensure that all applicable change orders necessitated by consultant design errors and omissions be referred to the agency's General Counsel for review. If the General Counsel believes that recoupment should be sought, the change order should be sent to the Law Department.
- Immediately transmit to the General Counsel for its review all existing change orders classified as design errors and omissions.

- Ensure that it carries out all required steps in accordance with its system for reducing design errors and omissions.
- Implement procedures to ensure that classification information is accurately transcribed and recorded in the SCORE system

In its response, DDC agreed with four recommendations and partially agreed with two recommendations. The Department noted in its response that “a change order regarding a design omission would have been paid under the contract had the work been included in the original design.” Additionally, DDC stated that “the dollar threshold of \$3,000 has not been adjusted in more than 19 years to match the realities of the costs of litigation and is no longer an appropriate dollar trigger to require a review by legal counsel for potential referral to the Law Department’s Affirmative Litigation Division.”

### **Audit Follow-up**

DDC reported that two recommendations concerning referral and recoupment of change order costs due to errors and omissions are under management review and are in the process of being implemented by developing internal guidelines and procedures.

Concerning the recommendation to ensure that it carries out all required steps in accordance with its system for reducing design errors and omissions, DDC considers this recommendation already implemented. DDC reports that it has strong guidelines in place, but will strengthen policies and procedures to accurately document each step.

Concerning the recommendation to ensure that change order classification and amount information is accurately transcribed and recorded in the SCORE system, DDC considers this recommendation implemented as it currently requires that its change order tracking system check approved change orders against SCORE.

The Department agreed with the recommendation to follow guidelines that proscribe the use of multiple classifications on a change order, and DDC has reported that it is in the process of implementing the recommendation.

The Department agreed with the recommendation to change the guidelines and discontinue categorizing changes orders in the “Other” category. DDC has reported that it is in the process of implementing the recommendation.

**DEPARTMENT OF DESIGN AND CONSTRUCTION**

Follow-up Audit Report on the Controls of the Department of Design and Construction over Contractor-Provided Vehicles

Audit #7S10-146F

Comptroller's Library #8093

Issued: June 3, 2011

Monetary Effect: None

**Introduction**

This follow-up audit determined whether the New York City Department of Design and Construction (DDC) implemented the eight recommendations made in the previous audit, *Audit Report on the Controls of the Department of Design and Construction over Contractor-Provided Vehicles*, (MH06-130A) issued June 26, 2007.

DDC, created in 1995 by Local Law 77, is authorized to assume responsibility for City capital construction projects that were formerly the responsibility of the Departments of Transportation, Environmental Protection, or Citywide Administrative Services. DDC oversees projects for approximately 22 City agencies. Through the use of engineers, architects, and construction professionals, DDC designs and builds the City's streets, highways, sewers, and water mains as well as public buildings such as firehouses, police stations, jails, and courts.

DDC provides its engineers with vehicles to perform on-site inspections for projects across the City and to attend meetings at the various job sites. In addition, some large construction contracts have provisions that provide for one or more vehicles to be used by DDC engineers for the duration of the contract. Those vehicles are registered to the City even though they are owned by the contractors. All expenses related to those vehicles (including insurance, parking, repair, gas, and maintenance) are considered contractor expenses. The insurance liability for contractor-provided vehicles is the responsibility of the contractor; however, improper use of the vehicle is considered the City's liability.

**Results**

The current follow-up audit found that of the eight recommendations made in the previous audit, DDC has implemented five, not implemented one, and two are no longer applicable. Specifically, we found: DDC maintained valid and up-to-date driver's licenses; there were no DDC drivers (from those sampled) of contractor-provided vehicles with a revoked or suspended license; and all of the drivers assigned contractor-provided vehicles were with the Infrastructure unit (Technical Support Unit is no longer issued contractor-provided vehicles). Further, DDC has established and distributed a written policy that clearly incorporates procedures for assigned vehicles when an engineer is planning to be away for a week or more, vehicle trip logs were completed as required, and DDC vehicle coordinators reviewed and signed off on the vehicle trip logs included in our sample.

However, we found that DDC's list of drivers, sent to the New York State License Event Notification System (LENS) for the report, dated June 26, 2010, did not include all drivers. A complete list is critical because, among other things, LENS allows DDC to be notified when a driver's license is revoked or suspended. Finally, one driver was found to be licensed out of state and domiciled in New York in violation of Department of Motor Vehicle regulations. An

additional driver was found to be licensed in both New York and another state. Events related to out of state drivers' licenses are not reported by the LENS system if they occur outside of New York State. However, events occurring in New York State involving non-New York State licensees are reported by LENS. If DDC is unaware of the driving records of its employees, it can hinder DDC's ability to defend itself in court if the driver had a poor driving record.

The audit made two recommendations.

To address the issue remaining from the previous audit, we recommend that DDC:

- Ensure that the list of DDC drivers sent to LENS is complete and includes all drivers, including those with out-of-state licenses.

To address the new issues in this report, we recommend that DDC:

- Ensure that all drivers are licensed by the state in which they legally reside and maintain licenses in only one state.

In their response, DDC officials generally agreed with the audit recommendations.

### **Audit Follow-up**

DDC reported that both audit recommendations have been implemented. DDC reported that it has already implemented the first and second recommendations by reconciling New York State Department of Motor Vehicles reports on DDC drivers in LENS to ensure completeness and by coordinating with DDC's Human Resources Department to ensure that all new employees go through the Fleet Management Department to approve driving privileges and record license information.

## **DEPARTMENT OF DESIGN AND CONSTRUCTION**

Audit Report on Department of Design and Construction Compliance with the Minority- and Women-Owned Business Enterprise Program

Audit #FR10-141A

Comptroller's Library #8059

Issued: December 22, 2010

Monetary Effect: None

### **Introduction**

The audit determined whether the Department of Design and Construction (DDC) complied with key provisions of the Minority- and Women-Owned Business Enterprise (M/WBE) Program that was established under Local Law 129 in 2005. The aim of the program is to promote the utilization of M/WBE firms for contract and subcontract opportunities valued at less than \$1 million. The agencies overseeing City prime contracts that have M/WBE subcontracting goals (set by the agency) are required to monitor the compliance of the prime contractors with their plans to use subcontractors and M/WBEs (i.e., their utilization plans). According to the Agency Procurement Indicators reports, which are published by the Mayor's Office of Contract Services

(MOCS) and contain information about M/WBE utilization, DDC awarded 316 prime contracts totaling \$3,081,816,027 for which the Department established M/WBE subcontracting participation goals during Fiscal Years 2007 through 2010.

### **Results**

DDC has partially complied with key provisions of Local Law 129 and §6-129 of the Administrative Code. Specifically, DDC has designated an executive officer to act as the agency M/WBE officer, created agency utilization plans, and ensured that prime contractors select M/WBE subcontractors from a pre-qualified list that is established and verified by the Department of Small Business Services.

Despite these steps, DDC has not complied with the provisions of Local Law 129 that pertain to monitoring the agency's activities to ensure that the agency utilization plans are effectively carried out. Thus, the Department does not monitor the actual participation of M/WBE prime contractors and subcontractors awarded contracts with utilization goals. The Department does not review the records of prime contractors to verify that payments were made to M/WBE subcontractors, does not perform job site inspections, and does not contact M/WBE subcontractors to verify their participation.

By failing to adequately monitor compliance with agency utilization goals, DDC cannot fully assess whether prime contractors have complied with contract requirements, are providing business to certified M/WBEs, and are achieving the utilization goals specified in the contracts. Without this information, DDC cannot ascertain whether the program is effectively contributing to the City's use of certified M/WBEs as intended by Local Law 129. These problems can be attributed to DDC's failure to establish and implement written procedures to ensure compliance with the law.

Furthermore, the data that is publicly reported by the Mayor's Office of Contracts about M/WBE subcontractor participation goals is based on anticipated rather than actual numbers of M/WBE subcontracts. Accordingly, this information cannot be used to accurately assess the actual results of DDC's M/WBE program.

The audit makes a total of six recommendations. These include that the Department of Design and Construction:

- Adequately monitor the actual participation of M/WBE prime contractors and subcontractors that were awarded contracts with M/WBE utilization goals.
- Develop written procedures to comply with the requirements of Local Law 129 to ensure that prime contractors are utilizing and paying M/WBE subcontractors.
- Ensure that contract files contain the names, addresses, or contact numbers of M/WBE subcontractors on the Subcontractor Information on Request for Payment forms.
- Ensure that contractors submit subcontractor lists in a timely manner.
- Ensure that all prime contractor and subcontractor complaints are investigated and followed up on in a timely manner.
- Establish controls to ensure that the information recorded in the Financial Management System (FMS) pertaining to M/WBE anticipated subcontract amounts is accurate.

In its response, the Department of Design and Construction contended that it was already complying with five recommendations. For two of these recommendations (“adequately monitor the actual participation of M/WBE prime contractors and subcontractors” and “ensure that contract files contain the names, addresses, or contact numbers of M/WBE subcontractors”), DDC agreed to implement additional compliance measures. DDC agreed with the recommendation to develop written procedures to comply with the requirements of Local Law 129.

### **Audit Follow-up**

DDC reported that five recommendations are “in progress” and/or “under management review.”

DDC reported it implemented the recommendation to ensure that contract files contain the names, addresses, or contact numbers of M/WBE subcontractors as the information is already included on MOCS’ new “Prime Contractor/Consultant Payment Voucher Form.”

For the recommendation to adequately monitor the actual participation of M/WBE prime contractors and subcontractors that were awarded contracts with M/WBE utilization goals, DDC reported that it will review whether any value is added by indicating M/WBE distinction in its job site inspections; ACCO staff will now perform outreach and monitor M/WBE participation; and DDC will request cancelled checks to verify prompt payment to M/WBE subcontractors.

DDC is currently finalizing written procedures to comply with Local Law 129.

DDC reported that our recommendation for the Department to ensure that contractors submit subcontractor lists in a timely manner is in progress and under management review.

DDC reported that our recommendation to ensure that complaints are investigated and followed up on in a timely manner is in progress.

DDC reported that it will establish controls to ensure that the information recorded in FMS pertaining to M/WBE anticipated subcontract amounts is accurate. This will be done by retraining staff and reviewing DDC files and FMS/3 data for year-end reporting requirements.

**ECONOMIC DEVELOPMENT CORPORATION**

Audit Report on the Economic Development Corporation's Oversight of Turner Construction Company's Contract for Facility and Construction Management Services

Audit #FR10-075A

Comptroller's Library #8071

Issued: February 9, 2011

Monetary Effect: Potential Savings: \$3,344,961<sup>4</sup>

**Introduction**

The audit determined the Economic Development Corporation's (EDC) effectiveness in monitoring Turner Construction Company's (Turner) \$7,500,000 contract (No. 16850005) for facility and construction management services. The contract was awarded on July 1, 2008. The contract requires Turner to perform services (e.g., general and administrative services, construction management) which must be authorized by EDC in written "approval" letters. Contract services are carried out in connection with specific projects, which are initiated by EDC, and whose work scopes and budgets are prepared by Turner and approved by EDC. Turner is required to solicit and procure engineering consultants and subcontractors to carry out the actual design and construction work. After a project is substantially complete, Turner prepares a "punch list" of outstanding work items that is reviewed and approved by EDC.

**Results**

EDC is not effectively monitoring Turner Construction Company contract No. 16850005. Although much of the contract work was apparently complete and satisfactory, there were significant weaknesses in EDC's oversight of work performed under the contract (and certain work that was carried over from a previous Turner contract.) Consequently, of 10 sampled projects we examined with expenditures totaling \$16,972,757, we identified \$2,700,800 in inappropriate and questionable payments to Turner and its subcontractors. Moreover, we identified an additional \$664,161 in questionable payments that pertained to work that was carried over from the prior contract. The total of the dubious payments was \$3,344,961. Some of the costs would not have been incurred had the work been effectively monitored.

Furthermore, EDC's lack of oversight may have jeopardized public safety and placed the City at financial risk through its inability to ensure that repairs to EDC facilities were carried out in a timely manner.

This report makes a total of 31 recommendations, including that EDC:

- Establish a management system to monitor the work of facility management and construction management services contracts such as Turner's.
- Review the work deficiencies and questionable payments cited in the report and recoup any payments for work that was not properly carried out.

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<sup>4</sup> This amount consists of: \$57,049 in overpayments to be recouped; \$1,491,805 in funds lost due to poor oversight; and \$1,796,107 in questionable payments.

- Maintain adequate documentation to substantiate the development and authorization of appropriate work scopes and ensure that vendor proposals are consistent with work scopes.
- Develop procedures to identify and remediate environmental hazards before commencing project work.
- Require project and property managers to perform frequent inspections of work and to maintain inspection reports and logs and ensure that project and property managers participate in final work inspections and the development of punch lists.
- Develop procedures for ensuring that required project documentation, including schedules and meeting minutes, are submitted and approved in a timely manner.
- Ensure that the cost of change orders is based on appropriate labor and material rates and that the cost reasonableness of subcontractor proposals is reviewed.
- Require that facility management and construction management service contractors, including Turner, produce evidence to substantiate the reasonableness of work hours expended by its personnel.
- Review all payment requests to ensure that payroll expenses comply with contract provisions and the staff and fee schedule.
- Ensure that hazardous conditions are identified and promptly addressed and that facility repairs are carried out in a timely manner.

In its response, EDC disagreed with many of our findings and contended that it was already complying with 19 recommendations. EDC disagreed with seven other recommendations, agreed with three recommendations, and partially agreed with two recommendations.

#### **Audit Follow-up**

EDC reported that it disagreed with the findings for 28 recommendations and stated that “No further action required.” EDC agreed to implement three recommendations to recoup any payments they felt necessary that were made to Turner, correct typographical errors, and complete projects within the framework of the original contract.

**DEPARTMENT OF EDUCATION**

Audit Report on the Monitoring of the School Food Safety Program by the Department of Education

Audit # MD10-102A

Comptroller's Library #8070

Issued: February 7, 2011

Monetary Effect: None

**Introduction**

This audit determined whether the Department of Education (DOE) adequately monitors the food safety practices at schools. Specifically, the audit determined whether DOE conducts periodic inspections of the food safety practices and procedures of all schools, ensures that its employees receive the required training, ensures that during the preparation and serving of food to the students there is at least one employee on-site who has a Department of Health and Mental Hygiene (DOHMH) Food Protection Certificate, and ensures that the schools' kitchen facilities, cafeteria, and food storage areas are clean and well maintained and that kitchen personnel adhere to DOE's policies and procedures. The audit scope was School Years 2008-2009 (September 2008 through June 2009) and 2009-2010 (September 2009 through June 2010). The focus of this audit was food safety in DOE-operated public schools (charter schools and non-public schools were outside the scope of our audit).

DOE provides primary and secondary education to over one million pre-kindergarten to grade 12 students in more than 1,500 schools of 32 school districts in five regions. DOE's Office of School Food and Nutrition (School Food) provides breakfast and lunch to New York City public school children. Maintaining food safety is a critical component of School Food's mission to serve healthy, safe food to New York City students.

School Food developed and implemented a Food Safety Program in 1999 using the Hazard Analysis and Critical Control Points (HACCP) principles to identify areas where School Food staff and procedures have a direct impact. All School Food employees receive initial and ongoing training in HACCP and food safety principles, and at least one employee from the kitchen staff at each school is required to attend a 15-hour course in basic sanitation and food handling procedures. As part of DOE's Food Safety Program, all schools undergo periodic reviews to monitor their food safety practices, procedures, and kitchen conditions.

**Results**

Overall, with some exceptions, DOE's monitoring of the food safety practices at schools is adequate. With the exception of one school which did not receive a Quality Assurance Specialist (QAS) inspection, all applicable schools received the required inspections. Additionally, the audit's unannounced inspections of the sampled schools revealed that 1) at least one employee having a DOHMH Food Protection Certificate was on-site and, in general, 2) the schools' kitchen facilities, cafeteria, and food storage areas were, with some minor exceptions, clean and well maintained, and 3) the kitchen personnel appeared to have been adhering to DOE's policies and procedures pertaining to proper food handling techniques and uniforms.

However, the audit identified a number of weaknesses that need correction. DOE does not ensure that all of its School Food kitchen employees receive the required training in a timely

manner. In addition, the audit found sanitation-related deficiencies (e.g., leak and drain problems) at five of the 15 sampled schools visited. The audit also found lacking or obstructed choking first aid posters and instances of employees' non-adherence to DOE's uniform policy. Further, the audit found that a majority of the sampled schools lacked copies of the inspection documentation, bringing into question whether the kitchen personnel were aware of inspection results. Moreover, the audit identified copies of DOHMH Food Protection Certificates posted in the schools rather than originals as required by DOHMH.

To address these issues, the audit made 11 recommendations, including that DOE should:

- Ensure that kitchen personnel receive the mandatory training within 20 working days of being hired as required by DOE Policy.
- Ensure that all facility conditions needing correction are immediately reported to the school custodian so that repairs can be made in a timely manner.
- Ensure that choking first aid posters are present and entirely visible in all of its school cafeterias.
- Reinforce its Uniform Policy and ensure that kitchen personnel properly cover their hair, including facial hair, and only wear approved jewelry items.
- Ensure that all schools receive the required annual DOE oversight inspections and develop an adequate tracking method to ensure that all required inspections are performed.
- Ensure that kitchen employees carry their original DOHMH Food Protection Certificates at all times and that any posted certificate is not a copy.

DOE officials generally agreed with the audit's findings and recommendations.

#### **Audit Follow-up**

DOE reported that 10 recommendations are being implemented and the remaining recommendation concerning identifying, scheduling, and providing training to those employees who have not received the mandatory training within 20 working days of their hire date is in the process of being implemented, with an expected implementation date of February 17, 2012.

**DEPARTMENT OF EDUCATION**

Audit Report on the Department of Education's Controls over High School Progress Reports

Audit # MJ10-133A

Comptroller's Library #8090

Issued: May 13, 2011, 2011

Monetary Effect: None

**Introduction**

This audit determined whether the Department of Education (DOE) maintained adequate controls to ensure that data reflected in the annual high school progress reports are reliable (faithfully represents the data recorded in the DOE databases from which it was derived), comparable (provides a clear frame of reference for assessing performance and information is measured uniformly and reported consistently from period to period), and understandable so that stakeholders (i.e., parents, educators, school officials, legislators, etc.) could reasonably rely on the progress reports for decision-making purposes. This audit did not assess the accuracy of student course grades and test scores awarded by teachers and recorded in the DOE databases or in source documentation. The audit also did not attest to the appropriateness of specific attributes measured therein or determine whether there are other attributes better able to measure student progress and school performance. These matters were considered outside the scope of this audit.

In the 2006-2007 school year, DOE implemented annual School Progress Reports for the purpose of creating greater accountability, establishing expectations, and uniformly measuring and comparing school progress. The progress reports reflect letter grades (A, B, C, D, or F) that rate how each of the City's public schools is performing. For high schools, overall scores are based on three general areas: student progress, student performance, and school environment. Since their implementation, DOE has used the progress reports as an integral part of rewarding high-performing schools and for identifying chronically low-performing schools for restructuring or closure.

**Results**

The audit determined that DOE maintained adequate controls to ensure that the data reflected in the 2008-2009 high school progress reports were reliable. The audited data elements used in preparing the reports were (with some minor exceptions) verifiable and representative of student data recorded in DOE's computer databases. With regard to the characteristics of comparability and fairness in reporting, however, DOE has made a number of modifications in underlying attributes, weights, and/or grade scales (i.e., diploma weights, peer groupings, and cut scores) used to calculate peer indexes and measure performance. These changes may hinder one's ability to effectively use the reports to assess a school's performance over a period of years.

Further, although the audit determined that sufficient documentation was available for audit purposes to provide reasonable assurance that the audited student data was representative of the data recorded in DOE's databases, there were some instances where hard-copy student files and/or Regents exam documentation were not available for review.

To address these weaknesses, the audit made 10 recommendations, including that DOE should:

- Consider including a pro-forma disclosure in the progress reports and/or supplemental information to demonstrate the effect of significant changes in peer group calculations, changes in cut scores, or other metrics on prior years. If such a restatement is not feasible, DOE should determine a means for users to effectively compare current changes retrospectively to better enable year-to-year comparisons.
- Perform periodic, independent audits of student data to provide reasonable assurance of its accuracy and reliability.
- Ensure that student records, Regents exam documentation, and other relevant student information are appropriately tracked and retained by the schools as required.

DOE generally agreed with nine of the audit's 10 recommendations and partially agreed with one.

#### **Audit Follow-up**

DOE reported that eight recommendations are being implemented, one recommendation is in the process of being implemented, and the remaining recommendation has been partially implemented.

**DEPARTMENT OF ENVIRONMENTAL PROTECTION**

Audit Report on the Department of Environmental Protection's Billing and Collecting of Water and Sewer Charges from Hotels

Audit #FM11-072A

Comptroller's Library #8098

Issued: June 28, 2011

Monetary Effect: Potential Revenue \$2.7 million

**Introduction**

The Department of Environmental Protection (DEP) provides water and sewer services to all hotels operating in New York City. DEP's Bureau of Customer Services (BCS) maintains all customer account information, bills customers for water and sewer charges, and tracks payments and customer complaints in its Customer Information System.

**Results**

The audit found that DEP is properly billing hotels for water and sewer charges in accordance with its policies and procedures and the *New York City Water Board Water and Wastewater Rate Schedule*. However, the audit noted certain discrepancies totaling nearly \$2.7 million within DEP's billing and collection practices that resulted in 20 hotels that were not billed the correct amount because of problems with the meters on the property or meters that DEP did not know exist. We estimate that these 20 hotels owe \$1,092,669. In addition, there are 49 hotels that have not paid \$1,594,435 in outstanding water and sewer charges.

To address these issues, the audit made five recommendations. DEP should:

- Bill all hotels identified in this report for the appropriate water and sewer usage fees.
- Coordinate with the Department of Buildings (DOB) to investigate why hotels cited in this report were issued a certificate of occupancy without having a proper water meter installed.
- Solicit DOB input and consider instituting a procedure that would require DEP to verify all meter installations before DOB issues certificates of occupancy.
- Establish a process that includes the termination of service for hotels that default on a payment agreement and/or have a large outstanding water and sewer account balance.
- Assign a new, unique Multiple Account Group Code for all hotels to better track hotel accounts.

DEP officials agreed with the audit's findings and four of the five recommendations. However, they did not agree with our recommendation to terminate water services.

**Audit Follow-up**

DEP reported that four recommendations have been implemented and that it continues to disagree and will not implement the remaining recommendation to establish a process that includes the termination of service for hotels that default on a payment agreement and/or have a large outstanding water and sewer account balance.

**DEPARTMENT OF ENVIRONMENTAL PROTECTION****Audit Report on the Department of Environmental Protection's Fire Hydrant Repair Efforts**

Audit # ME10-082A

Comptroller's Library #8064

Issued: January 6, 2011

Monetary Effect: None

**Introduction**

This audit determined whether the New York City Department of Environmental Protection (DEP) performed fire hydrant repairs in a timely manner. The primary scope period covered by this audit was Fiscal Year 2009 (July 1, 2008, through June 30, 2009).

DEP's Bureau of Water and Sewer Operations (BWSO) operates and maintains the City's water and sewer systems. As part of its responsibilities, BWSO maintains and repairs the City's 109,217 fire hydrants. The fire hydrant repair process begins when a service request is received by BWSO. BWSO receives service requests related to fire hydrants from two primary sources: the New York City Fire Department (FDNY) and the City's 311 Customer Service Center. In Fiscal Year 2009, DEP received a total of 44,269 service requests and initiated 21,695 hydrant-repair work orders. DEP reported in the Mayor's Management Report that high-priority hydrants were repaired in an average of 15.2 days in Fiscal Year 2009, slightly longer than the average of 14.8 days in the previous year.

**Results**

The audit concluded that the timeliness of DEP's handling of fire hydrant service requests needs improvement. DEP did not establish time standards for resolving such requests, even those considered to be of a high priority, and presented insufficient evidence to show that it effectively tracked the overall timeliness of repairs. As a result, greater assurance is needed that DEP is ensuring that service requests are generally being resolved in as timely a manner as possible.

In addition, DEP included only FDNY-designated high-priority repairs in its analysis and reporting of the timeliness of repairs to high-priority broken or inoperative hydrants. DEP did not measure its timeliness in completing repairs that the agency itself deemed to be high priority. As a result, DEP did not have a complete picture of its efficiency in completing high-priority repairs. Furthermore, although DEP was able to provide auditors with data on its fire hydrant repair efforts for Fiscal Year 2009 that were sufficiently reliable for audit testing purposes, some concerns existed about the accuracy and completeness of the data. Finally, DEP needs to institute a supervisory verification of the inspections and repairs performed by work crews to provide greater assurance that work is completed as reported.

To address the issues, the audit recommended, among other things, that DEP:

- Develop written time standards for handling fire hydrant complaints, especially those that are deemed to be high-priority.
- Improve its tracking of pending requests so that it can identify all requests that have been open for an extended period of time, determine why they remain open, and take the necessary actions to resolve them.

- Develop a performance indicator that tracks its timeliness in resolving hydrant service requests that the agency itself designates as high priority.
- Require its crew supervisors to check a sample of the inspections and repairs completed in response to 311 requests.

In their response, DEP officials generally agreed with six of the audit's recommendations, disagreed with one, and did not respond to one.

**Audit Follow-up**

DEP reported that three recommendations have been implemented, that two recommendations are in the process of being implemented, and that it continues to disagree that there is a need to implement the remaining three recommendations.

**DEPARTMENT OF FINANCE**

Audit Report of the Reliability and Accuracy of Utility Tax Data Administered by the Department of Finance

Audit # 7A10-078

Comptroller's Library #8068

Issued: January 26, 2011

Monetary Effect: Potential Revenue: \$2.1 Million

Actual Revenue: \$ 940,000

**Introduction**

The Department of Finance (DOF) collects City revenues and encourages compliance with City tax and other revenue laws. The Utility tax (UTX) is imposed on every utility and vendor of utility services that does business in New York City. "Utilities" are defined as companies that are subject to the supervision of the New York State Public Service Commission. They include gas and electric companies, telephone companies, and certain transportation companies. Additionally, companies that derive 80 percent or more of their gross receipts from mobile telecommunication services are also considered utilities. DOF received \$1.15 billion in UTX revenues from Fiscal Year 2007 to Fiscal Year 2009.

UTX tax returns are due monthly, by the 25th of each month, covering gross income or gross operating income for the preceding calendar month. However, a taxpayer whose prior year's tax liability was less than \$100,000 is permitted to file a semiannual UTX return for the next year. The Bank of America processes the payments and sends an electronic file to DOF. DOF personnel upload the electronic file to the Fairtax system. Audit fieldwork was conducted from September 2009 to July 2010.

**Results**

The UTX data exists in a secure environment, and it is readily accessible to all essential users identified by DOF. The UTX data is generally accurate and reliable for collection purposes, and it generally contains the required information for enforcement and penalty collection purposes. However, the DOF Fairtax system does not capture the "final return" indicator on the UTX forms, which is intended to notify DOF that a company is no longer in business.

While conducting the tests that addressed the audit's objectives, the auditors identified an outstanding unpaid balance of \$2.1 million owed to the City. They also noted that UTX billing periods are kept independent of each other. As a consequence, previous period balances are not carried over to the next billing period, which may hamper collection efforts. They further found an additional \$469,740 in revenue loss due to missing filing transactions.

To address these issues, the audit made three recommendations, that DOF should:

- Collect the outstanding taxes due from prior periods and from the filing periods for which returns and payments were not received.
- Ensure that the billing process is corrected by developing a mechanism to check that there are no filing periods lacking returns and that account balances are carried forward.
- Ensure the "final return" indicator field is captured in Fairtax.

DOF officials agreed with two recommendations and partially agreed with one recommendation.

### **Audit Follow-up**

DOF reported that two recommendations have been implemented and that the remaining recommendation to collect outstanding taxes due from prior filing period has been partially implemented.

## **DEPARTMENT OF FINANCE**

Audit Report on the Administration of the Payments in Lieu of Taxes Program under the New York City Department of Finance July 1, 2006, to December 31, 2009

Audit #FN10-085A

Comptroller's Library #8069

Issued: February 7, 2011

Monetary Effect: Actual Revenue: \$785,730

### **Introduction**

Payments in Lieu of Taxes (PILOTs) are established through agreements with property holders. Under the agreements, the City exempts the property holders from paying real property taxes and agrees to accept in lieu a prescribed amount, the PILOT, which is generally less than the real estate tax. The Department of Finance (DOF) is responsible for administering the billing and collection of PILOT payments.

This audit determined whether DOF accurately bills property owners for PILOTs in accordance with the terms of the agreements and ensures that properties whose PILOTs expire are immediately recorded on the City's property tax rolls.

### **Results**

The audit found that DOF did not place 19 expired PILOTs back onto the City tax rolls in a timely manner. As a result, it failed to collect a total of \$785,730 in real property taxes. In addition, as noted in the scope limitation section of this report, DOF did not provide sufficient documentation that would allow us to ascertain whether DOF billed property owners accurately and in accordance with the terms of the active PILOT agreements.

The report recommended that DOF should:

- Recoup a total of \$785,730 in real property taxes due the City.
- Ensure that properties whose PILOTs expire or that are no longer in the PILOT program be immediately recorded on the City property tax rolls.
- Establish policies and procedures for its payment calculations.
- Ensure that it accurately bills property owners for PILOTs in accordance with the terms of the agreements. In this regard, DOF should ensure that all calculations are reviewed and approved by the proper personnel.

- Facilitate the providing of information to ensure that audits conducted by the Comptroller's Office are properly completed as mandated by the City Charter.

In their response, DOF officials agreed with each of the five recommendations contained in the audit report and stated that "We have found the separate findings of your audit team to be helpful in re-organizing our PILOT unit's work." DOF officials also noted that DOF has made significant progress in reforming the work of the PILOT unit.

### **Audit Follow-up**

DOF reported that all of the audit recommendations are being implemented. DOF has recouped the \$785,730 in real property taxes due the City.

## **DEPARTMENT OF FINANCE**

Audit Report on the Calculation and Application of the J-51 Tax Benefits for Properties in Brooklyn by the Department of Finance

Audit # FP09-138A

Comptroller's Library #8080

Issued: March 18, 2011

Monetary Effect: Potential Revenue: \$13,612,598

### **Introduction**

This audit determined whether the Department of Finance (DOF) is properly calculating and applying J-51 tax exemption and tax abatement benefits. The scope of this audit covered tax assessments for properties in the borough of Brooklyn for Fiscal Year 2010.

### **Results**

DOF is not appropriately implementing tax exemption benefits under the J-51 program. We identified errors in calculating and applying tax exemption benefits for 50 of the 57 sampled properties. As a result, the City lost more than \$4 million of tax revenue for the properties from the first year in which tax benefits were obtained through June 30, 2010. DOF, however, accurately calculated tax abatements and appropriately ceased granting abatements to properties whose benefit periods expired.

Of \$4,043,660 in lost revenue, \$2,275,606 is attributed to systematic errors in calculation exemptions for 36 sampled properties. An additional \$1,768,054 in tax revenue was forgone for 14 sampled properties because DOF calculated exemptions based on assessed property values long after improvement work was completed. If these problems are not corrected, we estimate that the City will lose an additional \$9,568,938 in tax revenue throughout the remaining terms of the exemption benefits. We also found that DOF may have used an inconsistent methodology to calculate exemptions as well as problems with the maintenance of file documentation.

The audit made 13 recommendations to DOF concerning the calculation and application of J-51 tax exemption benefits in the borough of Brooklyn. Compliance with these recommendations

will ensure that DOF applies the exemption benefits in a consistent manner and collects all the real estate taxes due. Among the major recommendations are that DOF should:

- Review and recalculate tax exemption amounts and taxable values for the properties for which first-year exemption amounts were incorrectly calculated. Any future taxes should be based on the recalculated exemptions.
- Ensure that all exemption calculations are based on accurate information in the Real Property Assessment Division (RPAD) database and recalculate improperly granted exemptions and ensure that any future taxes are based on the recalculated exemptions.
- Institute procedures to ensure that J-51 exemptions be based on the properties' assessed values at the time that the improvement work was completed. Specifically, DOF should calculate the first-year tax exemptions on the basis of a property's assessed value for the year immediately following the completion of improvements.
- Ensure that properties are inspected and assessed promptly after improvement work is completed.

In their response, DOF officials strongly disagreed with the report's findings. Specifically, DOF stated, "We disagree with almost all of the audit findings because they are based on a misinterpretation of the J-51 law, leading to the draft audit's mistaken conclusion that DOF has failed to impose taxes. . ."

#### **Audit Follow-up**

DOF reported that it has implemented the two recommendations concerning maintaining file documentation. However, DOF disagrees with and will not implement the remaining 11 recommendations.

**NEW YORK CITY FIRE DEPARTMENT**

Audit Report on Fire Department Controls over the Laboratory Unit's Inspections of Establishments that Contain Hazardous Materials

Audit # MH10-088A

Comptroller's Library #8045

Issued: October 14, 2010

Monetary Effect: None

**Introduction**

The audit determined whether the New York City Fire Department (FDNY) has adequate controls over the Laboratory Inspections Unit's (Lab Unit) inspections of establishments that store, handle, and use hazardous materials to ensure that inspections and their results are properly recorded and reported and that the inspections are performed in a timely manner.

There are many types of hazardous materials. Depending on their quantities and use, the establishments containing them may be required to obtain annual permits issued by the FDNY. These establishments include but are not limited to high schools, colleges, hospitals, and nursing homes. The Lab Unit is responsible for inspecting these establishments. If no violations are found, the inspection will be approved. If violations are found, the Lab Unit issues a Violation Order (VO) if an imminent hazard exists; if no imminent hazard exists, the Lab Unit issues a Notice of Violation (NOV). Conditions cited on a VO must be corrected within 30 days of issuance and require a follow-up inspection. The conditions cited on a NOV must be corrected within 35 days of issuance. The establishments must file a self-certification with FDNY attesting that conditions were corrected. According to FDNY's Fire Prevention Information Management System (FPIMS), as of December 2009, a total of 5,967 inspections were recorded as having been conducted by the Lab Unit from July 1, 2008, through June 30, 2009.

The audit scope was July 2006 through May 2010.

**Results**

FDNY lacks adequate controls over the Lab Unit's inspections of establishments that store, handle, and use hazardous materials. FDNY management's insufficient controls resulted in some type of problem in virtually every area examined. FDNY's cited shortcomings have potentially dangerous consequences for the safety of the public because the establishments contain hazardous materials, including flammable liquids and solids, corrosive acids, and compressed gases.

The audit found that the establishments for 27 of the 30 accounts in the sample were operating with expired permits during at least one of the three fiscal years reviewed and that the supervisors of the Lab Unit failed to comply with their oversight responsibilities regarding supervisory and post inspections. Additionally, a number of important inspection procedures are not included in the Lab Unit's procedural manual, and those requirements that are included are not all being followed. Finally, the record-keeping and reporting practices of the Lab Unit are inadequate. The inspection data entered in FPIMS appears unreliable, and the number of inspections reported for Fiscal Year 2009 as having been conducted by the Lab Unit in the Laboratory Inspection Unit Field Activity Report and the number in *The Mayor's Management Report Fiscal 2009* (MMR) are inconsistent.

The audit made 15 recommendations, including that FDNY:

- Ensures that the Lab Unit takes steps to reduce the backlog of permit renewal and follow-up inspections.
- Ensures that adequate written procedures are developed and implemented for the Lab Unit inspectors to follow in carrying out inspections of establishments containing hazardous materials.
- Ensures that the Lab Unit takes steps to reduce the backlog in entering inspection data in FPIMS.
- Requires that officials responsible for the preparation and review of internal and external statistics regarding the number of inspections conducted by the Lab Unit attest that the data is adequately supported and that it has been reviewed for accuracy and completeness.

In their response, FDNY officials stated that they agreed with and intend to implement all of the audit's recommendations, noting that they have already begun to do so.

#### **Audit Follow-up**

FDNY reported that five recommendations have been implemented, eight recommendations are in the process of being implemented, and the remaining two recommendations have been partially implemented. Many of the recommendations are in the process of being implemented primarily because FDNY's Bureau of Fire Prevention "is actively developing a (new) bureau manual to include SFOs [Standard Form of Orders] as addendums within the bureau manual. Individual unit manuals will be replaced by this (new) bureau manual. The expected completion date for this manual is early 2012."

**HEALTH AND HOSPITALS CORPORATION**

Audit Report on the Harlem Hospital Affiliation Agreement with the Columbia University Medical Center

Audit # ME10-067A

Comptroller's Library #8034

Issued: July 8, 2010

Monetary Effect: Actual Savings: \$50,536

Potential Savings: Unable to determine

**Introduction**

This audit determined whether the Columbia University Medical Center (Columbia) complied with the terms of its affiliation contract with Harlem Hospital and whether HHC adequately monitored Columbia's compliance.

HHC serves City residents through its 11 acute care hospitals, four skilled nursing facilities, six diagnostic and treatment centers, and more than 80 community-based clinics. To help achieve its goals, HHC contracts with affiliates, including medical schools, teaching hospitals, and physician-owned professional corporations, which provide physician and supporting services to patients in HHC facilities. One of these affiliation contracts was established by HHC with Columbia to provide medical, mental health, and other services in Harlem Hospital and the Renaissance Healthcare Network Diagnostic and Treatment Center. This report focused on services provided by Columbia to Harlem Hospital. Harlem Hospital's affiliation agreement with Columbia was for three years. The agreement began on July 1, 2007, and continued through June 30, 2010, with a total estimated payment of \$183,401,640.

**Results**

The audit concluded that Columbia did not comply with certain key financial and administrative provisions of its affiliation contract with HHC to provide patient services to Harlem Hospital. Although the affiliate had established a comprehensive accounting system and had generally submitted required external audit reports by the due date, there were significant areas of noncompliance in terms of how the affiliate accounted for its use of HHC funds. Columbia did not submit required quarterly fee statements, annual recalculation reports, and other required documents. It also maintained unreliable personnel rosters, assignment schedules, and timekeeping records. In addition, Columbia lacked HHC-approved subcontract agreements with certain providers that rendered services to Harlem Hospital patients on a per diem or temporary basis. Accordingly, HHC might not have received the full contractual benefit for monies paid to Columbia.

HHC and Columbia had not reconciled to actual expenses the approximately \$109 million in advance payments HHC made to Columbia for services provided to Harlem Hospital during Fiscal Years 2008 and 2009. The lack of quarterly fee statements and annual recalculation reports from Columbia for these two years made it impossible for us to determine how much Columbia should be paid for the services it provided to Harlem Hospital during this period.

The audit also concluded that HHC did not meet its responsibilities to closely monitor the affiliate's financial and administrative practices. As a result, there is an increased risk that some of the funds paid to Columbia were not used in compliance with contract terms.

The audit recommended, among other things, that Columbia:

- Submit quarterly fee statements and annual recalculation reports to HHC on a timely basis.
- Ensure that it submits contracts for HHC approval whenever a subcontractor is engaged to provide services in Harlem Hospital.
- Establish detailed timekeeping procedures and ensure that all providers maintain accurate and complete time records of hours worked.
- Ensure that it maintains and submits accurate and complete provider rosters and assignment schedules.

The audit also recommended, among other things, that HHC:

- Ensure that Columbia complies with the financial provisions of the contract requiring the timely submission of fee statements and recalculation reports.
- Closely monitor the operations of the affiliate to ensure that all subcontracting actions receive necessary HHC approval.
- Conduct a periodic review of the personnel rosters prepared by the affiliate to ensure that active providers and vacant positions are properly identified and accounted for.

In their response, Columbia officials agreed with five of the nine recommendations addressed to them, disagreed with one, and stated that they already complied with three. HHC officials agreed with seven of the 11 recommendations addressed to them and stated that they already complied with the remaining four.

#### **Audit Follow-up**

HHC reported that 10 recommendations have been implemented, that one recommendation is in the process of being implemented, and that it continues to disagree with the remaining nine recommendations. In addition, HHC reported that as of December 31, 2010, the Affiliation Agreement between Harlem Hospital and Columbia University had been terminated.

## **HEALTH AND HOSPITALS CORPORATION**

Audit Report on the Health and Hospitals Corporation's Provision of Mammogram Services

Audit # ME10-094A

Comptroller's Library #8087

Issued: May 3, 2011

Monetary Effect: None

### **Introduction**

This audit determined whether New York City Health and Hospitals Corporation (HHC) mammograms were scheduled, conducted, reviewed, and reported in a timely manner. The audit

also determined whether the radiologists who interpreted the mammograms were licensed and whether HHC data is accurate on the percentage of women aged 40 to 70 who made a clinic visit to an HHC facility and also received a mammogram within the two-year period prior to the visit.

HHC serves City residents through its 11 acute care hospitals, four skilled nursing facilities, six diagnostic and treatment centers, and more than 80 community-based clinics. HHC provides comprehensive health services, such as medical, mental health, and substance abuse services, to all residents regardless of their ability to pay. HHC facilities have their own programs for cancer prevention, including mammogram services and other detection efforts, to diagnose cancers at an early stage when treatment is more effective and prognoses are more promising. There are two types of mammograms: a routine screening mammogram and, in instances where a lump or potential indication of breast cancer has been found, a more detailed diagnostic mammogram. During Fiscal Year 2009, 97,184 mammograms (both screening and diagnostic) were performed at 16 of the 17 HHC hospitals and diagnostic treatment centers. HHC reported in the Mayor's Management Report that in Fiscal Year 2009, 71 percent of the women aged 40 to 70 who made a primary care or women's health visit to an HHC facility had received a mammogram within the two-year period prior to the visit.

### **Results**

The audit concluded that HHC facility radiologists read and interpreted mammograms and communicated the results to patients in a timely manner. In addition, the radiologists who interpreted these mammograms were appropriately licensed.

However, some HHC facilities need to reduce the waiting time for screening mammography appointments. At three of the nine facilities we reviewed, the waiting time ranged from 41 days to 148 days, although the waiting time in the other six facilities was five days or less. HHC has established a guideline of 14 days for the maximum amount of time patients should have to wait for the next available appointment for a screening mammogram. The long waiting times at these three facilities may discourage women from following up on their screening mammogram appointments. Studies have shown that women who have to wait a long time for their appointments are more likely to miss their screenings. Furthermore, HHC has not established a standard for the waiting time for diagnostic mammogram appointments. The average waiting time for diagnostic mammography appointments for Fiscal Year 2009 was about 16 days. In view of the fact that the earlier that a breast cancer patient receives treatment, the better it is for the prognosis, HHC needs to establish a standard for diagnostic mammography appointments to help ensure that patients are receiving this vital service in a timely manner.

In addition, in reference to the indicator concerning the percentage of women aged 40 to 70 who made a clinic visit to an HHC facility and also received a mammogram within the two-year period prior to the visit, a concern arose about whether HHC facilities consistently used the correct programming language in the calculation of this indicator. This concern raises questions about the accuracy of the indicator as it has been reported by HHC.

To address the issues, the audit recommended, among other things, that HHC:

- Perform a comprehensive review of its screening services to ensure that all of its facilities can accommodate patients seeking screening mammograms within its waiting time guideline of 14 days. This review could include efficiency analyses, the identification of best practices, and a resource allocation study.

- Develop a written standard concerning patients' waiting time for receiving diagnostic mammograms ordered by their physicians.
- Ensure that all of its facilities use the correct programming language when calculating the indicator on the percentage of women aged 40 to 70 who made a clinic visit to an HHC facility and also received a mammogram within the two-year period prior to the visit.

In its response, HHC agreed with two of the audit's four recommendations and stated that it will review the other two recommendations for possible implementation.

### **Audit Follow-up**

HHC reported that it has implemented all of the audit's recommendations.

## **HEALTH AND HOSPITALS CORPORATION**

Audit Report on the Inventory Controls of North Central Bronx Hospital over Non-controlled Drugs

Audit # MH10-099A

Comptroller's Library #8043

Issued: October 13, 2010

Monetary Effect: None

### **Introduction**

This audit determined whether the internal controls of the North Central Bronx Hospital (NCB) over its inventory of non-controlled drugs were adequate. NCB is one of 11 New York City Health and Hospitals Corporation (HHC) acute-care hospitals that provide medical, mental health, and substance abuse services. During Fiscal Year 2009, the total cost of drugs (controlled and non-controlled) purchased by the Pharmacy Department at NCB was approximately \$2.1 million. According to the "Physical Inventory Evaluation" report that NCB prepared and submitted to HHC, the value of the inventory of all drugs in the Pharmacy Department stockroom at the end of Fiscal Year 2009 was \$309,806.

The scope period of this audit was July 2008 through March 2010.

### **Results**

Overall, NCB's Pharmacy Department has adequate inventory controls over non-controlled drugs. The audit found that there were no inaccuracies in the inventory records; access to the Inpatient Pharmacy, stockroom, and Out-Patient Pharmacy is restricted; cameras are installed in Pharmacy areas; documentation for non-controlled drugs that were issued from the stockroom is maintained; and adjustments made to the inventory information in HHC's computer system have supporting documentation.

Nevertheless, the audit found the following control weaknesses: the Pharmacy Department did not adequately segregate the duties of the stockroom employees; Pharmacy officials did not track

the expired non-controlled drugs kept in the stockroom prior to their being picked up to either return to manufacturers or destroy; and Pharmacy officials did not reconcile the dollar value of the returned expired drugs to the credits and checks it received from the vendors. Some of the weaknesses noted were addressed by the Pharmacy Department during the course of this audit.

The audit made six recommendations. NCB Pharmacy officials should:

- Establish formal written procedures to require that all adjustments to the Other Than Personal Service (OTPS) procurement management system are recorded as adjustment entries and not as receipt entries or issuance entries and all adjustments are approved by one of the Assistant Directors of Pharmacy.
- Ensure that the stockroom personnel have read-only access to the inventory information in the computer system.
- Ensure that pharmacy employees who enter inventory information in OTPS do not have access to the non-controlled drugs in the stockroom.
- Perform reconciliations to ensure that NCB is receiving the correct amount of credits and monies for the expired drugs that have been returned to vendors.
- Maintain a record of the expired non-controlled drugs kept in the stock room awaiting pick-up.
- Together with HHC officials, restrict access to the Pharmacy Department inventory records to only those individuals authorized by the Pharmacy Department.

HHC officials agreed with the audit's findings and recommendations.

#### **Audit Follow-up**

HHC reported that all of the audit recommendations have been implemented.

**DEPARTMENT OF HOMELESS SERVICES**

Audit Report on the Monitoring of the Work Advantage Program by the Department of Homeless Services

Audit #MG10-060A

Comptroller's Library #8036

Issued: July 15, 2010

Monetary Effect: None

**Introduction**

This audit determined whether the Department of Homeless Services (DHS) ensured that the Work Advantage Program (WADV) is carried out in accordance with its guidelines.

DHS is responsible for providing emergency shelter and social services to homeless families and individuals in New York City. The services are designed to help homeless families and individuals gain self-sufficiency and move from temporary to permanent housing. In April 2007, the City instituted the Advantage New York Program (Advantage NY) consisting of three distinct subsidized housing programs: Work Advantage, Children Advantage, and Fixed Income Advantage. Each program has different eligibility criteria. The WADV program is the largest of the three programs in terms of client participation. According to data obtained from DHS, a total of 8,187 WADV housing leases were signed from April 2007 to October 31, 2009.

The goal of the WADV program is to enable clients to become self-sufficient while they work and live in the community. The WADV program offers homeless families and individuals (clients) living in temporary shelters a one-year rental subsidy with the possibility of renewal for a second year.

**Results**

The audit found that DHS has not instituted sufficient controls to ensure that the WADV program is carried out in full accordance with its guidelines. In part, this is the result of its failure to update and distribute guidelines to DHS staff on a timely basis, which has led to inconsistencies in how staff carry out procedures. In addition, DHS has failed to implement sufficient controls to deal with a prevalent issue that is often brought to the attention of DHS staff, namely, side deals—tenants paying additional rent payments outside their lease agreements. Furthermore, DHS has failed to establish sufficient policy and procedures, such as keeping track of landlords with known violations and ensuring that DHS inspections are properly monitored so that clients are placed in buildings with safe and adequate housing. Finally, DHS does not ensure that case files significant to the lease-signing process, and which contain information that can be used in the event of future disputes, are adequately maintained and administered.

The audit made 11 recommendations, including that DHS should:

- Ensure that employees are thoroughly familiar with and adhere to all DHS policies and procedures in the course of processing WADV cases.
- Establish and enforce procedures that hold landlords and brokers who participate in side deals accountable and refrain from working with those individuals in the future.

- Review its procedures for educating clients during their stay in the shelters and for disseminating accurate information at the lease signing so that clients are better informed of their rights.
- Re-examine its current clearance procedures and set stringent thresholds and guidelines regarding building violations to ensure that apartments in buildings with numerous hazardous violations are not registered.
- Emphasize to case workers the importance of obtaining all the required documentation and signatures required in the lease-signing process.

DHS officials agreed to implement or to consider implementing six recommendations in the report, did not address three recommendations, and disagreed with two recommendations.

**Audit Follow-up**

DHS reported that “due to the State’s withdrawal of all Federal and State funding for the Advantage rental assistance program, DHS no longer operates the Work Advantage Program.”

**NEW YORK CITY HOUSING AUTHORITY**

Audit Report on the Monitoring by the Housing Authority of Criminal Background and Sex Offense Checks of Its Housing Residents.

Audit # MH10-095A

Comptroller's Library #8040

Issued: September 10, 2010

Monetary Effect: None

**Introduction**

The New York City Housing Authority (NYCHA) provides affordable housing to low- and moderate-income residents throughout the City. To obtain public housing, potential tenants must go through a screening process that includes completing a NYCHA Application for Project Apartment and may be submitted to one of the borough offices or mailed to NYCHA post office box. The applicant's information is then verified to ascertain whether he/she is eligible for public housing. Verification involves a criminal history background and a sex offense check for each potential tenant and for each household member 16 and older. This audit determined whether NYCHA complied with federal law and its own policies and procedures in conducting criminal history and sex offense background checks of residents in public housing.

As of August 2009, 118,541 individuals were on NYCHA's Tenant Selection Assignment Plan's (TSAP's) waiting list to be placed in subsidized housing. The audit covered tenants who moved into NYCHA-subsidized housing during Fiscal Year 2009.

**Results**

Based on our review of NYCHA policies and procedures and a review of the tenant files at 15 projects, we found that NYCHA is in partial compliance with U.S. Department of Housing and Urban Development (HUD) regulations and its own procedures regarding criminal background and sex offense checks of tenants residing in public housing. At the borough level, there was evidence that both criminal history background and sex offense checks were performed for 90 percent of those individuals requiring them. However, at the project level where a secondary sex offense check is required, there was evidence in the files that sex offense checks were performed for only 60 percent of the tenants. In addition, there was no evidence that criminal background checks for tenants who relocated to other NYCHA projects were conducted.

The audit made six recommendations. NYCHA should:

- Ensure that inquiries are immediately submitted for tenants identified in this report whose files lack criminal background check documentation.
- Develop and require the implementation of a tracking system at each housing project to monitor the personnel files to ensure that they contain documentation of the required clearances.
- Look into the feasibility of incorporating into NYCHA procedures the performance of CBC inquiries of tenants living in the projects prior to 1994.
- Look into the feasibility of incorporating into NYCHA procedures the performance of sex offense inquiries of tenants living in the projects prior to 2007.

- Look in to the feasibility of incorporating into NYCHA procedures the performance of requiring the NYCHA borough offices and the projects to perform periodic criminal background check (CBC) and sex offense inquiries for tenants who have been residing at the projects for a period of time and have reached the age of 16 as well as for those tenants who have been residing there for a length of time.
- Look into the feasibility of obtaining access to other states' criminal history databases so as to conduct additional inquiries for tenants who have indicated that they previously resided in other states.

In their response, NYCHA officials responded to our first recommendation, stating that they did not receive the details regarding our specific finding on tenants whose files lacked criminal background documentation. In addition, NYCHA officials did not specifically respond to our remaining five recommendations. Rather, they reaffirmed their current policies and procedures.

### **Audit Follow-up**

NYCHA reported that it has agreed to implement three of the audit's six recommendations. However, it did not address fully the recommendations concerning the feasibility of incorporating into NYCHA procedures the performance of criminal background check inquiries of tenants living in the projects prior to 1994. It also did not address the recommendation to look into the feasibility of incorporating into NYCHA procedures the performance of requiring borough offices and projects to perform periodic criminal background check and sex offense inquiries for tenants who have been residing at the projects for a period of time and have reached the age of 16. It also only partially addressed implementing the recommendation to look into the feasibility of obtaining access to other states' criminal history databases so as to conduct additional inquiries for tenants who have indicated that they previously resided in other states.

## **NEW YORK CITY HOUSING AUTHORITY**

Audit Report on the Efforts of the New York City Housing Authority to Inspect, Maintain, and Repair Passenger Elevators

Audit #MJ10-064A

Comptroller's Library #8047

Issued: October 21, 2010

Monetary Effect: None

### **Introduction**

This audit determined the adequacy of the New York City Housing Authority (NYCHA) efforts to inspect, maintain, and repair passenger elevators.

NYCHA is the largest public housing authority in the United States. Its mission is to provide decent and affordable housing in a safe and secure living environment for low- and moderate-income City residents. NYCHA manages and maintains 334 housing developments consisting of 2,604 residential buildings with nearly 179,000 apartment units that house more than 403,000

authorized residents. It operates more than 3,300 elevators in 283 of its developments citywide, 40 of which are developments only for senior citizens. The elevators are installed in approximately 1,700 buildings of generally five or more stories.

In early 2009, NYCHA announced the roll-out of a new Elevator Service and Safety Plan (ESSP) with short- and long-term objectives to improve service, reduce outages, and enhance the safety of its elevators. As part of its plan to improve elevator maintenance, in June 2009, NYCHA reorganized and centralized all elevator operations under its Technical Services Department (TSD). Specifically, the TSD Elevator Bureau became responsible for all elevator operations. As of October 2, 2009, the Elevator Bureau had a total workforce of 487 employees, including deputy directors, administrators, supervisors, elevator mechanics, mechanic helpers, and staff to support the elevators in NYCHA developments.

### **Results**

The audit determined that NYCHA's efforts to carry out elevator inspections are generally adequate; however, its efforts to address elevator maintenance and repairs need improvement.

NYCHA performed all required elevator inspections and tests for all of 57 elevators observed at the sampled developments. Nevertheless, certain weaknesses were disclosed, including that NYCHA needs to ensure that all inspections and tests are performed promptly and appropriately documented and that cited deficiencies are promptly addressed.

NYCHA's preventive maintenance (PM) of elevators is inadequate. The audit disclosed that more than 40 percent of PM tasks scheduled for the sampled elevators during the period November 2008 through October 2009 were not performed, based on PM checklists maintained by each development. Regarding repairs, NYCHA reported that in Fiscal Year 2009, it fell a little short of its performance indicator of "10 average hours to resolve elevator outages." The audit's time study of outages for sampled elevators during the first six months of Fiscal Year 2010 (July 2009 through December 2009) showed that NYCHA took an average of 13.8 hours to resolve these outages. When looking at the actual time to resolve them, the audit found that almost one-third (32 percent) of the outages were not resolved within 10 hours. Further, based on a number of weaknesses in how data is collected and reported, NYCHA management cannot directly rely on its primary reports to assess elevator performance and outages or to measure the effectiveness of its repair and maintenance activities.

To address these weaknesses, the audit made eight recommendations, including that NYCHA should:

- Ensure that required PM work is performed and that all such work is appropriately supported by PM schedules (checklists) that are completed by the work teams and kept on file at each development as required and recorded in Maximo, a computer system.
- Document instances of and justifications for not performing scheduled PM work. These reports should be approved by a supervisor and communicated to the Elevator Bureau Borough Administrators, who should also be notified of all instances in which PM work is not performed. Repeated periods of PM nonperformance should be investigated and corrective action taken.
- Continue to assess and identify areas where efficiencies and improvements can be made in responding to and resolving elevator outages.

- Continue to work to correct and enhance management reporting deficiencies to ensure that internal and published performance indicators and measures are accurately reported.

NYCHA officials generally agreed with all eight recommendations, but argued that they could not implement one of the recommendations at this time.

**Audit Follow-up**

NYCHA reported that seven of the report's eight recommendations have been implemented. It did not address one recommendation to continue to work to correct and enhance management reporting deficiencies to ensure that internal and published performance indicators and measures are accurately reported.

**DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT**

Audit Report on the Monitoring of the Department of Housing Preservation and Development of Subcontracts Covered by Local Law 129

Audit # MD10-131A

Comptroller's Library #8049

Issued: October 27, 2010

Monetary Effect: None

**Introduction**

This audit determined audit whether HPD is complying with Local Law 129 with regard to monitoring the use of minority- and women-owned business enterprises (M/WBEs) by vendors that were awarded contracts in which M/WBE subcontractor utilization goals have been established. The audit scope was Fiscal Years 2007 through 2010.

Local Law 129 established the City's M/WBE Program. This law, enacted in 2005, responded to a study commissioned by the New York City Council which found that there was a significant disparity in contracting opportunities afforded to certain M/WBE groups in the City's procurements. Local Law 129 was intended to address the disparities revealed by the study. It details certification, contract participation goals, technical assistance, and administrative procedures to promote the utilization of M/WBE firms for contracting and subcontracting opportunities valued at less than \$1 million.

The agencies overseeing City prime contracts that have M/WBE goals (set by the agency) are required to monitor the compliance of the prime contractors with their utilization plans. HPD is the largest municipal developer of affordable housing in the nation. According to the Mayor's Procurement Indicators report, HPD awarded a total of 18 contracts (valued at \$238,686,154) for which HPD set M/WBE subcontractor participation goals during Fiscal Years 2007 through 2009.

**Results**

HPD is not in compliance with key provisions of Local Law 129 with regard to its monitoring of the use of M/WBEs by vendors that were awarded contracts that have M/WBE subcontractor utilization goals. HPD does not maintain a list of the contracts subject to the local law subcontracting requirements and is therefore unable to adequately track these contracts to determine whether the established subcontracting goals have been met by the prime contractors.

In addition, HPD does not monitor the use of M/WBEs by the prime contractors that were awarded contracts having M/WBE utilization goals. HPD does not review the prime contractors' records to verify payments made to subcontractors and also does not perform job-site inspections or contact the M/WBE subcontractors to verify their use. In addition, HPD does not ensure that certain key documents required by the law (e.g., list of subcontractors) are being submitted by the prime contractors. These noncompliance issues and deficiencies can be attributed to HPD management's failure to establish and institute detailed procedures to ensure compliance with the law.

We also found that the City's Financial Management System (FMS) data upon which the Mayor's Office of Contract Services bases its public reporting and the use of M/WBEs by the

City reflects anticipated amounts rather than actual amounts. Furthermore, the subcontracting data entered in FMS by HPD is not always accurate. The actual values of the subcontracts awarded to M/WBEs in contracts with established M/WBE goals are not publicly reported. In addition, HPD does not maintain accurate records of actual subcontractor utilization (including M/WBE subcontractors). As a result, an accurate measurement of HPD's M/WBE subcontractor use is not known.

To address these issues, the audit made six recommendations. HPD should:

- Maintain a list of contracts subject to Local Law 129 subcontracting requirements.
- Monitor the use of M/WBEs by prime contractors and verify payments made to them by, at a minimum, performing job-site inspections, contacting M/WBEs identified in the plan to confirm their participation, and auditing the contractors' books and records.
- Ensure that key documents required by the law are submitted by the prime contractors, including a list of the subcontractors (both M/WBE and non-M/WBE).
- Establish controls to ensure that the information it enters in FMS pertaining to M/WBE subcontracting is accurate.
- Verify the M/WBE certification status of the M/WBE subcontractors intended to be used by the prime contractors.
- Establish detailed procedures for agency personnel to follow to ensure compliance with Local Law 129.

HPD officials did not address one of the audit's recommendations and generally agreed with the remaining five. For four of these recommendations, HPD officials claim that the agency has already implemented them. It is unclear from their response, however, whether officials are contending that the implementation occurred before or after the performance of the audit.

#### **Audit Follow-up**

HPD reported that five recommendations have been implemented. One recommendation, concerning establishing controls to ensure that the information entered in FMS pertaining to M/WBE subcontracting is accurate, is in the process of being implemented.

**HUMAN RESOURCES ADMINISTRATION**

Follow-up Audit Report on the Compliance of the Human Resources Administration with Purchasing Directives

Audit #7S11-082F

Comptroller's Library #8099

Issued: June 29, 2011

Monetary Effect: None

**Introduction**

The objective of this follow-up audit was to determine whether the Human Resources Administration (HRA) implemented the five recommendations made in the previous audit entitled *Audit Report on the Compliance of the Human Resources Administration with Purchasing Directives* (FP08-122A, issued June 30, 2009).

HRA serves more than 3 million New Yorkers through essential and diverse programs. Services provided through the HRA Department of Social Services include: temporary cash assistance, public health insurance, food stamps, home care for seniors and the disabled, child care, adult protective services, domestic violence services, HIV/AIDS support services, child support enforcement, and other income support services.

HRA coordinates services for its clients with medical, mental health, or substance abuse disorders. The clinical programs help clients to achieve their maximum functional capacity and become self-sufficient. Through its public, private, and not-for-profit initiatives, HRA serves consumers by removing barriers to employment and fostering self-sufficiency.

**Results**

The current follow-up audit disclosed that of the five recommendations made in the previous audit, one recommendation was no longer applicable to the current audit period. HRA did not implement the four remaining recommendations.

We found that HRA processed a total of \$176,875,057 from 159 vendors as Purchase Orders (POs) rather than formal contracts.

Our test of the non-contracted vendors indicated that HRA acquired services from State-licensed and approved facilities for victims of domestic violence; however, we were unable to ascertain the quality of services provided to these victims because performance evaluations were not required as they would be with a formal contract.

HRA procured some of the currently reviewed services via contracts. Based on our review of a sample of these contracts, we found that HRA generally performed a review of vendors' performance histories in VENDEX to determine the responsibility of a bidder prior to awarding the contract.

To address the outstanding issues from the previous audit that still exist, we recommend that HRA should:

- Ensure that it follows the City Charter and the Procurement Policy Board (PPB) rules when purchasing services by entering into formal contracts with these vendors as applicable.

- Discontinue using POs to procure services in situations where contracts should have been executed.
- Ensure that it adheres to provisions of Comptroller's Directive #24 by using the correct purchase document when processing payments through Financial Management System (FMS).

HRA officials disagreed with two of the three recommendations and partially agreed with one recommendation in the current report.

### **Audit Follow-up**

HRA reported that it has implemented one recommendation, using formal contracts to provide these services. But HRA continues to disagree and will not implement the remaining two recommendations.

## **HUMAN RESOURCES ADMINISTRATION**

Audit Report on the Human Resources Administration's WeCARE Contract with Arbor Education and Training

Audit # ME10-068A

Comptroller's Library #8073

Issued: February 16, 2011

Monetary Effect: Potential Savings: \$3,780

### **Introduction**

This audit determined whether Arbor Education and Training (Arbor) complied with certain key financial, programmatic, and administrative provisions of its Wellness, Comprehensive Assessment, Rehabilitation, and Employment (WeCARE) contract with the Human Resources Administration (HRA).

HRA is responsible for helping individuals and families achieve and sustain their maximum degree of self-sufficiency. In Fiscal Year 2005, HRA developed the WeCARE program, which is intended to improve the employability of clients with health and/or mental barriers to employment. The WeCARE program was designed to offer specialized services and individual support to clients with disabilities. Through case management, job training, and employment placement services, HRA's contractors strive to assist participants in achieving self-sufficiency.

WeCARE services are provided by two outside contractors: Federation Employment and Guidance Service (FEGS) and Arbor. This audit focuses on Arbor's compliance with the terms of the WeCARE contract it signed with HRA. Arbor is paid a standard fee for the completion of each contractual milestone, including Biopsychosocial Assessments, Diagnostic Vocational Assessment and Individual Plan for Employment, Wellness Plan completion, Supplemental Security Income/Social Security Disability Insurance award, and retention in employment for 30,

90, and 180 days. The total payments made by HRA to Arbor in Fiscal Year 2009 amounted to \$33,295,170.

### **Results**

The audit concluded that Arbor generally complied with most of the key provisions reviewed for this audit, but improvements were needed in some areas. Arbor developed a quality improvement plan and a comprehensive set of operating procedures to help ensure compliance with the WeCARE contract and to improve the quality of its client services. Arbor's job-retention milestone claims in the audit sample were generally adequately supported. In addition, the physicians that Arbor used to evaluate clients in the audit sample were properly licensed and registered.

With some of the provisions of its WeCARE contract with HRA, however, Arbor only partially complied. The partial compliance primarily related to Arbor not adequately ensuring that its non-job-retention milestone claims were accurate and that its program staff met established qualifications. Arbor also did not closely monitor client attendance as required and did not comply with the contract's provision concerning the hiring of former cash-assistance recipients.

HRA had implemented oversight techniques through its Customer Assistance Services unit, such as holding regular meetings with Arbor officials and having HRA employees stationed at Arbor who regularly worked with Arbor on issues relating to clients' participation in the WeCARE program. HRA had also developed a program monitoring system through the New York County Health Services Review Organization (NYCHSRO), its outside contractor. However, the audit concluded that HRA's oversight of the contract could be improved in certain areas. HRA did not maintain adequate records of its monitoring meetings with Arbor and did not ensure that Arbor had adequate supporting documentation for its non-job-retention milestone claims.

To address these issues, the audit recommends, among other things, that Arbor:

- Ensure that its non-job-related milestone claims are properly supported before they are submitted.
- Ensure that employees providing WeCARE services have the proper qualifications and experience as required by the contract and its own standards.
- More closely monitor client attendance.
- Comply with the hiring commitment provision of the contract or request exemptions on a timely basis.

To address these issues, the audit also recommends, among other things, that HRA:

- Recoup \$2,080 in questionable payments for five non-job-retention milestones.
- Recoup a questionable \$1,700 payment for one job-retention milestone.
- Implement a process to review non-job-retention milestone payments to ensure that these milestones are properly supported before they are paid.
- Prepare records of the results of its monitoring meetings with Arbor and share the meeting records with Arbor.

HRA provided responses to all of the recommendations, including those addressed to Arbor.

In their response, HRA officials agreed with five recommendations, partially agreed with two, and disagreed with seven.

### **Audit Follow-up**

HRA reported that nine recommendations are being implemented, that one recommendation was partially implemented, and that it continues to disagree with the remaining four recommendations.

## **HUMAN RESOURCES ADMINISTRATION**

Audit Report on the Expedited Processing of Food Stamp Applications by the Human Resources Administration

Audit # MG10-149A

Comptroller's Library #8097

Issued: June 22, 2011

Monetary Effect: None

### **Introduction**

This audit determined whether the Human Resources Administration (HRA) ensured that the expedited processing of food stamp applications was carried out in accordance with applicable guidelines. This audit focused solely on the food stamp applications filed at the Non-Cash Assistance (NCA) Centers. The audit did not test any aspects of the processing of applications at Job Centers.

Through the Food Stamp Program, HRA provides food support to low-income New Yorkers, including working families, the elderly, and the disabled, to increase their ability to purchase food. As part of the program, HRA offers Expedited Food Stamp (EFS) processing for those clients who are in immediate need of food stamp benefits, which may result in the expedited issuance of benefits for eligible applicants.

The number of people receiving food stamp benefits increased by 15 percent from 1,502,400 during Fiscal Year 2009 to 1,731,900 during Fiscal Year 2010. In addition, 207,233 applicants received EFS processing from July 2009 to May 2010. Moreover, during Fiscal Year 2010, \$43 million was issued in expedited food stamp benefits.

### **Results**

The audit found that HRA ensured that Non-Cash Assistance Centers followed established guidelines in the expedited processing of food stamp applications. Specifically, a review of the randomly selected files found that the screening for EFS processing, the eligibility interviews, and the issuance of food stamp benefits were done in a timely manner, and the eligibility determinations for EFS processing and benefits were accurate. In addition, HRA has adequate controls to (1) prevent it from improperly providing benefits when an applicant does not submit

all of the required documents and (2) process applications when the computer system malfunctions.

However, the audit found minor discrepancies with the way the HRA processed eight (27 percent) of our 30 cases, all of which are attributable to lack of oversight and computer errors. The audit also found that the HRA is not accurately coding the eligibility determinations for applicants who were not fully verified and identified one applicant who received a one-time duplicate benefit.

To address these issues, the audit makes three recommendations. HRA should:

- Stress to its NCA staff the importance of complying with all of the details relevant to the EFS processing criteria.
- Implement edits into the system so as to ensure that Eligibility Specialists cannot process ongoing benefits until all eligibility factors are fully resolved.
- Enhance training to ensure that employees are thoroughly familiar with all program rules, including re-applications.

HRA officials agreed with the audit's three recommendations and stated that two of them have already been implemented. They plan to implement the third recommendation during 2011.

#### **Audit Follow-up**

HRA reported that two recommendations have been implemented. The remaining recommendation is in process of being implemented. HRA staff is currently receiving training on Expedited Food Stamp Processing Rules.

## COMMISSION ON HUMAN RIGHTS

Audit Report on the Adherence of the New York City Commission on Human Rights to Executive Order 120 Concerning *Limited English Proficiency*

Audit # 7R10-153A

Comptroller's Library #8057

Issued: November 26, 2010

Monetary Effect: None

### Introduction

We performed an audit of the New York City Commission on Human Rights' (CCHR) compliance with Executive Order 120 (EO 120). CCHR is a public-facing agency that promotes the New York City Human Rights Law and is responsible for any claims based on this law. The law prohibits discrimination in employment, housing, and public accommodation based on race, color, creed, age, national origin, alienage or citizenship status, gender, sexual orientation, disability, marital status, and partnership status.

EO 120 requires public-facing agencies to develop and implement language access policy and implementation plans to accommodate Limited English Proficiency (LEP) persons. Agencies were required to have their plans in place by January 1, 2009. In implementing a program of language assistance, EO 120 requires that each agency designate a Language Access Coordinator to oversee the creation and execution of the agency's language access policy and implementation plan; conduct a population needs assessment using guidelines from the U.S. Department of Justice; train front line staff; establish an appropriate monitoring and measurement system; and provide free language assistance based on at least the top six LEP languages spoken in the City (as determined by the NYC Department of City Planning), including the identification and translation of essential public documents, telephonic, and on-site interpretation services, and posting of signage notifying the public of their rights to access these services free of cost.

Our fieldwork was conducted from July 2010 to August 2010, a year and a half after the deadline by which agencies were required to have completed their language access policy and implementation plans. As the Executive Order calls for the Mayor's Offices of Operations (Operations) and Immigrant Affairs (MOIA) to play a leadership role overseeing agencies' language access initiatives, providing technical assistance, and promoting access to LEP customers through public outreach in its statute, we also included a review of the Mayor's Office's oversight efforts in our audit scope.

### Results

We found that CCHR was generally compliant with EO 120 and has pursued meaningful language access initiatives. However, there are several areas where efforts are in need of improvement. For example, we found that CCHR does not post signage, distribute translated documents, or use language access resources consistently across all office locations. We also found that front line staff at some field office sites provided unsatisfactory on-site language assistance. Additionally, CCHR's telephonic interpretation services can be improved and public outreach can be strengthened. Lastly, front line workers and managers may need additional training, and the agency's current format of providing training orally may need to be formalized and documented.

To address these issues, we make six recommendations that CCHR should:

- Follow up with each site to ensure that all locations have the free interpretation service poster and are using “I Speak” cards as well as ensure that staff is familiar with the procedures to use these resources.
- Investigate the use of Language Line as a tool that could enable CCHR to provide more effective language assistance upon initial communication with LEP customers as well as reduce the inconsistencies in service provision and unreasonable wait times.
- Improve customer call services to accommodate the top six LEP languages and reduce wait times.
- Distribute translated documents in a more consistent manner to ensure that field office locations provide documents translated into the languages that reflect the language needs of the communities those offices serve.
- Take stronger steps to ensure that LEP customers are made aware of CCHR’s provision of language assistance services. Providing community partners with written information or materials for them to distribute via mail and electronically or post at their facilities may further ensure that LEP communities are aware of CCHR’s services.
- Provide staff with written training materials or guidelines such as job aids or “cheat sheets” for providing different types of services. CCHR may also want to explore self-assessment initiatives to strengthen internal quality assurance efforts and achieve more uniform delivery of services citywide.

To address other issues we found during this audit, the Mayor’s Office should revise EO 120 to include:

- A list of consequences an agency would face if milestones for plan deadlines are not met;
- Requiring agencies to produce Annual Reports that contain details of what agencies have already done; and
- What the agencies plan to do in the future to meet or enhance their LEP plans.

CCHR officials generally agreed with the findings and recommendations of this audit.

#### **Audit Follow-up**

CCHR reported that five recommendations have been implemented and the remaining recommendation is in process of being implemented.

The Mayor’s Office reported that two recommendations are in the process of being implemented and disagrees with and does not plan to implement the recommendation to include a list of consequences an agency would face if it does not meet its LEP deadlines.

**DEPARTMENT OF INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS**

Audit Report on the Security Accreditation Process at the Department of Information Technology and Telecommunications

Audit # 7A10-112

Comptroller's Library #8044

Issued: October 13, 2010

Monetary Effect: None

**Introduction**

The Department of Information Technology and Telecommunications (DoITT) is the City's Information Technology (IT) utility, ensuring the sustained, efficient delivery of IT infrastructure, telecommunications, and IT services. It transforms the way the City interacts with its residents, businesses, visitors, and employees by leveraging technology to improve services and increase transparency, accountability, and accessibility across all agencies. DoITT supports the technical and administrative functions of the City's 311 Customer Service Center, which provides the public with information and services for more than 300 agencies and organizations; it maintains the City's official website, NYC.gov; and it manages the City's television and radio stations. DoITT is home to the Citywide Geographic Information Systems Unit, which develops and hosts a digital base map used to support City operations. In June 2004, Mayor Bloomberg focused his administration's efforts on using business strategies and relevant technology to make government more accessible, responsive, and accountable to its citizens. DoITT was directed to work closely with City agencies to manage and assist in this initiative.

DoITT issued its Security Accreditation Process (SAP) in July 2007, which indicates that all City-wide applications must be built in a secure fashion and is a key control in ensuring the integrity of the City's data processing systems and the security, reliability, and validity of the data contained therein. SAP outlines key steps to be followed and critical tests to be performed during the development of new City-wide systems or major changes made to any existing City-wide systems. If followed, SAP will help to ensure that the data contained in the systems is secure and protected and that the systems are working in a secure environment.

**Results**

DoITT has a policy in place for its SAP. DoITT coordinates with agencies during the SAP to ensure that all City agencies are in compliance with IT security policies. DoITT's standards and framework provide reasonable assurance that City resources are adequately safeguarded. However, DoITT lacks the necessary enforcement powers to prevent an agency from deploying a new application without submitting it to the SAP.

DoITT follows the SAP to ensure that City applications are adequately safeguarded. However, we found process weaknesses for two sampled applications accredited with exceptions. In these instances, DoITT did not have all the necessary documentation required for the SAP. DoITT informed us that they accredited these two applications through its in-house certifications, but DoITT has not provided us with the formal procedure for the in-house certification process. Additionally, DoITT indicated that when an application is accredited with exceptions, it does not have the resources to ensure the exceptions are followed up on and corrected. Finally, DoITT

can only decline accreditation, but it lacks the authority to enforce City agencies from deploying unaccredited applications into actual use (production).

To address these issues, we make eight recommendations. DoITT should:

- Perform a Citywide risk assessment of applications that have not participated in the SAP.
- Contact those agencies whose systems pose the most critical risk and request that they submit applications for the SAP.
- Request assistance from the Mayor's Office of Operations in directing agencies to participate in the SAP.
- Ensure that all documentation relating to the security accreditation requests for all applications be submitted and maintained.
- Develop a formal SAP for in-house certifications.
- Ensure that security issues found in applications with exceptions are followed up on and corrected by the agencies.
- With the assistance of the Mayor's Office of Operations, DoITT must require that agencies participating in the SAP follow all Citywide security standards and security policies to ensure that applications are operating in a secure environment.
- Enhance its SAP procedures to ensure all agencies deploy an application only after it has been accredited by DoITT.

DoITT officials generally agreed with the findings and recommendations of this audit.

#### **Audit Follow-up**

DoITT reported that five recommendations have been implemented and the remaining recommendations are in process of being implemented.

**LAW DEPARTMENT****Audit Report on Controls over Overtime Payments at the New York City Law Department**

Audit # FR10-145A

Comptroller's Library #8081

Issued: March 25, 2011

Monetary Effect: Potential Savings: \$186,805

**Introduction:**

The audit determined whether the Law Department (Department) complied with labor laws, Department policies and procedures, and other City guidelines governing the authorization and payment of overtime. During Fiscal Year 2009, the Department paid a total of \$1,153,357 in overtime to 273 of 1,547 employees. The base salaries of all employees was approximately \$94 million.

**Results**

The Department generally complied with the rules governing the authorization of overtime except for those addressing the overtime cap. As part of the Department's compliance, the audit found that Department officials performed multiple steps and reviews before overtime for eligible employees was authorized. The Department has satisfactory internal controls for separating duties and monitoring an employee's work hours. However, the audit found that the Department did not comply with the Citywide Agreement's overtime cap, which precludes certain employees from obtaining payments for overtime. As a result of not complying with the cap and not obtaining required waivers, the Department paid 21 employees for inappropriate overtime totaling \$82,954 in calendar year 2009 and paid 25 employees \$103,851 in calendar year 2008. Overall, the excess overtime paid in calendar years 2008 and 2009 totaled \$186,805.

The audit makes one recommendation that the Department comply with regulations governing employees whose salaries exceed the overtime cap.

In its response, the Department agreed with the recommendation and stated that it has "received overtime waiver approvals from OLR for the appropriate staff for 2010 and 2011 and will do so going forward." The Department also stated that "none of the affected employees are expected to retire within the next few years."

**Audit Follow-up**

The Law Department reported that it continues to monitor employee overtime payments. Officials stated that the department is doing so by "Using this procedure we requested and received waivers from the Office of Labor Relations for Calendar Year 2011 for employees who exceeded the overtime cap and will again request such waivers if the need arises in Calendar Year 2012."

## **MULTI-AGENCY**

A Study on the Compliance of New York City Agencies with Executive Order 120 and Recommendations for Enhancing Citywide Language Access

Report #7R11-078S

Comptroller's Library #8055

Issued: November 26, 2010

Monetary Effect: None

### **Introduction**

Our Office conducted an audit on five City agencies' adherence to Executive Order 120 (EO 120), New York's "Citywide Policy on Language Access to Ensure Effective Delivery of City Services." EO 120 was established by Mayor Bloomberg in 2008 and requires all City agencies providing direct public services to ensure that Limited English Proficient (LEP) customers have meaningful access to City services. The agencies included in this audit were:

- The New York City Civilian Complaint Review Board (CCRB).
- The New York City Commission on Human Rights (CCHR).
- The New York City Department of City Planning (DCP).
- The New York City Department of Transportation (DOT).
- The New York City Taxi and Limousine Commission (TLC).

As the Executive Order calls for the Mayor's Offices of Operations (Operations) and Immigrant Affairs (MOIA) to play a leadership role in overseeing agencies' language access initiatives, we also included a review of the Mayor's Offices' oversight efforts in our audit scope.

In order to summarize the results of these audits and reaffirm the commitment of the City to safeguarding civil rights, we developed a study on LEP. This study included a discussion of the overall audit results and expanded on the recommendations by conducting research on best practices that can be applied to services needing improvement.

### **Results**

We found that agencies were generally in compliance with EO 120 and have taken reasonable measures to promote compliance and to expand language access to LEP customers. However, we found some agencies inconsistently provided interpretation services, posted signage, and distributed translated essential documents at various office locations. Public outreach could also be improved at some agencies, and language access training could be formalized at others.

We also found that while the Mayor's Offices have taken substantial measures to promote compliance and expand language access, there were several areas we identified where Mayoral oversight and analysis could be strengthened.

In order to assist agencies strengthen their existing endeavors, we suggested improvements in the following areas:

- Delivery of Direct Public Service and Language Access Coordination.
- Population Needs Assessment and the Four-Factor Analysis.

- Translation of Essential Documents.
- Interpretation and Signage.
- Training.
- Public Awareness.
- Monitoring.

**Report Follow-up**

Not applicable

**MULTI-AGENCY**

A Compilation of Audits of the Minority- and Women-Owned Business Enterprises Program

Report #7R11-087S

Comptroller's Library #8061

Issued: December 22, 2010

Monetary Effect: None

**Introduction**

Enacted in 2005, Local Law 129 (LL129) established the City's Minority- and Women-owned Business Enterprise (M/WBE) Program. This law responded to a study commissioned by the New York City Council, which found that there was a significant disparity in contracting opportunities afforded to certain M/WBE groups in the City's procurement of goods and services. To address the disparities revealed by the study, LL129 details certification, contract participation goals, technical assistance, and administrative procedures to promote the utilization of M/WBE firms for contract and subcontract opportunities valued at less than \$1 million. Subcontractor participation goals are set for certain groups in two industry classifications: Black Americans, Hispanic Americans, and Caucasian females for professional services, and Black Americans, Asian Americans, and Hispanic Americans for construction services.

**Results**

Audits of the M/WBE program by the City Comptroller's Office found a common theme in the administration of the program: The lack of compliance with key provisions of LL 129 concerning agency monitoring of M/WBE participation goals of vendors to ensure that subcontractor utilization goals are achieved. The City Comptroller's Office has completed four audits of the M/WBE program. The objective of the initial audit was to determine whether the Department of Small Business Services (DSBS) complied with the key provisions of Local Law 129 and §6-129 of the Administrative Code. This included the monitoring by DSBS of City agencies' M/WBE utilization and whether DSBS determined if agencies met their subcontractor utilization goals. The other three audits were of individual City agencies [the Department of Design and Construction (DDC), the Department of Housing Preservation and Development

(HPD), and the Department of Parks and Recreation (Parks)] and their monitoring of subcontractor utilization goals covered under the M/WBE program.

Our central finding as to the lack of adequate and effective monitoring of compliance by both DSBS and the agencies we audited is troubling, given that the M/WBE program is still in its infancy. A program of this importance, just recently launched, should be rigorously monitored from its inception to ensure it is being properly and effectively implemented as intended by LL 129, the City Charter, and the City’s Administrative Code. The failure to properly monitor implementation of the program jeopardizes the ultimate goal of the M/WBE program: To increase M/WBE participation in the City’s procurement process in a manner consistent with local and State procurement law. As concerning is the statistics reported by the Mayor’s Office of Contracts (MOCS) of the program. We found them to be an unreliable means by which to effectively measure the success of the program as defined by LL 129.

As previously mentioned and clearly documented in all the audits conducted by the Comptroller’s Office, the lack of effective monitoring of the program at the agency and oversight level must be improved. In that regard, DSBS in consultation with MOCS should formulate and institute uniform procedures in the effective monitoring of the program that are consistent with the provisions contained in LL 129 that each agency must follow. This would include:

- Ensuring audits of prime contractors’ books and records are performed to verify the use of and payments made to subcontractor M/WBE firms by prime contractors;
- Collecting and reporting data on actual payments made to M/WBE subcontractors by prime contractors instead of planned goals;
- Ensuring agencies initiate enforcement actions against those prime contractors that do not comply with the M/WBE provision of their contracts;
- Requiring agencies to ensure that prime contractors submit complete and accurate subcontractor lists in a timely manner;
- Requiring agencies to conduct job-site inspections and contact M/WBE subcontractors to confirm their participation in the project; and
- Establishing controls to ensure that the information recorded in Financial Management System (FMS) pertaining to M/WBE anticipated subcontract amounts is accurate.

**Report Follow-up**

Not applicable

**MULTI-AGENCY**

Audit Report on the Follow-up of Window Guard Violations by the Department of Health and Mental Hygiene and the Department of Housing Preservation and Development

Audit # MD10-066A  
Comptroller’s Library #8091  
Issued: May 20, 2011  
Monetary Effect: None

**Introduction**

The audit determined whether the Department of Health and Mental Hygiene (DOHMH) adequately investigated window guard complaints and referrals and appropriately forwarded unresolved cases to the Department of Housing Preservation and Development (HPD). The audit also determined whether HPD adequately investigated window guard violations and took the necessary steps to ensure the installation and repair of both DOHMH- and HPD-identified violations.

During the period reviewed, the DOHMH Window Fall Prevention Program (WFPP) received window guard referrals from trained staff, other DOHMH bureaus, and other City agencies. It also received complaints from the public. The WFPP followed up on window guard referrals and complaints. If repairs were not made, the WFPP referred the cases to HPD for attempted repair.

HPD received window guard violations in two ways: electronic transfer from DOHMH and routine inspections by HPD’s Division of Code Enforcement. HPD attempted to contact and advise the building owner of the window guard condition in need of emergency repair. It later attempted to contact the tenant to ascertain whether the violation was corrected. If HPD determined that the window guard condition was not corrected, HPD attempted to make the necessary repairs.

At the exit conference for this audit, auditors learned for the first time that DOHMH would no longer be receiving window guard complaints and referrals and that this function was being transferred to HPD (effective April 1, 2011). The failure of both DOHMH and HPD officials to share this information with auditors during the course of audit fieldwork constituted an audit scope impairment and hindered their ability to effectively assess the program in view of the proposed changes.

**Results**

The review of DOHMH’s investigation of window guard complaints and referrals disclosed significant deficiencies. The auditors were unable to determine whether the WFPP Access database was complete and, therefore, had no assurance that all window guard complaints and referrals forwarded to DOHMH were properly documented and investigated. For those complaints that were investigated, inspection attempts were not always made within the required timeframes.

Moreover, neither DOHMH nor HPD has assurance that all window guard violations were appropriately addressed. A total of 288 (46 percent) of the 632 violations sampled were closed (1) without verification from the tenant that the repair was made, (2) because HPD was unable to

gain access to make the repair, or (3) improperly due to data entry errors. In addition, 9 percent of the sampled HPD window guard violations did not receive a final disposition within the timeframe goal established by HPD.

As a result of the change in the window guard process, the audit made no recommendations to DOHMH. Nevertheless, the issues discussed in this report regarding DOHMH's processing of window guard cases merit the attention of HPD. Accordingly, HPD should establish controls to ensure that the deficiencies identified in the audit are not repeated as the agency assumes full responsibility for the program. The audit made 13 recommendations to HPD, including that HPD officials should:

- Take steps to ensure that all window guard complaints and referrals are properly accounted for and processed.
- Ensure that attempts at conducting initial and compliance inspections are made within required timeframes.
- Ensure that follow-up action is taken in instances where cases remain open due to lack of access to the apartment or building.
- Take additional steps to contact tenants to confirm that their window guard violations were corrected by the landlord.
- Institute procedures to ensure that window guard cases are finalized within the 45-day goal.

HPD officials generally agreed with the audit's findings and recommendations. DOHMH officials, however, disagreed with some of the audit's findings and disagreed with the conclusion that the failure to share timely information resulted in an audit impairment. After careful consideration, DOHMH's arguments were found to be without merit.

#### **Audit Follow-up**

HPD reported that seven recommendations have been implemented. Two recommendations are in the process of being implemented, and one recommendation was partially implemented. It disagrees with and will not implement the remaining three recommendations. HPD stated that it will be monitoring the window guard complaints received by the New York City Housing Authority (NYCHA) through the 311 telephone system.

**REVIEWS OF MANAGERIAL LUMP-SUM PAYMENTS**

Monetary Effect: Actual Savings: \$922,524.51

The Bureau of Financial Audit reviews lump-sum payments to employees covered by the Management Pay Plan upon their final separation from City employment.

The employees covered by this plan receive a lump-sum payment for both vested and current accrued annual leave, sick leave, and compensatory leave. The payment is calculated in accordance with Personnel Orders 16/74, 78/3, 24/77, 78/9, 88/5, and 99/6. Employees who were in the Managerial or Executive Pay Plan on December 31, 1977, were given vested rights for their previously accrued annual leave, sick leave, and compensatory leave. After January 1, 1978, the plan became the Management Pay Plan.

Upon final separation from service, each employee’s agency submits a lump-sum payment claim to the Comptroller for review.

For Fiscal Year 2011, those reviews of the managerial lump-sum requests submitted by City agencies resulted in a savings to the City of \$922,524.51:

Total number of claims in Fiscal Year 2011	550
Total amount of agency-prepared lump-sum claims	\$ 14,964,714.49
Total amount of lump-sum claims approved for payment	\$ 14,042,189.98
Claims correctly prepared by the agency	312
Claims reduced during review	176
Claims increased during review	62
Claims denied	0
Total dollar value of agency overpayments, before Review	\$ 931,937.06
Total dollar value of agency underpayments, before Review	\$ 9,412.55
<b>Net Savings resulting from Review</b>	<b>\$ 922,524.51</b>

**REVIEW OF HIGH RISK WELFARE FUND PAYMENT VOUCHERS**

Monetary Effect: Actual Savings: \$1,289,834\*  
 Potential Savings: \$143,841

The Audit Bureau ensures that agencies are in compliance with provisions contained in more than 600 agreements between the City and various unions covering welfare and annuity benefits for active and retired employees.

Copies of all payment vouchers are submitted to the Comptroller by City agencies in accordance with Comptroller’s Directive 8 (Special Audit Procedures on High Risk Vouchers).

The payments are reviewed to ensure that they conform to the terms and conditions of all agreements, Office of Labor Relations (OLR) stipulations, Personnel Orders, Office of Collective Bargaining decisions, etc. Reviews have revealed the following types of errors:

- Contributions made in error for unauthorized titles or rates
- Contributions made for retirees prior to their actual retirement date
- Duplicate payments for a title or a group of titles under two different agreements or the same agreement

During Fiscal Year 2011, 3,427 vouchers totaling over \$521.3 million were reviewed with these results:

	<u>Number of Vouchers</u>	<u>Amount</u>
Total Number of Vouchers reviewed	3,427	\$521,347,537.49
Vouchers Accepted:	3,195	\$392,075,114.69
Vouchers Not Accepted:	232	\$129,272,422.80
Overpayments:		\$ 1,394,921.26
Questionable:		\$ 0.00
Underpayments:		\$ 10,118.82

\*Collections during Fiscal Year 2011 totaled \$1,289,834. Part of the collection amount, \$38,753, is from overpayments identified in previous years. Agencies recouped this amount either by check from the appropriate fund or by deducting the overpayment from subsequent payment vouchers.

**DEPARTMENT OF PARKS AND RECREATION**

Letter Report on the Financial and Operating Practices of the Department of Parks and Recreation for the World's Fair Marina

Audit # FK08-119AL

Comptroller's Library #8048

Issued: October 25, 2010

Monetary Effect: None

**Introduction**

The World's Fair Marina (Marina) is one of three marinas managed and operated by the Department of Parks and Recreation (Parks) Marine Division. The Marina offers seasonal, transient, and commercial charter dockage, dock and dine, passenger pickup and drop off, commercial landings, vessel and canoe storage, and various vessel services. Fees are charged for these services. The Marina employees collect, record, and report receipts generated at the Marina to Parks. For Fiscal Years 2005 through 2008, Parks reported revenues in the City's Financial Management System (FMS) for the Marina as \$848,078, \$913,651, \$940,868, and \$976,193, respectively.

The audit covered the period January 1, 2005, to September 22, 2009. The audit objectives were to determine whether Parks monitored the financial and operating practices of the Marina; whether the Marina accurately and completely recorded and reported its financial activities; and whether the Marina had adequate and effective controls over the collecting, recording, and reporting of revenue.

**Results**

The audit revealed that Parks did not adequately monitor Marina operations to ensure that the Marina accurately and completely recorded and reported Marina financial transactions and employed a sound system of internal controls. Most notably, Parks and Marina management did not:

- Require Marina personnel to use proper entries to adjust sales transactions and finance charges, ensure that only authorized personnel make such transactions, and review such transactions to ensure they were bona fide.
- Ensure accountability for agreements and related cash receipts.
- Separate the responsibilities for authorizing transactions, accepting payments, and recording transactions.
- Properly safeguard cash receipts in a locked drawer or safe during working hours.
- Ensure that cash receipts were submitted for deposit promptly.
- Ensure that Marina personnel collected fees from customers in advance and assessed customers 2 percent monthly finance charges on unpaid balances in accordance with Marina policy.
- Review accounts receivable aging reports to ensure that appropriate collection efforts were made based on the time charges were outstanding; use all collection tools available

to it; and institute written collection procedures that detail when, how, and by whom collection letters should be written and any other collection efforts to be made.

To address these issues, we make seven recommendations as follows:

- Require Marina personnel to use proper entries to adjust sales transactions and finance charges, ensure that only authorized personnel make such transactions, and review such transactions to ensure they are bona fide.
- Press-print and pre-number agreements, use agreements in sequence, and ensure that agreements are filled out completely.
- Separate the responsibilities for authorizing transactions, accepting payments, and recording transactions.
- Properly safeguard cash receipts in a locked drawer or safe.
- Deposit cash receipts in the bank at the close of each business day or promptly the next day.
- Ensure that Marina personnel collected fees from customers in advance and assess customers 2 percent monthly finance charges on unpaid balances.
- Review accounts receivable aging reports and ensure that appropriate collection efforts are made based on the time charges that were outstanding, use all collection tools available to it, and institute written collection procedures that detail when, how, and by whom collection letters should be written and any other collection efforts to be made.

Parks officials generally agreed with the audit's findings and recommendations and indicated that they had already taken several steps to address them.

#### **Audit Follow-up**

Parks reported that it fully implemented six recommendations and partially implemented the remaining recommendation. In response to the recommendation that Parks deposit cash receipts at the close of each business day or promptly the next day, Parks stated that it deposits cash receipts at least once a week and will do so more frequently whenever possible.

**DEPARTMENT OF PARKS AND RECREATION**

Audit Report on Department of Parks and Recreation Oversight of Capital Improvements by Concessionaires

Audit #FR09-139A

Comptroller's Library #8038

Issued: August 9, 2010

Monetary Effect: Potential Revenue: \$10,242,692<sup>5</sup>

**Introduction**

This audit determined the Department of Parks and Recreation's (Department) effectiveness in monitoring concessionaires to ensure that they comply with the capital improvement provisions of their license agreements. At the start of Fiscal Year 2010, the Department had agreements with 90 concessionaires in which capital improvements were required. Comptroller's Audit (No. EW03-136A dated January 2004) previously examined the Department's oversight of concessionaire capital improvements. That audit concluded that the Department did not effectively monitor concessionaires to ensure that they complied with the capital improvement provisions of their agreements.

**Results**

Problems continue to beset the Parks Department's management system that precludes it from adequately monitoring concessionaires to ensure that they comply with the capital improvement provisions of their agreements. As a result, capital improvements totaling \$9,602,592 were not completed at 33 of 54 sampled concessions. Moreover, the failure to undertake capital improvements resulted in a loss to the City of at least \$37,531 in concessionaire fees from improvements that would have generated revenue. Furthermore, the Department did not assess liquidated damages in 11 cases totaling \$640,100 when capital improvements were not completed on time as permitted under the agreements. The audit also noted that the Parks Department does not always adequately review invoices submitted by concessionaires. Finally, the audit found poor conditions at 15 of the 54 concessions that require correction.

The audit makes a total of 12 recommendations, including that the Parks Department ensure that it:

- Strengthen the project management system for monitoring the progress of concessionaires in completing required capital improvements.
- Issue Notices-to-Cure to concessionaires that have not completed the capital improvements required by their agreements.
- Conduct routine inspections and prepare inspection reports that provide sufficient information about the status of required capital improvement work.
- Ensure that concessionaires submit complete documentation needed to determine whether claimed capital improvement work was actually performed.

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<sup>5</sup> This figure includes \$9,602,592 in uncompleted improvements and \$640,100 in liquidated damages.

- Assess liquidated damages when concessionaires fail to complete capital improvements in accordance with their agreements. Determine whether liquidated damages totaling \$640,100 should be assessed for the 11 cases noted in this report.
- Ensure that all repair and maintenance work be excluded from license agreement provisions that require concessionaires to expend funds for capital improvements.
- Issue Notices-to-Cure requiring that the concessionaires correct the conditions noted in this report.

In its response, the Parks Department agreed with, or contended that it was already complying with, all 12 recommendations.

### **Audit Follow-up**

Parks reported that its implementation status was ongoing for our recommendations to strengthen the project management system, issue Notices-of-Cure to concessionaires to complete capital improvements, ensure that concessionaires submit complete documentation, ensure that repair and maintenance work be excluded from license agreement provisions, and issue Notices-of-Cure to concessionaires to correct conditions.

Parks reported that it has implemented recommendations to conduct routine inspections and prepare written guidelines.

For the recommendation to enforce license agreement provisions requiring the submittal of work schedules, Parks reported that it continues to request updated work schedules as needed.

Parks reported that an amendment is currently being finalized in consultation with the City's Law Department about our recommendation to use information provided in the audit about lost revenue from the LaTourette catering facility.

Regarding the recommendation stipulating whether any of the approximately \$1.5 million in unexpended capital improvement funding should be recouped from concessionaires, Parks responded that, in nearly all cases, the capital funds were already invested or will be invested by the concessionaires.

For the recommendations to assess liquidated damages and determine whether liquidated damages should be assessed, Parks will consider assessing liquidated damages on a case by case basis.

**DEPARTMENT OF PARKS AND RECREATION**

Audit Report on the Placement of Automated External Defibrillators by the Department of Parks and Recreation

Audit # MD10-072A

Comptroller's Library #8035

Issued: July 14, 2010

Monetary Effect: None

**Introduction**

This audit determined whether the Department of Parks and Recreation (Parks) complied with Local Law 20 and other State laws and regulations regarding the placement of automated external defibrillators (AEDs). The audit scope was Fiscal Year 2009.

In March 2005, the New York City Council enacted Local Law 20, which addressed the incidence of sudden cardiac arrest outside medical settings. One requirement of the law was the placement of AEDs in public places where they would be accessible and available for use by non-medical personnel when needed. The law specifically required that Parks place AEDs in selected City-operated parks throughout the five boroughs. Local Law 20 and the Department of Health and Mental Hygiene (DOHMH) rules require that personnel be trained in their use and that the devices be registered with the Regional Emergency Medical Services Council of New York City, Inc. (REMSCO) before use by non-healthcare professionals.

**Results**

Parks complied with the Local Law 20 regarding sites for and the placement of AEDs in its facilities; it not only reported placing AEDs at the identified sites, but also reported placing additional AEDs in other parks and recreational facilities. In addition, Parks correctly filed with REMSCO its notice of intent to provide public access defibrillation and its collaborative agreement.

However, Parks did not comply with certain aspects of Local Law 20, including preparing Site-Specific Response Plans with all required information for each AED site, maintaining and testing the AEDs in accordance with manufacturer standards, and adequate placement of the required signage. In addition, Parks did not always ensure that the required AED supplies were available and not expired and that a trained first responder was present during operating hours. These deficiencies existed due in large part to inadequacies of the AED oversight inspections that are performed by the AED Program Coordinator and Operations and Management Planning (OMP) unit. The oversight inspections were not always performed as required by Parks, and those that were performed were not always completed accurately nor did they cover all of the law's key requirements. Further, there did not appear to be any follow-up regarding noncompliant conditions identified during these AED oversight inspections. Moreover, Parks did not register all of its AED devices with REMSCO as required.

To address these issues, the audit made 15 recommendations, including that Parks should:

- Ensure that the Site-Specific Response Plans are prepared for all its facilities that have AEDs and that all the required information and details are included in each plan.

- Ensure that each facility maintains its AEDs in accordance with the manufacturer's recommended maintenance procedures and that the maintenance steps taken are documented, including any problems encountered and the corrective actions taken. The maintenance procedures should include daily inspections of the AED status indicator to verify that the units are operational.
- Ensure that each facility inspects the AED supplies on a monthly basis, including the expiration dating of the batteries and defibrillation pads, and order any needed supplies in a timely fashion in order to receive them prior to the expiration of the existing ones.
- Ensure that all required AED signage is placed in its facilities and that all of the required information is included on the signs, such as the telephone number to contact a trained first responder on the signs placed on all publicly accessible floors.
- Ensure that a trained first responder is on site at each of its facilities during all hours of operation.
- Ensure that AED oversight inspections of all its AED facilities are performed by both the AED Program Coordinator and by OMP unit personnel as required by Parks procedures and that the AED Audit Datasheets are completed properly.
- Follow up and document the follow-up of any noncompliant conditions identified during the AED oversight inspections.
- Ensure that it registers all of its AEDs with REMSCO prior to installing them in its facilities.

Parks officials generally agreed with the audit's recommendations, but disagreed with the findings regarding the presence of a trained first responder at one recreation center and its maintenance of a master list of certified first responders.

#### **Audit Follow-up**

Parks reported that all 15 recommendations have been implemented.

### **DEPARTMENT OF PARKS AND RECREATION**

Audit Report on the Department of Parks and Recreation's Monitoring of Subcontracts Covered by Local Law 129

Audit #ME10-143A

Comptroller's Library #8060

Issued: December 22, 2010

Monetary Effect: None

#### **Introduction**

This audit determined whether the Department of Parks and Recreation (Parks) complied with Local Law 129 with regard to monitoring the use of Minority- and Women-owned Business

Enterprises (M/WBEs) by vendors that were awarded contracts in which M/WBE subcontractor participation goals had been established.

Local Law 129, enacted in 2005, responded to a study commissioned by the City Council that found that there was a significant disparity in contracting opportunities afforded to certain M/WBE groups in City procurement. This law was intended to address the disparities revealed by the study. The agencies overseeing City prime contracts that have M/WBE subcontracting goals (set by the agency) are required to monitor the compliance of the prime contractors with their plans to use subcontractors and M/WBEs (i.e., their utilization plans).

Parks's principal mission is to assure that the parks, beaches, playgrounds, stadia, marinas, recreational facilities, gardens, malls, squares, and public spaces of the City are clean, safe, and attractive for the health and enjoyment of the people. According to the *Agency Procurement Indicators* report, from Fiscal Year 2007 through Fiscal Year 2010 Parks awarded a total of 304 contracts, valued at \$673,400,236, with M/WBE subcontractor participation goals. All of these contracts were for construction-related services.

### **Results**

The audit concluded that Parks was in partial compliance with the provisions of Local Law 129 relating to its monitoring of the use of M/WBEs by vendors that were awarded contracts with M/WBE subcontractor participation goals. While there was evidence of some monitoring by Parks, the audit determined that the agency needed to enhance this monitoring to be better able to determine whether the established M/WBE subcontracting goals had actually been met by the prime contractors.

Parks did require vendors awarded contracts with M/WBE participation goals to submit a Subcontractor Approval Form to report the subcontractors they anticipated using and a Subcontractor Compliance Form to report the payments they made to each subcontractor. Parks resident engineers observed subcontractor activity at the construction sites and noted this activity on daily and weekly reports. When reviewing contractors' payment requests, Parks resident engineers completed a checklist to record the extent to which the contractor had achieved its M/WBE goal based on the information presented by the contractor.

Parks, however, did not review the prime contractors' records to verify payments to M/WBE subcontractors and was therefore unable to determine whether the M/WBEs were receiving the appropriate levels of payment. Furthermore, there was little evidence that Parks contacted the M/WBE subcontractors to verify the extent of their use by the prime contractors. By not performing these steps, Parks could not fully assess whether the prime contractors were achieving the M/WBE participation goals specified in the contracts nor could Parks accurately ascertain whether it was effectively contributing to the City's use of certified M/WBEs as was intended by Local Law 129.

To address these issues, the audit recommended, among other things, that Parks:

- More effectively monitor the use of M/WBEs by prime contractors by contacting M/WBEs identified in utilization plans to confirm their level of participation, by more closely reviewing subcontracting plans and actual payments to subcontractors, and by auditing the contractors' books and records.

- Initiate enforcement actions against those prime contractors that do not comply with the M/WBE provision of their contracts.

In its response, Parks disputed some of the audit's findings, but generally agreed to implement or continue to implement the audit's recommendations.

**Audit Follow-up**

Parks reported that four recommendations have been implemented and that two recommendations have been partially implemented. These two recommendations relate to the need for Parks to more effectively monitor the use of M/WBEs by its prime contractors and to update its written procedures manual.

**OFFICE OF PAYROLL ADMINISTRATION**

Audit Report on the Office of Payroll Administration's Monitoring of the Oversight of the CityTime Project by Spherion Atlantic Enterprises LLC

Audit # FM10-135A

Comptroller's Library #8042

Issued: September 28, 2010

Monetary Effect: None

**Introduction**

In 1998, the City, through the Office of Payroll Administration (OPA), awarded a contract for the development of CityTime, an automated timekeeping system that would interface with the City's Payroll Management System. The contract was awarded to MCI Systemhouse Corporation and subsequently assigned to Science Applications International Corporation, the developer since 2000. In 2001, OPA contracted with Spherion Atlantic Enterprises LLC (Spherion) to provide quality assurance services for the CityTime project. Spherion's contract was initially for three years, worth approximately \$3.4 million, and subject to five, one-year renewals by the City. Since 2001, there have been 11 amendments to the contract, and payments to Spherion have exceeded \$48.2 million. The initial CityTime contract totaled approximately \$63 million and, as of September 30, 2010, will cost the City approximately \$628 million. The project was intended to be fully completed by June 2010 and to serve approximately 180,000 users at 81 agencies. This number was later adjusted to 165,000 users at 81 agencies. As of June 2010, CityTime has been implemented at 58 of 81 agencies with approximately 58,000 employees using the system.

This audit determined whether OPA, through Spherion, effectively monitored its agreement with the CityTime developer and whether Spherion provided the oversight necessary to complete the CityTime project. The audit scope was the duration of Spherion's contract, January 16, 2001, to January 15, 2010.

**Results**

OPA mismanaged its quality assurance agreement with Spherion, which severely limited Spherion's ability to oversee the development of CityTime and may have resulted in significant increases to the cost and duration of the project. In July 2001, six months after the agreement was signed, it was amended to eliminate Spherion's requirement to independently review and certify project deliverables in a systematic manner, even though evidence indicated that deliverables may have been substandard. Approximately a year later, OPA may have violated Procurement Policy Board (PPB) rules by materially altering the agreement to include Subject Matter Experts for project management services. As a result, Spherion was then responsible for quality assurance *and* project management, thereby eroding the line between the two conflicting responsibilities and eliminating the independence of the quality assurance function.

In 2005, OPA also relied on Spherion and its subcontractors to validate and estimate information used to justify a major escalation of the project at a juncture when CityTime could have been terminated or possibly rebid. To guarantee the objectivity of the information, OPA should have used a completely independent party that had no interest in the development of the project.

Finally, OPA could not provide several years' worth of quality assurance reports, making it difficult to determine to what extent the project was being monitored by Spherion.

Due to the severity and magnitude of the issues encountered with the project, the audit made the following recommendation to the OPA Board of Directors (Board), that the Board:

- Create an independent crisis management team to advise the Board on whether it is feasible to continue the CityTime project.

In determining whether or not to continue the project, the crisis management team should:

- Validate the established budget and timeframe needed to complete the project.
- Estimate future maintenance costs and consider whether these costs outweigh system benefits.

Should the Board decide to continue the project after the aforementioned tasks have been fulfilled, the Board should:

- Empower the crisis management team to oversee and evaluate project decisions as well as developer performance in achieving project milestones.

OPA officials did not agree with the report's findings and recommendations.

#### **Audit Follow-up**

OPA reported that on December 15, 2010, the CityTime project was transferred to the Financial Information Services Agency (FISA) for continuation of the implementation of the CityTime project. The Executive Director of FISA is also the Interim Executive Director of OPA. In addition, it was reported that both the OPA Board and the FISA Board passed resolutions concerning CityTime and that these resolutions address the intent of the audit recommendations.

**NEW YORK CITY POLICE DEPARTMENT**

Audit Report on the Cash and Firearm Custody Controls of the Brooklyn Property Clerk Division of the Police Department

Audit # MH10-058A

Comptroller's Library #8067

Issued: January 19, 2011

Monetary Effect: None

**Introduction**

This audit determined whether the New York City Police Department (NYPD) has adequate controls over the acceptance, cataloging, safeguarding, and disposition of firearms and cash by the Brooklyn Property Clerk Division (Brooklyn Division).

The Brooklyn Division has two intake areas to receive firearms and cash, one for Police Officers from any one of the 30 commands in Brooklyn who turn in cash as arrest or investigatory evidence or firearms for safekeeping, and one for police officers from the Police Laboratory who turn in firearms as evidence. The property is kept in safes according to storage numbers—cash as evidence is secured in the Cash Safe; handguns for safekeeping only are secured in the Handgun Safe; and handguns as evidence as well as shoulder weapons as evidence or for safekeeping are secured in the Arrest Safe.

A Cash Safe Logbook and Firearm Safe Logbook are maintained to record information about the cash and firearms. In addition, cash received for safekeeping is deposited by the respective command at a bank in a Property Clerk Holding Account. The cash placed in the safe and the cash deposited in the bank are both recorded in a Cash Ledger. According to the Property Clerk Division Borough Monthly Activity Recap, the Brooklyn Division reported that during Fiscal Year 2009, it received 1,684 firearms. According to the Cash Ledger for Fiscal Year 2009, the Brooklyn Division reported that it received \$5.2 million in cash.

The audit scope period was January 2003 through July 2010.

**Results**

The NYPD's controls over the acceptance, safeguarding, and disposition of firearms and cash by the Brooklyn Division are generally adequate, but weaknesses exist in its cataloging of the firearms and cash received.

The audit found that all but one of the sampled firearms reported to be in a safe or at the warehouse were immediately accounted for. In addition, there was adequate documentation to support firearms that were either signed out or were returned to their rightful owners, and the Handgun, Arrest, and Cash Safes were locked at all times and were entered only by authorized personnel. Furthermore, all of the cash selected in the audit samples was adequately accounted for and handled in accordance with NYPD procedures. Additionally, there were no duplicate check numbers or gaps in the sequential listing of checks issued, and the disbursements were properly authorized and adequately supported in the hard-copy files.

Nevertheless, the audit identified some areas where improvement is warranted. Findings included the following: data in the Firearm Safe Logbooks was incomplete and inaccurate; failure to reconcile the number of firearms recorded on Property Clerk's Delivery Receipts with

the number recorded on invoices, resulting in the NYPD being unable to initially account for a sampled firearm; the number of firearms and cash invoices accepted was inconsistently reported; firearm data recorded on invoices was not always verified for accuracy and completeness upon intake; and some of the firearms held for safekeeping were not destroyed after one year as required.

The audit made 12 recommendations, including that NYPD:

- Ensures that Brooklyn Division officials follow procedures outlined in the Property Clerk Division's *Property Guide* with regard to recording the receipt of actual firearms in the Firearm Safe Logbooks.
- Ensures that the Brooklyn Division documents that the number of firearms recorded on the Property Clerk's Delivery Receipts reconciles with the number recorded on the supporting invoices before firearms are returned to the originating commands.
- Ensures that officials responsible for the preparation and review of internal statistics regarding the number of firearms and cash invoices received by the Brooklyn Division attest that the data is adequately supported and has been reviewed for accuracy and completeness.
- Includes instructions in the *Property Guide* on handling discrepancies between firearm data contained in the invoices and data obtained from the Intake clerks' observations of the firearms.
- Follows the procedures governing the destruction of safekeeping firearms after the allotted time of one year as required by New York State Penal Law.

In their response, NYPD officials stated that four recommendations needed further analysis and evaluation. Officials generally agreed in principle with the remaining eight recommendations, but claimed that four of them were "unnecessary" because their implementation "was planned or existed independent of the audit."

#### **Audit Follow-up**

NYPD reported that of the four recommendations that it agreed with, three recommendations have been implemented and the remaining recommendation is in process of being implemented. NYPD also stated that of the remaining eight recommendations, four are still under review. NYPD acknowledges that while the other four recommendations are valid, it also claims they are redundant because their implementation existed independent of the audit or were planned primarily because of a new tracking system – the Property and Evidence Tracking System (PETS). NYPD also stated that PETS will become fully operational in all of the boroughs by the end of March 2012 and will "transfer many paper-based procedures into a computerized data-based system enabling the Department to electronically oversee the disposition of all property, including those items that are received, returned or removed."

## DEPARTMENT OF PROBATION

Audit Report on the Restructuring of Information Systems in the New York City Department of Probation

Audit # 7A10-110

Comptroller's Library #8082

Issued: March 28, 2011

Monetary Effect: None

### Introduction

This audit determined whether the Department of Probation (DOP) has met the overall goals described in its 2003 Information Technology Strategic Plan. In 2002, DOP began an assessment of its information technology (IT) and operational needs and developed its *2003 IT Strategic Plan*<sup>6</sup> (2003 Plan) with the primary objectives of creating an operational database system to replace the Adult Restructuring Tracking System<sup>7</sup> (ARTS) and a data warehouse system for reporting and information sharing. The ARTS replacement and new data warehouse system were named the Reusable Case Management System (RCMS) and the new RCMS Data Warehouse system for management reporting, data analyses, and data sharing with other agencies.

DOP's overall goal was to enable the agency to deliver better public safety with fewer fiscal and human resources; eliminate redundant data spread throughout the agency; automate paper processes; and integrate DOP's Administration, Adult Services, and Family Court Services for unified IT support. The primary business goals of DOP's 2003 Plan were for DOP to be able to easily share information with other city, state, and federal agencies, and streamline work processes for efficiency improvement. These goals relied on the successful replacement of its existing case management system and creation of a data warehouse facility for management reporting, data analyses, and data sharing.

### Results

DOP has met the overall goals described in its 2003 Plan by having created an operational database system to replace ARTS and a data warehouse system for management reporting. RCMS is adequately serving DOP's needs in terms of functionality and the standard reporting functions. The RCMS Data Warehouse functionality is also adequately serving DOP's needs. However, the standard and ad hoc reporting features of the RCMS Data Warehouse require quality control analyses to identify and remedy reporting discrepancies.

Additionally, both RCMS and the Data Warehouse rely upon outside vendor support for maintenance and future upgrades or enhancements, subject to the availability of the vendor and annual funding to retain the vendor. DOP should establish in-house capabilities to maintain both systems due to the mission critical nature of the applications.

To address these issues, we made two recommendations that DOP should:

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<sup>6</sup> Entitled *NYC Department of Probation Information Technology Strategic Plan, January 2003 Version 2.0*.

<sup>7</sup> A case management system created in 1996 that had served over 700 probation officers who used it daily as part of their tasks in adult supervision. ARTS was the Department's first centralized database only for internal use in adult supervision.

- Perform quality assurance testing on all Data Warehouse reports to be certain information being reported is consistently uniform and accurate throughout the entire range of RCMS data warehouse reports when the reports contain an identical data component being reported.
- Establish technical training programs for its staff to develop in-house capability for in-house RCMS maintenance and programming to protect its current investment in the system as well as to be able to upgrade or enhance RCMS when and if new business requirements arise.

DOP officials agreed with the two recommendations.

**Audit Follow-up**

DOP reported that one recommendation has been implemented and the remaining recommendation to provide in-house training of staff is in the process of being implemented.

**OFFICE OF THE PUBLIC ADVOCATE**

Audit on the Controls over Personnel, Payroll, and Timekeeping Practices at the Office of the Public Advocate

Audit # MG10-142A

Comptroller's Library #8075

Issued: February 2011

Monetary Effect: None

**Introduction**

This audit determined whether the Office of the Public Advocate (PAO) had adequate controls over its personnel, payroll, and timekeeping practices and whether its controls are in accordance with applicable City rules, Comptroller's Directives, and its own formal procedures.

The PAO, headed by an independently elected official, represents the consumers of New York City services. It reviews and investigates complaints about City services, assesses whether agencies are responsive to the public, and recommends improvements in agency programs and procedures for handling complaints. It also monitors the effectiveness of the City's public information and education efforts as well as compliance of City officers and agencies with the New York City Charter.

During Fiscal Year 2009, the PAO had total expenditures of \$2.8 million, consisting of \$2.5 million for Personal Service (PS) and \$278,283 for Other Than Personal Services (OTPS). There were 48 staff employed by the PAO at some time during calendar year 2009, 45 of whom were terminated at the end of the previous administration. The current administration employs 29 individuals, of whom three are employees from the previous administration.

**Results**

The audit found that the PAO generally ensured that its personnel, payroll, and timekeeping practices had adequate controls and were in accordance with applicable Comptroller's Directives and its own formal procedures. However, the audit identified some control weaknesses pertaining to the PAO's review of background information of potential job candidates as well as its timekeeping practices. Specifically, the PAO did not verify employees' credentials and verification of references was not properly documented. In addition, a review of the sampled employees' timesheets showed that the Employee Time Records (ETRs) were not signed by the preparer and approved by a supervisor and that Leave Request Forms were not consistently submitted. In addition, procedures governing adherence to time regulations need to be enhanced.

The audit made four recommendations to the PAO. The PAO should:

- Continue to ensure that candidates submit educational transcripts and that reference checks are made and results are documented for potential candidates.
- Make certain that ETRs and adjustments are signed by all required individuals to ensure accurate data is entered into the City's Payroll Management System (PMS).
- Ensure that employees submit a Leave Request Form for approval whenever leave time is used.

- Update its lateness policy to include specifics regarding excessive lateness and disciplinary action.

PAO officials agreed with the audit's findings and four recommendations, stating that two of the recommendations have already been implemented.

**Audit Follow-up**

The PAO reported that all four audit recommendations are being implemented.

**DEPARTMENT OF RECORDS AND INFORMATION SERVICES**

Audit Report on Department of Records and Information Services Procurement, Payroll, and Personnel Practices

Audit #MJ10-083A

Comptroller's Library #8041

Issued: September 27, 2010

Monetary Effect: N/A

**Introduction**

This audit determined whether the Department of Records and Information Services (DORIS) complied with applicable Procurement Policy Board (PPB) Rules, Comptroller's Directives, and City Leave and Personnel regulations governing procurement, payroll, and personnel practices.

DORIS was created by Local Law 49 of 1977, which consolidated under one agency the responsibility for the organization and retrieval of records, reports, and archival documents produced by past and present governments. During Fiscal Year 2009, DORIS expended \$5.9 million, consisting of \$2.9 million for Other Than Personal Service (OTPS) expenditures covering the procurement of supplies, materials, and services necessary to support agency operations and \$3 million for Personal Service (PS) costs. For Fiscal Year 2010, DORIS's adopted budget totaled \$5 million, consisting of \$2.9 million for OTPS costs and \$2.1 million for PS costs.

**Results**

The audit determined that DORIS's procurement, payroll, and personnel practices generally complied with key provisions of applicable City rules and regulations, including Comptroller's Directives, PPB rules, and City leave regulations. However, DORIS did not adequately monitor employees' excessive annual leave balances to ensure that they were appropriately addressed.

The audit recommended that DORIS should periodically review employee annual leave balances and ensure that employees submit plans to use excess leave time for approval or that waivers are granted allowing them to carry over excess annual leave time. If waivers are not granted, DORIS should ensure that employee excess annual leave is converted to sick leave.

**Audit Follow-up**

DORIS reported that the audit recommendation has been implemented.

**RETIREMENT SYSTEMS**

Letter Report on the Audit of the New York City Fire Pension Fund’s Controls over the Identification of Deceased Individuals Collecting Pension Payments

Audit # FL11-076AL  
Comptroller’s Library #8113  
Issued: June 24, 2011  
Monetary Effect: None

**Introduction**

FIRE utilizes a monthly death match report comparing Federal Social Security Administration (SSA) and the New York City Pension Payroll Management System (PPMS) records to identify deceased individuals to whom pension benefits are paid. FIRE itself does not produce the death match reports. Prior to October 2010, FIRE would access the New York City Financial Information Service Agency’s (FISA) Death Match Discrepancy Report from the Report Management and Distribution System (RMDS). FISA receives the SSA death reports and compares that data against the data in PPMS to create the RMDS Death Match Discrepancy Report. The report lists individuals who have been reported as deceased during that month (only) and are also receiving pension payments.

As of October 2010, FIRE replaced the RMDS Death Match Discrepancy Report with the City Human Resources and Management System (CHRMS) death match report. As a result, FIRE currently uses the HR-11 report generated through the CHRMS. The HR-11 report, preprogrammed by the New York City Office of Payroll Administration (OPA), utilizes a cumulative database to identify and reduce instances of payments to deceased recipients and to compare dates of death recorded within PPMS to a database of deceased individuals. A match is generated when a pensioner or beneficiary listed as active (not deceased) in PPMS is reported as deceased in the database. The database of deceased individuals is updated on a monthly basis with a file provided by SSA.

The audit objective was to determine whether FIRE had the controls in place to detect and prevent the illegal collection of pension payments after the death of a pensioner or beneficiary.

**Results**

The audit found that FIRE took appropriate action on those individuals who were identified as deceased and adequately handles the suspension of pension payments once notified of an individual’s date of death. However, FIRE did not update its controls over identification of deceased individuals collecting pensions after their date of death in a timely manner. Specifically, FIRE delayed using the HR-11 (cumulative database), which became available in April 2010 and corrected deficiencies in the Death Match Discrepancy Report (non-cumulative), until October 2010.

Because FIRE plans on continuing to use the HR-11 report and has taken appropriate action on those individuals identified as deceased, no recommendations for corrective action are being made in this Letter Report.

**RETIREMENT SYSTEMS**

New York City Police Department Pension Fund Pensioners Working for the City after Retirement, January 1, 2009–December 31, 2009

Audit # FL11-096A  
Comptroller’s Library #8100  
Issued: June 30, 2011  
Monetary Effect: None

**Introduction**

The audit objective was to identify New York City pensioners who appear to be violators of New York State Retirement and Social Security Law (RSSL) §211 and §212 or New York City Charter §1117 during calendar year 2009. These individuals —known as “double-dippers” or “disability violators”—have been re-employed by a City agency and may be illegally collecting a pension from the New York City Police Department Pension Fund (POLICE).

**Results**

The audit found no pensioners who were in apparent violation of RSSL §211 - §212 because none of the pensioners under age 65 received City wages exceeding the limitations without having a waiver on file, and no pensioners were in violation of §1117 of the New York City Charter, which prohibits a New York City Police Department disability retiree from earning more than \$1,800 a year (including pension payments) in New York public service unless the retiree’s disability pension is suspended during the time of such employment.

Because the audit found no pensioners who violate applicable sections of State and City laws, this report makes no recommendations to POLICE officials.

We received an e-mail correspondence from POLICE officials indicating that they will not be responding to the report.

**RETIREMENT SYSTEMS**

Letter Report on the Audit of the Pensioners of the New York City Fire Department Working for the City after Retirement

Audit # FL11-097AL  
Comptroller’s Library #8112  
Issued: June 2, 2011  
Monetary Effect: None

**Introduction**

The audit objective was to identify New York City pensioners who appear to be violators of New York State Retirement and Social Security Law (RSSL) §211 and §212, or New York City Charter §1117 during calendar year 2009. These individuals —known as “double-dippers” or

“disability violators”—have been re-employed by a City agency and may be illegally collecting a pension from the New York City Fire Department Pension Fund (FIRE).

**Results**

The audit found no pensioners who were in apparent violation of RSSL §211 - §212 because none of the pensioners under age 65 received City wages exceeding the limitations without having a waiver on file, and no pensioners were in violation of §1117 of the New York City Charter, which prohibits a New York City Fire Department disability retiree from earning more than \$1,800 a year (including pension payments) in New York public service unless the retiree’s disability pension is suspended during the time of such employment.

Because the audit found no pensioners who violate applicable sections of State and City laws, this letter report makes no recommendations to FIRE officials.

**RETIREMENT SYSTEMS**

Pensioners of the New York City Employees’ Retirement System Working for the City after Retirement, January 1, 2009–December 31, 2009

Audit # FL11-098A  
Comptroller’s Library #8101  
Issued: June 30, 2011  
Monetary Effect: None

**Introduction**

The audit objective was to identify New York City pensioners who appear to be violators of New York State Retirement and Social Security Law (RSSL) §211 and §212 or New York City Charter §1117 during calendar year 2009. These individuals —known as “double-dippers” or “disability violators”—have been re-employed by a City agency and may be illegally collecting a pension from the New York City Employee Retirement System (NYCERS).

**Results**

The audit found no pensioners who were in apparent violation RSSL §211 - §212 because none of the pensioners under age 65 received City wages exceeding the limitations without having a waiver on file, and no pensioners were in violation of §1117 of the New York City Charter, which prohibits a New York City Employee Retirement System disability retiree from earning more than \$1,800 a year (including pension payments) in New York public service unless the retiree’s disability pension is suspended during the time of such employment.

Because the audit found no pensioners who violate applicable sections of State and City laws, this report makes no recommendations to NYCERS officials.

In their response, NYCERS officials stated that it is committed to constant and consistent monitoring to avoid pension overpayment.

**RETIREMENT SYSTEMS**

Non-Pedagogical Pensioners of the New York City Department of Education Working for the City after Retirement, January 1, 2009–December 31, 2009

Audit # FL11-099A

Comptroller’s Library #8102

Issued: June 30, 2011

Monetary Effect: Potential Savings: \$5,354

**Introduction**

This audit objective was to identify New York City pensioners who appear to be violators of New York State Retirement and Social Security Law (RSSL) §211 and §212, or New York City Charter §1117 during calendar year 2009. These individuals —known as “double-dippers” or “disability violators”—have been re-employed by a City agency and may be illegally collecting a pension from the New York City Board of Education Retirement System (BERS).

**Results**

The audit found that one BERS pensioner was in apparent violation of RSSL §211 - §212 because she was under age 65 and received City wages exceeding the limitations without having a waiver on file, and another BERS pensioner was in violation of New York State Education Law (Title 2, Article 52, §2575) regulations and §1117 of the New York City Charter which prohibits a New York City Department of Education non-pedagogical disability retiree from earning more than \$1,800 a year (including pension payments) in New York public service unless the retiree’s disability pension is suspended during the time of such employment.

The audit made two recommendations. BERS officials should:

- Investigate those individuals identified in this report and, if in violation of State or City regulations, commence recoupment action against said individuals.
- Send special reminders to service retirees under the age of 65 and to all disability retirees that clearly state their responsibilities regarding public service re-employment.

In their response, BERS officials agreed with both recommendations and indicated that they have taken steps to recoup the overpayments.

**Audit Follow-up**

BERS reported that it has implemented the audit’s recommendations. BERS’ investigation determined that the two individuals cited in the audit were re-employed by the City. The two individuals are now currently repaying the illegal pension benefits.

**RETIREMENT SYSTEMS**

Pedagogical Pensioners of the New York City Department of Education Working for the City after Retirement, January 1, 2009–December 31, 2009

Audit # FL11-100A

Comptroller's Library #8103

Issued: June 30, 2011

Monetary Effect: Potential Savings: \$27,487

**Introduction**

The audit objective was to identify New York City pensioners who appear to be violators of New York State Retirement and Social Security Law (RSSL) §211 and §212, or New York City Charter §1117 during calendar year 2009. These individuals —known as “double-dippers” or “disability violators”—have been re-employed by a City agency and may be illegally collecting a pension from the New York City Teachers' Retirement System (TRS).

**Results**

The audit found that three TRS pensioners appeared to violate RSSL §211 - §212 or New York City Charter §1117. Two pensioners appeared to violate RSSL §211 - §212 as they were under age 65 and received City wages exceeding the limitations without having a waiver on file, while one additional pensioner appeared to violate §1117 of the New York City Charter, which prohibits a TRS disability retiree from earning more than \$1,800 a year (including pension payments) in New York public service unless the retiree's disability pension is suspended during the time of such employment. These three individuals possibly received \$27,487 in pension over payments during 2009.

The audit made three recommendations. TRS officials should:

- Investigate those individuals identified in this report and, if in violation of State or City regulations, commence recoupment action against said individuals.
- Forward to the Department of Investigation, if the circumstances warrant such action, the names of individuals found to be illegally collecting pensions.
- Send special reminders to service retirees under the age of 65 and to all disability retirees that clearly state their responsibilities regarding public service re-employment.

In their response, TRS officials agreed with the three recommendations and indicated that they have taken steps to recoup the overpayments.

**Audit Follow-up**

TRS reported that it is in full compliance with all of the audit recommendations.

**RETIREMENT SYSTEMS**

New York City Pensioners Working as Consultants for the City after Retirement January 1, 2009–December 31, 2009

Audit # FL11-101A

Comptroller’s Library #8104

Issued: June 30, 2011

Monetary Effect: Potential Savings: \$192,681

**Introduction**

The audit objective was to identify New York City pensioners working as consultants who appear to be violators of New York State Retirement and Social Security Law (RSSL) §211 and §212 or New York City Charter §1117 during calendar year 2009. These individuals —known as “double-dippers” or “disability violators”—have been re-employed by a City agency and may be illegally collecting a pension from a New York City Retirement System.

**Results**

The audit found that 11 pensioners working as consultants appeared to violate RSSL §211 - §212 or New York City Charter §1117. Ten pensioners appeared to violate RSSL §211 - §212 as they were under age 65 and received City wages exceeding the limitations without having a waiver on file, while one additional pensioner appeared to violate §1117 of the New York City Charter, which prohibits a disability retiree from earning more than \$1,800 a year (including pension payments) in New York public service unless the retiree’s disability pension is suspended during the time of such employment. These 11 individuals possibly received \$192,681 in pension overpayments during 2009.

The audit made three recommendations. New York City retirement systems should:

- Investigate those individuals identified in this report and, if in violation of State or City regulations, commence recoupment action against said individuals.
- Forward to the Department of Investigation, if the circumstances warrant such action, the names of individuals found to be illegally collecting pensions.
- Send special reminders to service retirees under the age of 65 and to all disability retirees that clearly state their responsibilities regarding public service re-employment.

In their response, officials of the New York City retirement systems generally agreed to implement or stated that they were already in the process of implementing the audit’s recommendations.

**Audit Follow-up**

TRS reported that it is in full compliance with all of the audit recommendations.

FDNY reported that it “diligently ensures that retirees are made aware of the rules regarding post-retirement employment.”

BERS reported that it is implementing the recommendation that is applicable to BERS.

NYPD reported that the audit recommendations are being implemented.

## **RETIREMENT SYSTEMS**

NYC Pensioners Working for New York State After Their Retirement January 1, 2009–December 31, 2009

Audit # FL11-102A

Comptroller’s Library #8105

Issued: June 30, 2011

Monetary Effect: Potential Savings: \$88,275

### **Introduction**

The audit objective was to identify New York City pensioners working for State agencies who appear to be violators of New York State Retirement and Social Security Law (RSSL) §211 and §212 or New York City Charter §1117 during calendar year 2009. These individuals —known as “double-dippers” or “disability violators”—have been re-employed by a State agency and may be illegally collecting a pension from the New York City Retirement System.

### **Results**

The audit found that five pensioners working for State agencies who appeared to violate RSSL §211 - §212 or New York City Charter §1117. One pensioner appeared to violate RSSL §211 - §212 as he was under age 65 and received City wages exceeding the limitations without having a waiver on file, while four additional pensioners appeared to violate §1117 of the New York City Charter, which prohibits a disability retiree from earning more than \$1,800 a year (including pension payments) in New York public service unless the retiree’s disability pension is suspended during the time of such employment. These five individuals possibly received \$88,275 in pension overpayments during 2009.

The audit made three recommendations. The New York City retirement systems should:

- Investigate those individuals identified in this report and, if in violation of State or City regulations, commence recoupment action against said individuals.
- Forward to the Department of Investigation, if the circumstances warrant such action, the names of individuals found to be illegally collecting pensions.
- Send special reminders to service retirees under the age of 65 and to all disability retirees that clearly state their responsibilities regarding public service re-employment.

In their response, officials of the New York City retirement systems generally agreed to implement or stated that they were already in the process of implementing the audit’s recommendations.

### **Audit Follow-up**

TRS reported that it is in compliance with all of the audit recommendations.

FDNY reported that it “diligently ensures that retirees are made aware of the rules regarding post-retirement employment.”

BERS reported that it is implementing the recommendation that is applicable to BERS.

NYPD reported that the audit recommendations are being implemented.

**RETIREMENT SYSTEMS**

Letter Report on the New York City Police Pension Fund’s Controls over the Identification of Deceased Individuals Collecting Pension Payments

Audit # FM11-113AL  
Comptroller’s Library #8114  
Issued: June 28, 2011  
Monetary Effect: None

**Introduction**

POLICE utilizes a monthly death match report comparing Federal Social Security Administration (SSA) and the New York City Pension Payroll Management System (PPMS) records to identify deceased individuals collecting pension payments. POLICE itself does not produce the death match reports. POLICE accesses the New York City Financial Information Service Agency’s (FISA) Death Match Discrepancy Report from the Report Management and Distribution System (RMDS). FISA receives SSA death reports and compares that data against the data in PPMS to create the RMDS Death Match Discrepancy Report. The report lists individuals who have been reported as deceased during that month and are also receiving pension payments.

In 2009, POLICE approached the Office of Payroll Administration (OPA) about creating a new death match report because the Death Match Discrepancy Report did not utilize a cumulative database. From October 2009 to March 2010, POLICE ran test versions of a report (HR-11) generated through the City Human Resources and Management System (CHRMS). The HR-11 report, preprogrammed by OPA, utilizes a cumulative database to identify and reduce instances of payments to deceased recipients and to compare dates of death recorded within PPMS to a database of deceased individuals. A match is generated when a pensioner or beneficiary listed as active (not deceased) in PPMS is reported as deceased in the database. The database of deceased individuals is updated on a monthly basis with a file provided by SSA.

The audit objective was to determine whether POLICE had the controls in place to detect and prevent the illegal collection of pension payments after the death of a pensioner or beneficiary.

**Results**

The audit found that POLICE recognized a deficiency in the RMDS reports and took initiative to rectify the issue. In addition, the audit found that POLICE took appropriate action regarding those individuals who were identified as deceased and adequately handles the suspension of pension payments once notified of an individual’s date of death. However, the HR-11 and Death Match Discrepancy reports lack evidence of supervisory approval and identification of the staff responsible for the initial examination. Moreover, the PPMS CHRMS system only produces reports (e.g., the HR-11) on a real-time basis and cannot be recreated or generated to obtain past information. Consequently, POLICE needs to ensure that work performed by staff is documented and supervisory reviews are evidenced by sign-off—attesting to compliance with policies and procedures.

POLICE officials declined to submit a final response to the report.

**Audit Follow-up**

POLICE reported that “we now require that our staff sign off on the death match comparison report and the supervisor responsible for approving the examination will also sign the report.”

**DEPARTMENT OF SMALL BUSINESS SERVICES**

Downtown Brooklyn Partnership, Inc. Financial and Operating Practices and Compliance with Its City Consulting Contract

July 1, 2008, to June 30, 2009

Audit # FN11-068A

Comptroller's Library #8089

Issued: May 9, 2011

Monetary Effect: None

**Introduction**

The Downtown Brooklyn Partnership, Inc. (DBP) is a not-for-profit local development corporation established to coordinate the economic development activities in downtown Brooklyn. DBP performs its services under a consulting contract with the City of New York through the Department of Small Business Services (DSBS). Under the contract, DBP is required to undertake a number of economic development activities designed to promote and stimulate economic growth in the area, including the retention and attraction of industries that would allow the City to create and maintain job opportunities in downtown Brooklyn. The contract also provides for DBP to advance the development of cultural venues and public space within the Brooklyn Academy of Music Cultural District and to oversee the programs and services of three Business Improvement Districts.

An audit was performed on DBP's financial and operating practices and its compliance with its City contract. For the fiscal year ended June 30, 2009, DBP reported a total of \$2,375,359 in support and revenue, \$2,695,315 in expenses, and a net deficit of \$319,956.

**Results**

The audit found that DBP lacks adequate controls to substantiate its payments to salaried employees. Specifically, our audit noted that DBP did not properly administer its employees' work hours and leave records. Additionally, DBP does not have proper procedures and records to support the private contributions it receives. Without adequate procedures for the solicitation and collection of these funds, DBP is not able to accurately determine its total amount of contributions. This ultimately affects the City's ability to determine the appropriate amount of contract funds it awards to DBP. DBP also did not always comply with the procurement and reporting requirements of its City contract. However, we found that DBP coordinated its programs and economic activities in accordance with its contract.

The audit report recommended that DBP should:

- Ensure the timekeeping system reflects employees' work hours and time and attendance records to ensure effective tracking of employees' absences.
- Develop and maintain a list of private contributors and establish procedures to properly support and account for revenue from private contributions.
- Adhere to the procurement requirements outlined in Section 6.02 of the contract.
- Submit timely programmatic and financial reports to the Deputy Mayor's Office in accordance with its contract with the City.

We recommend that DSBS:

- Ensure that DBP complies with all the report's recommendations.

In their response, DBP officials generally agreed with the audit report's findings and recommendations and indicated that they are in the process of implementing the required corrective actions to remediate the findings discussed in this report.

**Audit Follow-up**

DBP reported that all of the audit recommendations have been implemented.

DSBS reported that all of the audit recommendations have been implemented.

**TAXI AND LIMOUSINE COMMISSION**

Audit Report on the Adherence of the New York City Taxi and Limousine Commission to Executive Order 120 Concerning *Limited English Proficiency*

Audit #7R10-151A

Comptroller's Library #8053

Issued: November 26, 2010

Monetary Effect: None

**Introduction**

We performed an audit of the New York City Taxi and Limousine Commission (TLC) compliance with Executive Order 120 (EO 120). TLC is a public-facing agency that is responsible for licensing and regulating New York City's medallion (yellow) taxicabs, for-hire vehicles (community-based liveries and black cars), commuter vans, para-transit vehicles (ambulettes), and certain luxury limousines.

EO 120 requires public-facing agencies to develop and implement language access policy and implementation plans to accommodate Limited English Proficiency (LEP) persons. Agencies were required to have their plans in place by January 1, 2009. In implementing a program of language assistance, EO 120 requires that each agency designate a Language Access Coordinator to oversee the creation and execution of the agency's language access policy and implementation plan; conduct a population needs assessment using guidelines from the U.S. Department of Justice; train front line staff; establish an appropriate monitoring and measurement system; and provide free language assistance based on at least the top six LEP languages<sup>8</sup> spoken in the City (as determined by the NYC Department of City Planning), including the identification and translation of essential public documents, telephonic, and on-site interpretation services, and posting of signage notifying the public of their rights to access these services free of cost.

Our fieldwork was conducted from July 2010 to August 2010, a year and a half after the deadline by which agencies were required to have completed their language access policy and implementation plans. As the Executive Order calls for the Mayor's Offices of Operations (Operations) and Immigrant Affairs (MOIA) to play a leadership role overseeing agencies' language access initiatives, provide technical assistance, and promote access to LEP customers through public outreach in its statute, we also included a review of the Mayor's Office's oversight efforts in our audit scope.

**Results**

We found that TLC was generally compliant with EO 120 and has pursued meaningful language access initiatives. However, there are several areas where efforts are in need of improvement. For example, we found that TLC does not provide interpretation services consistently across all agency locations and does not adequately post signage. Also, its LEP Plan does not identify and provide for translation of essential public documents. We also found that TLC's customer call services for LEP persons are not consistent and that its public outreach can be strengthened.

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<sup>8</sup> The designated top six LEP languages spoken by the population in New York City are: Spanish, Chinese, Russian, Korean, Italian, and Haitian Creole.

This report makes a total of nine recommendations. To address the issues we found during this audit, we recommend that TLC should:

- Provide consistent interpretation services across all agency locations by ensuring that all front line staff have access to language access tools (“I Speak...” cards) and are able to provide effective language assistance services.
- Assess signage at each field office and conspicuously post signage notifying the public of their right to free language assistance and in the covered languages at all agency locations.
- Identify Essential Documents directly in the Language Access and Implementation Plan and make a schedule for translating these documents in the covered languages or those otherwise identified in the Plan’s language needs assessment as resources become available; in addition, these documents should be made available to the public on the internet and at all office locations.
- Improve customer call services to include assistance in the top six LEP languages and reduce unreasonable wait times.
- Update the Language Access and Implementation Plan to reflect new information such as the language needs of the agency’s constituents and may require “periodic” review to be more specific; furthermore, the agency should consider incorporating data on complaints filed due to language access issues into its monitoring and measurement system.
- Take stronger steps to ensure that LEP customers are made aware of TLC’s public services/workshops/events and the agency’s provision of language assistance services.

To address other issues we found during this audit, the Mayor’s Office of Operations should revise EO 120 to include:

- A list of consequences an agency would face if its milestones for plan deadlines are not met.
- Requiring agencies to produce Annual Reports that contain details of what agencies have already done.
- What agencies plan to do in the future to meet or enhance their LEP plans.

TLC Officials agreed with the report’s recommendations and findings while the Mayor’s Office of Operations and Immigrant Affairs disagreed with the report’s findings and recommendations.

#### **Audit Follow-up**

TLC reported that it expects to implement all of the audit recommendations by the end of Calendar Year 2012.

The Mayor’s Office reported that two recommendations are in the process of being implemented and disagrees with and does not plan to implement the recommendation to include a list of consequences an agency would face if it does not meet its LEP deadlines.

**NEW YORK CITY TRANSIT**

Audit Report on New York City Transit Efforts to Inspect, Repair, and Maintain Elevators and Escalators

Audit # MJ10-065A

Comptroller's Library #8037

Issued: July 23, 2010

Monetary Effect: None

**Introduction**

This audit determined the adequacy of New York City Transit (NYCT) efforts to maintain, inspect, and repair those subway station elevators and escalators that are used by the public. It covered the period January 1, 2008, through April 26, 2010.

The NYCT is the largest agency in the Metropolitan Transportation Authority's regional transportation network. It operates 27 subway lines that connect 468 active stations in four of the City's five boroughs and serves an average of 4.5 million riders daily. To enable passengers to access the subway and to facilitate their movement through the system, elevators and escalators are installed at specific stations. As of September 23, 2009, there were 182 elevators and 176 escalators available to the public at stations throughout the City.

The NYCT Division of Infrastructure's Elevator and Escalator Department (EED) is responsible for ensuring that all elevators and escalators in subway stations and other NYCT facilities are clean, safe, and reliable. The EED is responsible for inspecting and maintaining all elevators and escalators in safe operating order.

**Results**

The audit disclosed weaknesses and inefficiencies that inhibit or render inadequate EED efforts to maintain, inspect, and repair all station elevators and escalators. While the NYCT EED has a comprehensive program for the operation of subway station elevators and escalators, it does not ensure that all required preventive maintenance (PM) service and scheduled maintenance system (SMS) work is consistently performed. More than one-fourth of the scheduled PM assignments for the sampled equipment were not performed. In addition, SMS work was not consistently performed or appropriately documented.

NYCT inspection records for calendar years 2008 and 2009 indicated that a significant portion of required inspections were performed. However, five-year safety tests were lacking. For both 2008 and 2009, the actual number of inspections performed fell short of the annual inspection goal, with the gap growing from 2008 to 2010.

The audit also found that NYCT does not have sufficient credible data by which it can adequately assess its maintenance and repair performance. NYCT reported nearly meeting its 2009 elevator and escalator availability goals. However, the audit found that not all outages were recorded in the Elevator and Escalator Reporting and Maintenance System, raising questions about the reliability of the performance figures. Additionally, the system used to record and track equipment outages may not be functioning properly, and EED did not ensure that it retained evidence of maintenance and repair work performed. Finally, there were certain internal

control weaknesses-- specifically, that EED lacks formal operating procedures and that it needs to strengthen the supervisory oversight and monitoring of its work crews.

The audit made 17 recommendations, among them that NYCT should:

- Ensure that required PM and SMS work is performed and supported by PM and SMS work reports that are signed off both by the work teams and their respective supervisors.
- For each elevator and escalator, keep track of and investigate repeated periods of nonperformance of PM and SMS work.
- Immediately perform the five-year safety tests on elevators that were scheduled but not tested in 2008 and 2009.
- Ensure that all required documentation reflecting work performed by field crews (inspection, PM and SMS reports, and machine room logs) is completed by work crews and retained. NYCT should also require that some record of repair crews' completed work assignments be regularly maintained.

NYCT officials agreed with all 17 audit recommendations.

#### **Audit Follow-up**

NYCT reported that 12 recommendations have been implemented and the remaining five recommendations are in the process of being implemented.

**DEPARTMENT OF TRANSPORTATION**

Audit Report on the Adherence of the New York City Department of Transportation to Executive Order 120 Concerning *Limited English Proficiency*

Audit #7R10-152A

Comptroller's Library #8054

Issued: November 26, 2010

Monetary Effect: None

**Introduction**

We performed an audit of the New York City Department of Transportation's (DOT) compliance with Executive Order 120 (EO 120). DOT is a public-facing agency whose mission is to provide for the safe and secure movement of people and goods in City of New York. With a staff of over 4,000 that oversees one of the most complex urban transportation networks in the world, DOT manages approximately 5,800 miles of streets, sidewalks, and highways. DOT's responsibilities are to maintain and enhance the transportation infrastructure for their primary customers, City residents.

EO 120 requires public-facing agencies to develop and implement language access policy and implementation plans to accommodate Limited English Proficiency (LEP) persons. Agencies were required to have their plans in place by January 1, 2009. In implementing a program of language assistance, EO 120 requires that each agency designate a Language Access Coordinator to oversee the creation and execution of the agency's language access policy and implementation plan; conduct a population needs assessment using guidelines from the U.S. Department of Justice; train front line staff; establish an appropriate monitoring and measurement system; and provide free language assistance based on at least the top six LEP languages<sup>9</sup> spoken in the City (as determined by the NYC Department of City Planning), including the identification and translation of essential public documents, telephonic and on-site interpretation services, and posting of signage notifying the public of their rights to access these services free of cost.

Our fieldwork was conducted from July 2010 to August 2010, a year and a half after the deadline by which agencies were required to have completed their language access policy and implementation plans. As the Executive Order calls for the Mayor's Offices of Operations (Operations) and Immigrant Affairs (MOIA) to play a leadership role overseeing agencies' language access initiatives, provide technical assistance and promote access to LEP customers through public outreach in its statute, we also included a review of the Mayor's Office's oversight efforts in our audit scope.

**Results**

We found that DOT was generally compliant with EO 120 and has made substantial investments in providing meaningful language access to the agency's services for LEP customers. However, there are several areas where efforts can be strengthened. We found, for instance, that DOT does not provide interpretation services at all sites. DOT's Staten Island location, for example, was unable to provide basic information on interpretation services or deliver interpretation assistance

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<sup>9</sup> The designated top six LEP languages spoken by the population in New York City are: Spanish, Chinese, Russian, Korean, Italian, and Haitian Creole.

(such as utilizing Language Line or DOT's Language Bank). We also found that essential documentation was only provided in English at the six DOT locations we visited. As a consequence, LEP persons may not be aware of or given the opportunity to participate in a program or activity or to receive benefits or services from DOT.

This report makes a total of five recommendations. To address the issues we found during this audit, we recommend that DOT should:

- Ensure that it provides interpretive services in all offices that provide service to the public.
- Translate essential documents in all six LEP languages.

To address other issues we found during this audit, the Mayor's Office of Operations should revise EO 120 to include:

- A list of consequences an agency would face if its milestones for plan deadlines are not met.
- Requiring agencies to produce Annual Reports that contain details of what agencies have already done.
- What agencies plan to do in the future to meet or enhance their LEP plans.

Both DOT and the Mayor's Office of Operations agreed with the report's findings and recommendations.

#### **Audit Follow-up**

DOT reported that it has implemented one recommendation and is in the process of implementing the remaining recommendation. DOT stated that it has "installed updated 'Free Interpretation Service Available' signage at all DOT's public service centers." Moreover, DOT reported that it has established a three-year timeframe to complete the translation of essential documents into the six LEP languages.

The Mayor's Office reported that two recommendations are in the process of being implemented and disagrees with and does not plan to implement the recommendation to include a list of consequences an agency would face if it does not meet its LEP deadlines.

## **SECTION II**

### **NON-GOVERNMENT AUDITS**



**CLAIMS**

During Fiscal Year 2011, reports were issued on claims filed against the City. The analyses accepted amount for those claims totaled \$977,090. This resulted in a potential cost avoidance of \$166,067,856 as shown below:

Total Claim Amount	\$167,044,946
Less: Analyses Accepted Amount	\$ 977,090
Potential Cost Avoidance	\$166,067,856*

\*Note: As stated, these cost-avoidance figures are only “potential.” They are based on results of analyses, and these are only the first step in the claim process. As claims are further processed, and as they are concluded via settlement or lawsuits, the actual figures will be different because of other factors that need to be considered at other steps of the claim process.

A list of the 10 claims follows.

<b>REPORT NUMBER</b>	<b>CLAIMANT</b>	<b>DATE ISSUED</b>	<b>CLAIM AMOUNT</b>	<b>ANALYSES ACCEPTED AMOUNT</b>	<b>DISPOSITION SETTLEMENT AMOUNT</b>
FP10-137S	Bedford Stuyvesant Restoration, Corp.	7/7/10	*	*	*
FP10-150S	Kforce Inc.	7/8/10	*	*	*
FP09-137S	Keppel AmFELS, Inc.	8/10/10	*	*	*
FP10-148S	S.L. Green Realty Corp.	10/18/10	*	*	*
FP11-079S	Software Solutions & Services, Inc.	12/15/10	*	*	*
FP11-080S	Business Instruments Corp.	12/15/10	*	*	*
FP11-074S	Juma Technology Corp.	12/21/10	*	*	*
FP10-157S	Sears Holding Corporation	12/23/10	*	*	*
FP11-057S	The Princeton Review, Inc.	1/6/11	*	*	*
FP10-096S	Pegno/Tully	6/29/11	*	*	*
	<b>FISCAL YEAR 2011 TOTALS</b>		<b>\$167,044,946</b>	<b>\$977,090</b>	<b>\$166,067,856</b>

**FRANCHISE, CONCESSION, AND LEASE AUDITS**

Franchise, concession, and lease agreements between various City agencies and private organizations result in revenues to the City based on formulas defined in the agreements. City agencies that enter into such agreements include the Economic Development Corporation (EDC), Department of Information Technology and Telecommunications (DoITT), the Department of Parks and Recreation (Parks), and the Department of Small Business Services (DSBS). Our audits evaluate the payments made by such entities as sports franchises and hotels. As shown below, Fiscal Year 2011 audits resulted in collecting actual revenues totaling \$402,076 and potential revenues totaling \$3,218,211. Additional revenue can be collected if all audit recommendations are followed.

<u>Audit Number</u>	<u>Library No.</u>	<u>Agency/Title</u>	<u>Date Issued</u>	<u>Actual Revenue To Date</u>	<u>Remaining Potential Revenue</u>
FM10-121A	8052	EDC–Staten Island Minor League (Holdings)	11/9/10	0	\$308,564
FM10-126A	8072	EDC-MDO Development Corporation	2/9/11	0	0
FN10-055A	8050	DoITT–Level 3 Communications, Inc.	10/28/10	0	\$524,818
FN10-093A	8051	DoITT-Looking Glass Networks, Inc.	10/28/10		\$159,312
FK10-108A	8083	DPR-New York One – City Carousels	4/14/11	0	\$454,325
FL10-087A	8074	DPR-American Golf – South Shore Golf Course	2/16/11	0	0
FM10-098A	8088	DPR-Randall’s Island Sports Foundation	5/5/11	\$402,076	0
FN11-058A	8106	DSBS-NYC & Company, Inc.	6/30/11	0	\$1,771,192
	<b>TOTAL</b>			<b>\$402,076</b>	<b>\$3,218,211</b>

**ECONOMIC DEVELOPMENT CORPORATION**

Audit Report on the Compliance of Staten Island Minor League Holdings, LLC (SI Yankees) with Their Lease Agreement November 1, 2007–October 31, 2009

Audit Number: FM10-121A

Comptroller's Library #8052

Issued: November 9, 2010

Monetary Effect: Potential Revenue: \$308,564

**Introduction**

Under a license agreement with the Economic Development Corporation (EDC), the Staten Island Minor League Holdings, LLC (doing business as the Staten Island Yankees) (SI Yankees) has the exclusive right to use and operate the Richmond County Bank Ballpark in Staten Island. The lease requires that the SI Yankees pay the City annually, subject to certain attendance criteria, a base rent for actual game attendance, and a ticket fee for each complimentary ticket issued and for each paid "no-show." In addition, the lease requires that the SI Yankees pay a monthly rent for the team store and certain percentages of revenues generated from special event net income and advertising revenues. Finally, the lease requires that the SI Yankees submit to EDC each lease year an attendance report, a statement of special event net income, and a statement of signage (advertising) revenue.

This audit determined whether the SI Yankees paid the EDC the rent due in accordance with lease provisions, submitted required reports, maintained required insurance, reimbursed EDC for electricity use, paid for water and sewer use, maintained the proper security deposit, and made the required capital sinking fund contributions.

**Results**

The SI Yankees maintained the required property and liability insurance endorsing the City and EDC as additional insured parties; maintained the required \$50,000 security deposit with EDC; made the required sinking fund payments; and paid their electricity and water and sewer charges. Our review also noted that the SI Yankees did not owe rent for team store or special events for the audit period November 1, 2007, to October 31, 2009.

The SI Yankees underreported actual attendance for the 2009 baseball season and owes the City \$157,506—\$118,366 in base rent and \$39,140 for no-show and complimentary ticket holders. In addition, the SI Yankees took certain unallowable deductions in calculating net-signage revenues during 2007 through 2009 and owe the City \$151,058. Also, there is a lack of controls over the use of complimentary certificates, complimentary ticket forms, and accountability for complimentary tickets. Lastly, the signage revenue reported to EDC was judgmentally based on a point allocation system that does not present a fair and equitable distribution to the City. As such, this allocation system should be revised to reflect a more equitable distribution of signage revenue for the City.

The audit made seven recommendations—five to the SI Yankees concerning the operation of the SI Yankees and two to EDC concerning the oversight of this concession

The SI Yankees should:

- Pay EDC the \$308,564—\$118,366 in base rent, \$39,140 for no-show and complimentary ticket holders, and \$151,058 for unallowable deductions to net-signage revenues.
- Enhance their controls over the distribution of complimentary tickets by:
  - developing and implementing a better system for issuing and tracking all complimentary certificates and complimentary tickets by including a pre-printed number and a space on the certificate to log the date the certificate is redeemed, who redeemed the certificate, and the seat number issued for that certificate;
  - modifying the complimentary ticket forms to include pre-printed numbers and a space for the seat numbers issued; and
  - issuing complimentary tickets in accordance with the terms of the lease.
- Collaborate with EDC to establish a fairer and more equitable method for reporting net-signage revenue to the City. The new method should include within its calculation a more realistic evaluation of the value of product placement in sponsorship agreements.

EDC should:

- Ensure that the SI Yankees pay the City \$308,564—\$118,366 in base rent, \$39,140 for no-show and complimentary ticket holders, and \$151,058 for unallowable deductions to net-signage revenues—and that they comply with the report's other recommendations.

The SI Yankees disagreed regarding funds owed to the City. EDC officials agreed that the SI Yankees owe \$118,366 in base rent and \$39,140 for no-show and complimentary ticket holders, but disagreed that the SI Yankees owe \$151,058 for unallowable deductions to net-signage revenues.

#### **Audit Follow-up**

EDC reported that five recommendations are being implemented, one recommendation will be partially implemented, and the remaining recommendation has not been implemented. EDC agrees to bill SI Yankees for \$157,506, but not for the \$151,058 for net-signage revenues. The SI Yankees did not respond to a request for an audit implementation plan for the recommendations directed to them.

**ECONOMIC DEVELOPMENT CORPORATION**

Audit Report on the Compliance of MDO Development Corporation d/b/a the Water Club with Its Lease Agreement

Audit # FM10-126A

Comptroller's Library #8072

Issued: February 9, 2011

Monetary Effect: None

**Introduction**

A lease agreement between MDO Development Corporation (MDO) and the City of New York (City) requires MDO to construct and operate a restaurant, d/b/a the Water Club, located along the East River between 30<sup>th</sup> Street and 32<sup>nd</sup> Street in Manhattan. The Economic Development Corporation (EDC) administers the terms of the agreement with MDO on behalf of the City.

This audit determined whether MDO properly reported its gross receipts, correctly calculated and paid its rent due the City, and complied with certain non-revenue terms of the lease agreement. The audit covered calendar year 2009. For calendar year 2009, MDO reported \$6,190,181 in gross receipts and paid the City \$495,000 in fixed rent and \$4,142 in late charges.

**Results**

MDO maintained the required insurance coverage that named the City and EDC as additional insured parties, maintained the required security deposit of \$50,000, and paid all utilities charges (i.e., electricity, gas, and water and sewer).

However, weaknesses in MDO's control procedures prevented the auditors from determining whether MDO accurately reported all of its gross receipts from its restaurant and banquet operations and whether it paid the appropriate fees to the City. Although MDO has sufficient controls over the recording of revenue from food and beverages purchased within the dining room, its controls over the bar operation and the Crow's Nest (the outdoor dining area) need to be enhanced to ensure that all gross receipts derived from beverage sales are properly recorded and reported to the City. The auditors found that MDO staff circumvented its procedures by entering an excessive number of "No-Sale" transactions and by cancelling orders entered in their point of sale (POS) system. Since bar and Crow's Nest revenue is reported as sales from its restaurant operation, it is reasonable to conclude that gross receipts were not accurately reported, and thus the auditors could not determine if any additional rent is due the City. In addition, the auditors were not able to determine whether MDO expended at least \$450,000 on tenant improvements because MDO did not provide sufficient documentation to support the expenditures. Further, EDC did not provide adequate oversight to ensure that MDO complied with the terms and conditions of the lease agreement.

The audit made eight recommendations—three to MDO concerning the operation of the restaurant and five to EDC concerning the oversight of this concession. Below are some of the recommendations.

MDO should:

- Take immediate action to strengthen its financial controls.

- Complete all required tenant improvements as required under Article 18 of the lease agreement.
- Submit to EDC complete documentation supporting the completion of specific tenant improvements and the actual amount spent.

EDC should:

- Ensure that MDO implements the proper controls necessary to address the deficiencies cited in this report.
- Periodically monitor MDO to ensure that MDO maintains proper financial controls and that all receipts are recorded on MDO's books and records and on reports submitted to EDC. If MDO refuses to implement or maintain the proper controls, EDC should immediately inform the Department of Small Business Services so that it may consider terminating its lease agreement with MDO.
- Perform a thorough review of the documentation and improvements to ensure that the improvements and associated costs meet the requirements of the contract.

MDO and EDC officials generally agreed with the audit's findings and recommendations. However, MDO chose not to implement certain recommendations because it believes that several of its existing controls are sufficient.

#### **Audit Follow-up**

MDO reported that it has implemented all of the audit recommendations and gave a detailed description of what it did to do so.

EDC reported that all of the audit recommendations are being implemented.

**DEPARTMENT OF INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS**

Audit Report on the Compliance of Level 3 Communications, Inc. with Its City Franchise Agreement January 1, 2007–December 31, 2008

Audit #FN10-055A

Comptroller's Library #8050

Issued: October 28, 2010

Monetary Effect: Potential Revenue: \$524,818

**Introduction:**

On January 5, 1999, the City of New York through the Department of Information Technology and Telecommunications (DoITT) entered into a 15-year franchise agreement with Level 3 Communications, Inc. (Level 3) to provide local high-capacity telecommunications services in the City. Its services include Internet Protocol (IP), broadband transport, collocation services, and patented Softswitch-based managed modem and voice services. Level 3 provides telecommunications services to approximately 458 customers in the City.

Under the franchise agreement, Level 3 is required to report to the City all gross revenue from telecommunications services that originate in and/or terminate in the City. Based on the agreement, Level 3 is required to pay the City a franchise fee consisting of the greater of either \$200,000 or 5 percent of its annual gross revenue. In addition, Level 3 is required to maintain a minimum combined amount of \$50 million in insurance for bodily injury and property damage, and an unconditional letter of credit and surety bond deposit totaling \$1 million.

This audit determined whether Level 3 accurately reported all gross revenue derived from its franchise agreement with the City, paid the appropriate fees due the City on time, and complied with certain major non-revenue terms of the agreement. The scope of the audit was January 1, 2007, through December 31, 2008.

**Results:**

The audit found that Level 3 did not maintain separate books and records in sufficient detail to determine whether all revenue was properly reported to the City, particularly regarding revenue generated from services that either originate or terminate in the City. Therefore, it was not possible to ascertain whether all revenue attributable to the franchise agreement was reported and all franchise fees paid to the City. Nevertheless, based on the available records, the audit determined that Level 3 underreported gross revenue in the amount of \$7,430,114. Consequently, Level 3 owes the City at least \$510,910 in franchise fees and late charges.

Additionally, Level 3 did not consult with the City in determining a methodology to allocate its revenue and, as a result, it may not have reported to the City significant revenue from services with one endpoint outside the City.

Level 3, however, complied with the other non-revenue requirements of the franchise agreement, such as maintaining the required \$50 million property and liability insurance that named the City as an additional insured party and the required \$1 million in a security deposit.

The audit recommended that Level 3:

- Pay the City \$510,910 in franchise fees and late charges due from understated revenue and ensure that all revenue from customer accounts is properly included in its revenue reports submitted to the City.
- Submit to DoITT for its review and approval a methodology for allocating revenue for services that either originate or terminate in the City in accordance with the franchise agreement and pay to the City the amount it is owed using such methodology (plus late charges as appropriate).
- Maintain separate books of accounts and records of all City business activity in a manner that would allow the City to determine whether Level 3 is reporting all its revenue in compliance with the franchise agreement.

The report also recommended that DoITT ensure that Level 3 pays the City \$510,910 and complies with the audit's other recommendations.

In their response, Level 3 officials disagreed with the audit report findings. DoITT officials generally concurred with the audit findings.

#### **Audit Follow-up**

DoITT reported that although Level 3 disagreed with the audit findings and recommendation to pay the City \$510,910, DoITT's analysis determined that Level 3 owes the City \$524,818 and is seeking payment and resolution of the dispute with Level 3. In addition, DoITT reported that one recommendation has been implemented and the remaining recommendations are in the process of being implemented. DoITT has created a new methodology for computing franchise commission fees and anticipates that Level 3 will agree with this new methodology.

Level 3 reported that it is "confident that the parties are close to finalizing this new franchise agreement instrument, and that each of the issues raised in the audit reports will be addressed and resolved in the executed agreements."

### **DEPARTMENT OF INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS**

Audit Report on the Compliance of Looking Glass Networks, Inc. with Its City Franchise Agreement January 1, 2007–December 31, 2008

Audit #FN10-093A

Comptroller's Library #8051

Issued: October 28, 2010

Monetary Effect: Potential Revenue: \$159,312

#### **Introduction:**

On November 29, 2000, the City of New York through the Department of Information Technology and Telecommunications (DoITT) entered into a 15-year franchise agreement with Looking Glass Networks, Inc. (Looking Glass) to provide local high-capacity telecommunications services in the City. Looking Glass is a facilities-based provider of

metropolitan telecommunications transport services. In August 2006, Looking Glass was acquired by Level 3 Communications, Inc.

Under the franchise agreement, Looking Glass is required to report to the City all gross revenue from telecommunications services that originate in and/or terminate in the City. Based on the agreement, Looking Glass is required to pay the City a franchise fee consisting of the greater of either \$200,000 or 5 percent of its annual gross revenue. In addition, Looking Glass is required to maintain a minimum combined amount of \$50 million in insurance for bodily injury and property damage, and an unconditional letter of credit and surety bond deposit totaling \$1 million.

This audit determined whether Looking Glass accurately reported all gross revenue derived from its franchise agreement with the City, paid the appropriate fees due the City on time, and complied with certain major non-revenue terms of the agreement. The scope of this audit was January 1, 2007, through December 31, 2008.

**Results:**

The audit found that Looking Glass did not maintain separate books and records in sufficient detail to determine whether all revenue was properly reported to the City, particularly regarding revenue generated from services that either originate or terminate in the City. Therefore, it was not possible to ascertain whether all revenue attributable to the franchise agreement was reported, and all franchise fees were paid to the City. Nevertheless, based on the available records, the audit concluded that Looking Glass underreported gross revenue in the amount of \$941,511. Consequently, it owes the City at least \$68,654 in franchise fees and late charges.

Additionally, Looking Glass did not consult with the City in determining a methodology to allocate its revenue and, as a result, it may not have reported to the City significant revenue from services with one endpoint outside the City.

Looking Glass, however, complied with the other non-revenue requirements of the franchise agreement, such as maintaining the required \$50 million property and liability insurance that named the City as an additional insured party and the required \$1 million in a security deposit.

The report recommended that Looking Glass:

- Pay the City \$68,654 in franchise fees and late charges due from understated revenue and ensure that all revenue from customer accounts is properly included in its revenue reports submitted to the City.
- Submit to DoITT for its review and approval a methodology for allocating revenue for services that either originate or terminate in the City in accordance with the franchise agreement and pay to the City the amount it is owed using such methodology (plus late charges as appropriate).
- Maintain separate books of accounts and records of all City business activity in a manner that would allow the City to determine whether Looking Glass is reporting all its revenue in compliance with the franchise agreement.

The report also recommended that DoITT ensure that Looking Glass pays the City \$68,654 and complies with the audit's other recommendations.

In their response, Looking Glass officials disagreed with the audit report findings. DoITT officials generally concurred with the audit findings.

**Audit Follow-up**

DoITT reported that although Looking Glass disagreed with the audit findings and recommendation to pay the City \$68,654, DoITT's analysis determined that Looking Glass owes the City \$159,312 and is seeking payment and resolution of the dispute with Looking Glass. In addition, DoITT reported that one recommendation has been implemented and the remaining recommendations are in the process of being implemented. DoITT has created a new methodology for computing franchise commission fees and anticipates that Looking Glass will agree with this new methodology.

**DEPARTMENT OF PARKS AND RECREATION**

Audit Report on the Department of Parks and Recreation's Monitoring of and New York One's Compliance with Its Contracts Covering City Carousels

Audit # FK10-108A

Comptroller's Library #8083

Issued: April 14, 2011

Monetary Effect: Potential Revenue: \$454,325

**Introduction**

New York One, LLC was authorized to manage and operate pushcarts or a snack bar and carousels in Central Park, Flushing Meadows Corona Park, and Forest Park under separate multiple-year agreements with the Department of Parks and Recreation (Parks). Under the terms of these agreements, New York One was required to: pay the higher of a percentage of gross receipts or a minimum fee; submit monthly certified, properly segregated statements of gross receipts to Parks; maintain specified sales records in a form suitable for audit; and retain these records for at least six years and make them available to the Office of the Comptroller and Parks on demand.

Additionally, the agreements stipulated that New York One perform specified capital improvements, sell only authorized items at Parks-approved prices, and maintain pushcarts or snack bars, restrooms, and surrounding areas. New York One was also required to obey all relevant laws and regulations, obtain all necessary permits and licenses, maintain certain types and amounts of insurance coverage, submit and maintain security deposits with the City, and pay utility charges.

The audit covered the period January 1, 2008, through December 31, 2009. (We conducted tests outside this period to expand on the effects of certain audit findings.)

**Results**

The audit revealed that New York One lacked sales records and sound and effective internal controls over the collecting, recording, and reporting of revenues generated at the Central Park, Flushing Meadows Corona Park, and Forest Park Carousels. These deficiencies were so severe that we could not determine total gross receipts or the corresponding total payments due the City. However, based on the limited records available, we found that, *at minimum*, New York One understated Central Park Carousel special events gross receipts by \$58,424 or approximately 141 percent. Consequently, we have serious concerns about the accuracy of New York One's reported gross receipts for its carousels' operations and thus, New York One's payments to Parks.

New York One also failed to comply with other agreement provisions because, for example, it did not: perform capital improvements, repairs, and maintenance with an estimated value of \$564,325; submit required security deposits totaling \$100,000; and maintain pushcarts, snack bars, and surrounding areas in a sanitary and safe manner. New York One largely did not comply with or fulfill its contractual obligations, and Parks failed to adequately monitor several critical areas of New York One's performance and failed to use all tools available to enforce in a timely manner agreement terms and conditions as required by the New York City Charter, Chapter 14, §365.

Additionally, Parks largely failed to charge and collect fees from New York One for Central Park Carousel operations from January through September 2008. Parks failed to contract in a timely manner with New York One, allowed it to operate under an expired contract, and did not consistently charge it fees during this period. Consequently, we estimate that Parks did not collect minimum concession revenues of between \$124,375 and \$151,375. Parks also failed to incorporate minimum capital expenditures tendered in New York One's proposals to operate the Flushing Meadows Corona Park and Forest Park Carousels in executed agreements in accordance with the Rules of the City of New York Title 12 § 1-13.

To address these issues, we make 22 recommendations to New York One. As New York One's agreements for the Central Park and Forest Park Carousels have either expired or were terminated, we generally address our recommendations solely to the Flushing Meadows Corona Park Carousel, still under an existing agreement. These recommendations include that New York One should:

- Record separately admission, food, and souvenir sales activities on cash registers or other income-recording devices.
- Issue and maintain copies of pre-numbered, sequential special events agreements and gift certificates.
- Retain all records for at least six years and make them available to the Office of the Comptroller and Parks on demand.
- Accurately and completely report gross receipts generated from all operations in accordance with its agreement.
- Perform all stipulated capital improvements and expend at least \$110,000 as proposed.
- Immediately remit and maintain its security deposit of \$20,000.
- Properly maintain pushcarts and surrounding areas.

Regarding the Central Park and Forest Park Carousels, we recommend only that New York One should immediately remit capital investments of \$454,325 to the City as additional fees.

Although New York One generally refuted the audit findings and maintained that it provided sales records, performed required capital improvements, and complied with and fulfilled other contractual obligations, New York One generally agreed to implement the audit recommendations.

Additionally, we make 17 recommendations to Parks. Regarding its concession properties, Parks should:

- Charge and collect fees from all entities operating concessions.
- Contract with all entities operating concessions and do so in a timely manner.
- Ensure that agreements are consistent with winning proposals and incorporate all material proposal terms.

With regard to New York One's overall performance for the Central Park, Flushing Meadows Corona Park, and Forest Park Carousels, Parks should:

- Consider issues identified by Parks and the Comptroller if and when New York One submits proposals to operate concessions on City-owned properties.
- Issue Notices to Cure, assess liquidated damages when permissible, and follow up on noncompliance.
- Complete Performance Evaluations and issue Advices of Caution in VENDEX.

With regard to the Central Park and Forest Park Carousels, Parks should:

- Seek legal remedies for New York One's default on its capital investment commitments totaling \$454,325.

With regard to the Flushing Meadows Corona Park Carousel, we made recommendations to Parks, including that it should:

- Ensure that New York One maintains sales records at the Flushing Meadows Corona Park Carousel in a form suitable for audit and retain sales records for at least six years.
- Ensure that New York One completes and submits the necessary documentation of capital improvements performed at the Flushing Meadows Corona Park Carousel.
- Immediately require New York One to submit a security deposit of \$20,000 as stipulated in its agreement.
- Refer health and sanitation issues to the Department of Health and Mental Hygiene.

With the exception of findings and recommendations related to capital improvements, Parks generally agreed with the audit's findings and recommendations and directed New York One to implement recommendations addressed to it.

#### **Audit Follow-up**

Of the 17 recommendations addressed to Parks, it did not report any implementation status. Parks maintained it did not do so because New York One no longer operates City carousels. However, at minimum, Parks should have addressed the three recommendations pertaining to all Parks concession properties as well as the recommendation regarding future proposals submitted by New York One to operate concessions on City-owned properties.

#### **DEPARTMENT OF PARKS AND RECREATION**

Compliance of American Golf Corporation d.b.a. South Shore Golf Course with Its License Agreement and Its License Fee Due the City January 1, 2009–December 31, 2009

Audit # FL10-087A

Comptroller's Library #8074

Issued: February 16, 2011

Monetary Effect: None

**Introduction**

The Department of Parks and Recreation (Parks) has a license agreement with the American Golf Corporation (American Golf) d.b.a., South Shore Golf Course, to operate and maintain the South Shore Golf Course in Staten Island. The agreement also requires that American Golf expend \$1,179,593 on specific capital improvements at the facility, remit a security deposit of \$131,250 to the Comptroller's Office, maintain certain types and amounts of insurance coverage that names the City as an additional insured party, and pay all required taxes and utilities charges related to the facility.

This audit determined whether American Golf accurately reported its total gross receipts to Parks, properly calculated license fees due the City, paid fees on time, and complied with certain non-revenue-related requirements of the license agreement.

**Results**

American Golf generally maintained adequate controls over the recording and reporting of its gross revenues, properly calculated fees due, and paid those fees in a timely manner to the City. In addition, American Golf maintained the required liability insurance that named the City as additional insured party, maintained the required security deposit, and paid utility charges.

However, American Golf does not use pre-numbered golf event agreements. Pre-numbered agreements help assure that all revenue from golf events are reported to Parks and that appropriate rent was paid to the City. American Golf also did not submit its annual report on community and youth programs as required by its license agreement. As a result, Parks cannot accurately evaluate the success of the community and youth programs that American Golf is required to provide under its license agreement.

The audit makes a total of five recommendations – three to American Golf and two to Parks. The major recommendations are that American Golf should:

- Establish and implement adequate internal controls over its golf event agreements. These controls should include issuing pre-numbered golf event agreements and accounting for all numbers issued, even if golf event agreements are canceled or voided.
- Establish and implement a system to record and report on its community and youth programs and submit its annual report within 30 days of the end of the operating year as required by its license agreement.

Parks should:

- Evaluate American Golf's community and youth programs and determine whether it is providing sufficient, high quality services to the community. In that regard, Parks should work with American Golf to identify specific community and youth programs and define performance indicators to help Parks measure the success of these programs.

American Golf and Parks officials generally agreed with the report's recommendations and described the actions American Golf has taken or will take to address the report's recommendations.

**Audit Follow-up**

American Golf reported that it implemented all of the audit recommendations. Parks reported that all of the audit recommendations are implemented.

**DEPARTMENT OF PARKS AND RECREATION**

Audit Report on the Randall's Island Sports Foundation's Compliance with Its License Agreement with the City of New York Department of Parks and Recreation

Audit # FM10-098A

Comptroller's Library #8088

Issued: May 5, 2011

Monetary Effect: Actual Revenue: \$402,076

**Introduction**

Randall's Island Sports Foundation (RISF) was founded in 1992 as a not-for-profit corporation formed to promote and assist in the restoration, maintenance, and operation of Randall's Island on the East River between East Harlem, the South Bronx, and Astoria. The Executive Director of RISF serves as the Administrator of the park and is dually employed by the New York City Department of Parks and Recreation (Parks). On January 29, 2007, RISF entered into a five-year license agreement with Parks. The license agreement authorizes RISF to provide various services on Randall's Island such as athletic, educational, and recreational activities. Any revenue earned on the island is retained by RISF to maintain and provide services on the island. The agreement also authorizes RISF to retain revenue derived from concessions operating on the island to be used for the operation and maintenance of the park. Any funds received by RISF in excess of the annual operating and maintenance budget established in conjunction with Parks must be returned to Parks on behalf of the City.

The audit objective was to determine whether RISF accurately recorded and reported revenues and whether the expenses were reasonable, appropriate, and in compliance with the license agreement.

**Results**

Generally, RISF accurately recorded and reported revenues and incurred expenses that were reasonable, appropriate, and in compliance with the license agreement. However, the audit noted two internal control issues. RISF improperly transferred or deposited \$293,076 of license revenue (City funds) to its private bank account. Combining City license revenue with donations can result in City funds being used to pay expenses that are not directly associated with the management and maintenance of the Park or to be kept by RISF should the partnership between the two parties cease. In addition, RISF misclassified \$160,000 of the \$293,076 as donations rather than City revenue. Misclassifying license revenue as donations can affect money due to the City at year end.

Other issues which came to our attention relate to Parks's oversight. Parks did not notify the New York City Conflicts of Interest Board (COIB) of significant changes to the Administrator's dual compensation from the City and RISF, and as a result, may be in violation of conflicts-of-interest laws. Since 2004, the Administrator's salary has substantially changed at least two times without notification to COIB, while the portion paid by the City has also substantially changed at least once. These changes not only raise concerns about whether the current salary arrangement is violating conflict-of-interest laws, but also dramatically increase pension benefits upon retirement. The audit concluded that there may be a lack of transparency over this arrangement. Finally, Parks improperly directed \$5 million to RISF rather than depositing the funds directly in the City treasury. Although the funds eventually were returned to the City treasury (prior to the commencement of this audit), the City did not have immediate access to this money and lost approximately \$109,000 in potential interest income.

The audit makes 11 recommendations, four to RISF and seven to Parks. Among those recommendations,

RISF should:

- Ensure all City funds, including interest earned on these funds, are kept separate from RISF's private accounts.
- Immediately transfer \$293,076 to the City account.
- Repay the City the \$109,000 in interest earned on MOU funds.

Parks should:

- Modify the license agreement to explicitly state that interest earned on City funds should remain in the City account designated for license revenue.
- Notify COIB of the changes to Administrator's responsibilities and salary (including bonuses) and seek an opinion as to whether the current arrangement violates any COIB regulations.
- Establish formal guidelines for these cases which specifically documents salary parameters, justification for funding switches, job responsibilities, and other matters.
- Refer the pension issue to the Law Department for review and consideration in the context of this and any similar arrangements.
- Cease the practice of redirecting Memorandum of Understanding (MOU) funds to RISF, require that it deposit all MOU funds directly into the City treasury, and ensure the \$109,000 in interest is deposited into the City's general fund.

RISF and Parks officials generally agreed with the audit's findings and recommendations.

#### **Audit Follow-up**

RISF reported that it has either implemented or is in the process of implementing all of the audit recommendations addressed to RISF. RISF remitted the \$402,076 to Parks in March 2011.

Parks reported that of the seven recommendations addressed to Parks, four recommendations have been implemented, one recommendation is in process of being implemented, and Parks plans to implement the remaining two recommendations. All issues concerning the

Administrator's salary and pension have been resolved and the \$109,000 has been deposited in the General Fund.

**DEPARTMENT OF SMALL BUSINESS SERVICES**

NYC & Company, Inc.'s Compliance with Its City Consulting, Marketing, and Licensing Contract  
July 1, 2008, to June 30, 2009

Audit # FN11-058A

Comptroller's Library #8106

Issued: June 30, 2011

Monetary Effect: Potential Revenue: \$1,771,192

**Introduction**

NYC & Company, Inc. (NYCC) is a not-for-profit corporation established to undertake a number of activities designed to enhance the City's ability to maintain and develop the City as a tourism destination, convention site, and location for big events, and to generate revenue and promote economic development through the use of municipally-owned or controlled marketing and licensing resources. In consideration for the performance of the scope of services, for Fiscal Year 2009, the City paid NYCC \$19,556,927. NYCC is also permitted to conduct activities that would leverage public and private sector member dollars to supplement funding for existing programs. The contract, which terminated on June 30, 2011, is monitored by the Department of Small Business Services (SBS), and the scope of services performed is subject to the review and approval of the Deputy Mayor for Economic Development.

An audit was performed to determine whether NYCC accurately reported its revenue and expenses to the City, properly calculated and paid the appropriate fees due the City on time, and complied with other requirements of its contract.

**Results**

The audit found that NYCC did not include at least \$3,139,212 in its calculation of the marketing and licensing fees it reported to the City. As a result, it owes the City at least \$1,771,192 in additional marketing and licensing fees. Specifically, our audit found that NYCC did not include \$1,602,017 in net sales of marketing and sponsorship agreements and \$1,537,195 in net advertising revenue it received from a sub-license agreement in connection with the City's banner program. Both amounts were classified as "Other Funds" and, therefore, excluded from NYCC's calculation of its payment to the City for Fiscal Year 2009. In addition, we were not able to obtain the supporting documentation that would allow us to ascertain whether \$10,133,975 in revenue, included under "Other Funds," was accurately reported to the City and whether \$16,378,970 in expenses, also included under "Other Funds," were appropriate and accurately reported to the City. As a result, we were not able to determine whether additional fees may be due the City.

Furthermore, we noted that NYCC did not report to the City the activities of the in-kind media resources it received in connection with its contract. We also found that NYCC did not have adequate disclosure of its methodology for allocating the revenue and expenses of its programs in the financial reports it submits to the City. Nevertheless, our review found that NYCC complied with other requirements of its contract (i.e., submitted its reports to the City in a timely manner and maintained the required insurance).

The audit report recommended that NYCC should:

- Pay the City \$1,771,192 in additional fees due in connection with its marketing activities.
- Include all marketing activity-related revenue in the calculation of Marketing and Licensing Fees due the City as required in Section 2.02 of the contract.
- Ensure that only salary expenses directly related to the marketing activities are allocated to such activity.
- Ensure that Marketing and Licensing project budgets are submitted, reviewed, and approved by the Deputy Mayor as required by the agreement.

The audit report recommended that that SBS or the Mayor's Office should:

- Ensure that NYCC pay the \$1,771,192 in additional marketing fees recommended in this report and comply with the audit's other recommendations.
- Ensure NYCC clearly disclose its methodology for allocating revenue and expenses among its program funds.
- Require that NYCC reports to the City the in-kind media contribution activities and its basis for valuation.
- Require that NYCC provides adequate information and disclosure regarding the classification of its revenue and expenses in the financial reports it submits to the City.
- Ensure that the requirements for recommendations 6 through 8 are clearly articulated in future contract negotiations.

In their response, NYCC officials generally disagreed with the audit report's findings and recommendations and stated, "While we appreciate the work of the audit team, we do not as indicated concur with the Draft Audit's findings, conclusions and recommendations." DSBS officials stated, "We must respectfully disagree with the draft audit's findings, conclusions and recommendations."

#### **Audit Follow-up**

NYCC and DSBS reported that they continue to disagree with the audit findings and recommendations.

**WELFARE FUNDS**

Financial and Operating Practices of the Social Service Employees Union Local 371 Welfare Fund

July 1, 2007–June 30, 2008

Audit # FL10-123A

Comptroller's Library #8084

Issued: April 29, 2011

Monetary Effect: Potential Revenue: \$159,880

**Introduction**

The Social Service Employees Union Local 371 Welfare Fund (Welfare Fund) receives its funding from the Social Service Employees Union Local 371 Administrative Fund (Administrative Fund). The Administrative Fund was created to receive the negotiated contributions from its members' employers and to allocate and distribute the monies received to the Social Service Employees Union Local 371 Benefit Funds—Social Service Employees Union Local 371 Welfare Fund (Welfare Fund), Social Service Employees Union Local 371 Legal Services Fund (Legal Services Fund), and Social Service Employees Union Local 371 Educational Fund (Educational Fund). The Welfare Fund receives an allocation of funds from the Administrative Fund that is equivalent to its net cost of operations. The Welfare Fund is required to conform to Comptroller's Directive #12, "Employee Benefit Funds—Uniform Reporting and Auditing Requirements," which sets forth accounting, auditing, and financial guidelines for funds and its boards of trustees.

An audit was performed on the financial and operating practices of the Welfare Fund for Fiscal Year 2008. As of June 30, 2008, the Welfare Fund had received \$20,955,119 for health benefits and administrative expenses that were paid through the Administrative Fund.

**Results**

The audit found that the Welfare Fund complied with the procedures and reporting requirements of Directive #12; in addition, the Welfare Fund complied with its accounting procedures, and those procedures were adequate and proper. Although the Welfare Fund paid benefit expenses that were mostly appropriate and reasonable, the audit found some weaknesses in the Welfare Fund's financial, operating, and benefit processing procedures as follows:

- Paid \$100,925 for questionable expenses (\$100,637 to the union for its health and safety benefit and \$288 to two dental assistants to reimburse them for sneakers).
- Made improper benefit payments totaling \$31,025.
- Did not maintain documentation to support its podiatry and pension-counseling benefit payments, totaling \$27,930.
- Did not maintain complete and accurate records of those persons for whom it is providing Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) benefits.
- Paid claims for dependents whose eligibility was not documented.
- Did not properly authorize checks.

The audit makes eight recommendations. The Welfare Fund should:

- Discontinue its practice of subsidizing the Union's health and safety benefit until the Welfare Fund receives timekeeping records, expense reports, or utilization reports so it can assess the reasonableness and appropriateness of this benefit.
- Ensure that all expenses incurred are reasonable and necessary for the operation of the Welfare Fund.
- Pay for benefits for eligible individuals only and make payments in accordance with their guidelines.
- Maintain all supporting documentation to substantiate City contributions, member eligibility, and benefit use. These documents should include, but not be limited to, the City contribution reports, HHC contribution reports, claim forms, and medical receipts.
- Ensure that benefits are provided only to eligible dependents.
- Maintain complete and accurate records for COBRA benefits. These documents should include the *COBRA Election* form and the *ARRA Premium Reduction Request* forms.
- Create and maintain procedures to record and track COBRA eligibility, coverage ranges, and premium payments.
- Ensure that only authorized personnel sign program checks.

In their response, Welfare Fund officials generally did not specifically address the audit's findings or recommendations and did not indicate how they will implement the necessary corrective actions to remediate the findings discussed in this report.

### **Audit Follow-up**

The Welfare Fund reported the steps taken to implement six recommendations, but it did not specifically address two recommendations.

## **WELFARE FUNDS**

Financial and Operating Practices of the Social Service Employees Union Local 371 Administrative Fund, July 1, 2007–June 30, 2008

Audit # FL10-124A

Comptroller's Library #8085

Issued: April 29, 2011

Monetary Effect: None

### **Introduction**

The Social Service Employees Union Local 371 Administrative Fund (Administrative Fund) was created to receive the negotiated contributions from its members' employers and to allocate and distribute the monies received to the Social Service Employees Union Local 371 Benefit

Funds—Social Service Employees Union Local 371 Welfare Fund (Welfare Fund), Social Service Employees Union Local 371 Legal Services Fund (Legal Services Fund), and Social Service Employees Union Local 371 Educational Fund (Educational Fund). The Administrative Fund is required to conform to Comptroller’s Directive #12, “Employee Benefit Funds—Uniform Reporting and Auditing Requirements,” which sets forth accounting, auditing, and financial guidelines for funds and its boards of trustees.

An audit was performed on the financial and operating practices of the Administrative Fund for Fiscal Year 2008. As of June 30, 2008, the Administrative Fund reported \$27,825,797 in City contributions and net assets of \$9,409,531.

### **Results**

The audit found that the Administrative Fund complied with the procedures and reporting requirements of Directive #12; in addition, the Administrative Fund complied with its accounting procedures, and those procedures were adequate and proper—except for the lack of written policies and procedures requiring that complete time records be maintained. Also, the Administrative Fund paid administrative expenses that were appropriate and reasonable—except for payroll expenses. Due to the lack of complete employee time records, the auditors could not be assured that employees were paid for hours actually worked.

Furthermore, the Administrative Fund did not properly authorize checks issued from its operating account for Fiscal Year 2008 as required by §7.8 of the Administrative Fund’s Trust Agreement.

The audit makes two recommendations. The Administrative Fund should:

- Create and implement written timekeeping procedures requiring formal recording of each employee’s time and maintain accurate daily attendance records and records of leave balances for its employees.
- Ensure that only authorized personnel sign checks.

In their response, Administrative Fund officials generally did not specifically address the audit’s findings or recommendations and did not indicate how they will implement the necessary corrective actions to remediate the findings discussed in this report.

### **Audit Follow-up**

The Administrative Fund reported that it has implemented the recommendation to provide written timekeeping procedures, recording of employees’ time, and maintenance of employee attendance records. However, the Administrative Fund said until it can have formal amendments made to the Trust Documents, it cannot implement the recommendation concerning authorizing and signing of checks.

**WELFARE FUNDS**

Financial and Operating Practices of the Social Service Employees Union Local 371 Legal Services Fund and Educational Fund

July 1, 2007–June 30, 2008

Audit # FL10-125A

Comptroller's Library #8086

Issued: April 29, 2011

Monetary Effect: Potential Revenue: \$5,318

**Introduction**

The Social Service Employees Union Local 371 Legal Services Fund (Legal Services Fund) and the Social Service Employees Union Local 371 Educational Fund (Educational Fund) receive their funding from the Social Service Employees Union Local 371 Administrative Fund (Administrative Fund). The Administrative Fund was created to receive the negotiated contributions from its members' employers and to allocate and distribute the monies received to the Social Service Employees Union Local 371 Benefit Funds—Social Service Employees Union Local 371 Welfare Fund (Welfare Fund), the Legal Services Fund, and the Educational Fund. The Legal Services Fund and the Educational Fund receive an allocation of funds from the Administrative Fund that is equivalent to its net cost of operations. The Legal Services Fund and the Educational Fund are required to conform to Comptroller's Directive #12, "Employee Benefit Funds—Uniform Reporting and Auditing Requirements," which sets forth accounting, auditing, and financial guidelines for funds and their boards of trustees.

An audit was performed on the financial and operating practices of the Legal Services Fund and the Educational Fund for Fiscal Year 2008. The Legal Services Fund received \$3,900,521 for legal benefits, and the Educational Fund received \$332,269 for educational benefits for Fiscal Year 2008. Administrative expenses were paid through the Administrative Fund.

**Results**

The audit found that the Legal Services Fund and the Educational Fund complied with the procedures and reporting requirements of Directive #12; in addition, the Legal Services Fund and the Educational Fund complied with their accounting procedures, and those procedures were adequate and proper. However, the audit found some weaknesses in the financial and operating procedures of the Legal Services Fund and the Educational Fund. Of the \$74,876 in claims and payments to class instructors reviewed, \$5,318 (7 percent) in payments were made to individuals not listed on the City's Payroll Management System, the City's Health and Hospitals Corporation contribution reports, or the Administrative Fund's database system or were made without supporting documentation.

The Legal Services Fund also provided civil representation to 17 of the 100 (17 percent) randomly selected participants reviewed and criminal representation to three of the 100 (3 percent) randomly selected participants who were not eligible to receive this benefit. Lastly, the Legal Services Fund did not properly authorize checks issued from its checking account for Fiscal Year 2008.

The audit makes four recommendations. The Legal Service Fund and the Educational Fund should:

- Pay for benefits for eligible individuals only and make payments in accordance with their guidelines.
- Ensure that benefits are provided only to eligible members and their dependents.
- Maintain all supporting documentation to substantiate City contributions, member eligibility, and benefit use.
- Ensure that only authorized personnel sign program checks for the Legal Service Fund.

In their response, Legal Service Fund and Educational Fund officials generally did not specifically address the audit's findings or recommendations and they did not indicate how they will implement the necessary corrective actions to remediate the findings discussed in this report.

### **Audit Follow-up**

The Legal Service Fund and Educational Fund reported the steps taken to implement all of the audit's recommendations.

## **WELFARE FUNDS**

Analysis of the Financial and Operating Practices of Union-Administered Benefit Funds with Fiscal Years Ending in Calendar Year 2008

Report #FM10-109S

Comptroller's Library # 8062

Issued: December 30, 2010

Monetary Effect: None

### **Introduction**

Union-administered benefit funds were established under collective bargaining agreements between the unions and the City of New York. They provide City employees, retirees, and dependents with a variety of supplemental health benefits not provided under City-administered health insurance plans. Certain other benefits are also provided at the discretion of the individual funds (e.g., annuity accounts, life insurance, disability, and legal benefits). This report contains a comparative analysis of 77 welfare, retiree, and annuity funds whose fiscal years ended in calendar year 2008. These funds received approximately \$1.04 billion in total City contributions for the fiscal year.

### **Results**

This report comprises data received in response to Directive #12. As in previous reports, there were differences in the amounts spent by the funds for administrative purposes. In addition, several funds maintained high reserves while expending lower-than-average amounts for benefits—a possible indication that excessive reserves were accumulated at the expense of members' benefits. Further, some Funds did not comply with various parts of Comptroller's Directive #12 requirements and of fund agreements with the City.

The report contained nine recommendations to address the above weaknesses, including that:

- Trustees of funds with high administrative expenses and low benefits should reduce administrative expenses to improve their levels of benefits to members.
- Trustees of funds with low reserve levels should ensure that their funds maintain sufficient reserves to guard against insolvency.

**Report Follow-Up**

Not applicable



**SECTION - III**  
**GOVERNMENT NON-GAGAS**  
**LETTER REPORTS**



**ECONOMIC DEVELOPMENT CORPORATION**

Letter Report on the New York City Economic Development Corporation's Revolving Loan Fund Program

Report # FM10-134AL

Comptroller's Library #8039

Issued: August 20, 2010

Monetary Effect: None

The audit objectives were to determine whether the New Markets Revolving Loan Fund (NMRLF) program was properly administered and whether the two loan providers, Seedco Financial Services, Inc. and Project Enterprise, were complying with the terms of their funding agreements with EDC.

The audit was closed because recent reviews by the Department of Investigation and EDC disclosed general compliance or only minor problems, and our own preliminary review found no significant issues with the Fund. However, the Letter Report reiterated a previously made recommendation that EDC should reclassify payments from the NMRLF program as loan receivables in its general ledger rather than the current practice as expenditures. EDC disagreed with the recommendation, indicating that its independent auditors agreed with EDC, that the entire amount should be expensed given the nature of the loan program and the expected collectability of these loans.

**DEPARTMENT OF EDUCATION**

Letter Report on the Audit of the High School Application Processing System (HSAPS)

Report #7A11-090L

Comptroller's Library #8110

Issued: February 16, 2011

Monetary Effect: None

The audit objectives were to determine whether the HSAPS operated as intended, whether contract payments were properly monitored as prescribed by Chancellor's Regulations, and whether HSAPS users were satisfied with the system.

Department of Education (DOE) representatives indicated that the HSAPS system was no longer being utilized for the high school admission ranking process because upgrading it for administering and unifying the administration of other enrollment processes (such as middle school choice processes, citywide pre-kindergarten admissions, and others) was not feasible. After contracting for \$13.5 million for the HSAPS, DOE developed a new technology system to support the high school admission ranking process as well as the new enrollment processes. All processes are now administered through the Student Enrollment Management System (SEMS).

We closed this audit and issued this Letter Report because we found that DOE has contracted for approximately \$23 million worth of IT services to produce an automated student enrollment and admission tool. The original cost of this product in 2001 was contracted for \$3.6 million dollars. This is a difference of \$19.4 million. Clearly, savings could have been achieved with better planning and coordination.

We brought this to the DOE's attention so that controls may be enhanced to ensure that similar cost overruns do not occur with SEMS or any other DOE IT system development.

**DEPARTMENT OF EDUCATION**

Letter Report on the Audit of Department of Education Vendors that Have Various Unpaid Taxes, Fees, or Outstanding Violations Due the City

Report #FP11-055AL

Comptroller's Library #8111

Issued: February 11, 2011

Monetary Effect: None

The audit objective was to determine whether Department of Education (DOE) vendors were delinquent in the payment to the City for various taxes, fees, fines, and other payments that may be due while receiving payments from DOE for services provided. This Letter Report was issued after initial survey because nothing came to our attention to justify continuing the audit.

However, we offered recommendations on issues that came to our attention during survey. DOE conducts pre-award investigations on the lowest bidders being considered for a DOE contract in

excess of \$1 million. These background checks include reviewing for the existence of any unpaid adjudicated debt. The Department of Finance (DOF), in conjunction with the Financial Information Services Agency, does a computer match that identifies vendors about to receive a payment from the City that have adjudicated debt and owe the City more than \$250. Payment is held up pending resolution of the amount owed. DOE collected over \$2.15 million on behalf of various government agencies (federal, state, and local) between Fiscal Years 2008 and 2010.

We recommend that DOE:

- Should consider requesting reimbursement for its costs from these other agencies that it collected revenue on behalf of.
- Request all its bidders to identify any debt due the City, even prior to adjudication.
- Request from DOF the information necessary to identify debt due the City that has not reached the adjudicated stage. The lowest bidders should then be asked to resolve any outstanding debt as a precondition to designation as a responsible bidder.

DOE disagrees with the audit recommendations and stated “while we do not operate with a rigid precondition that all warrants, liens, and/or debts have been fully settle, we believe our current practices are both prudent and consistent with the Deputy Mayor’s initiative.”

**MULTI-AGENCY**

Letter Report on Accuracy of Unused Accrued Leave Payouts when New York City Managerial Employees Separate from Service

Report #7R11-103S

Comptroller's Library #8109

Issued: February 8, 2011

Monetary Effect: None

This letter report was issued to advise the Department of Citywide Administrative Services (DCAS) of internal control weaknesses regarding the above topic. According to time and leave regulations established by DCAS, management employees are entitled to payment for unused accrued leave when they separate from City service or when they transfer to a non-Mayoral City agency that does not accept all of their total leave balances. The Management Lump Sum (MLS) unit in the Comptroller's Audit Bureau reviews agency submissions for these requests for payment of unused accrued leave in accordance with Chapter 5 §93 of the New York City Charter and Comptroller's Internal Control and Accountability Directive 14. In Fiscal Year 2010, these reviews have saved the City \$571,000. For Fiscal Year 2011, the reviews have saved the City \$922,525.

However, in conducting these reviews, common errors made by agency personnel were noted. These errors include:

- Errors made in converting work days to calendar days including counting the wrong number of calendar days or using the incorrect date to begin the conversion process.
- Not adjusting payments for overtime use of annual leave during the final 12 months of employment.
- Incorrect leave accrual and/or final leave balance.
- Misstates in monetary calculations.

Based on these and other errors, we had recommended in June 2010 that DCAS develop a training course for City personnel involved in the processing and preparing of Managerial Leave Balance Payments. Although DCAS agreed with this recommendation, no such training was developed. We are now repeating this recommendation due to the dollar increase in monetary errors we have uncovered between Fiscal Year 2010 and Fiscal Year 2011.

## Recommendation Status By Audit

Agency	Audit Number	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented*
Administration For Children's Services	MG10-059A	<b>3</b>	<b>3</b>	
Administration For Children's Services	7F10-138	<b>1</b>	<b>1</b>	
Administration For Children's Services	MD10-069A	<b>16</b>	<b>16</b>	
Administrative Tax Appeals	FL10-097A	<b>5</b>	<b>5</b>	
Aging, Dept. for the	MG10-079A	<b>6</b>	<b>6</b>	
Buildings, Dept. of	MJ10-063A	<b>9</b>	<b>9</b>	
Buildings, Dept. of	7E11-056A	<b>8</b>	<b>7</b>	<b>1</b>
Borough President - Staten Island	FP10-107A	<b>7</b>	<b>7</b>	
Borough President - Bronx	FP11-062A	<b>3</b>	<b>3</b>	
City Planning	7R10-155A	<b>6</b>	<b>3</b>	<b>3</b>
City Planning	FP10-140A	<b>1</b>	<b>1</b>	
Civilian Complaint Review Board	7R10-154A	<b>9</b>	<b>8</b>	<b>1</b>
Community Boards-Bronx	FP11-061A	<b>7</b>	<b>7</b>	
Concession: Staten Island Yankees	FM10-121A	<b>7</b>	<b>5</b>	<b>2</b>
Concession-Level 3 Communication	FN10-055A	<b>7</b>	<b>5</b>	<b>2</b>
Concession-American Golf-South Shore Golf	FL10-087A	<b>5</b>	<b>5</b>	
Concession: New York One	FK10-108A	<b>39</b>		<b>39</b>
Concession: Randall's Island Sports Foundation	FM10-098A	<b>11</b>	<b>9</b>	<b>2</b>
Concession: NYC & Company, Inc	FN11-058A	<b>9</b>		<b>9</b>
Design & Construction, Dept. of	FR10-141A	<b>6</b>	<b>5</b>	<b>1</b>

## Recommendation Status By Audit

Agency	Audit Number	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented*
Design & Construction, Dept. of	7E11-063A	6	6	
Design & Construction, Dept. of	7S10-146F	2	2	
Economic Development Corporation	FM10-134AL	1		1
Economic Development Corporation	FM10-126A	8	8	
Economic Development Corporation	FR10-075A	31	3	28
Education, Dept. of	MD10-102A	11	11	
Education, Dept. of	FP11-055AL	3		3
Education, Dept. of	MJ10-133A	10	9	1
Environmental Protection, Dept. of	ME10-082A	8	5	3
Environmental Protection, Dept. of	FM11-072A	5	4	1
Finance, Dept of	7A10-078	3	2	1
Finance, Dept of	FN10-085A	5	5	
Finance, Dept of	FP09-138A	13	2	11
Fire Department	MH10-088A	15	13	2
Health & Hospital Corporation	ME10-067A	20	11	9
Health & Hospital Corporation	MH10-099A	6	6	
Health & Hospital Corporation	ME10-094A	4	4	
Homeless Services, Dept. of	MG10-060A	11		11
Housing Authority	MH10-095A	6	3	3
Housing Authority	MJ10-064A	8	7	1

## Recommendation Status By Audit

Agency	Audit Number	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented*
Housing Preservation & Development	MD10-131A	6	6	
Human Resources Administration	ME10-068A	14	9	5
Human Resources Administration	MG10-149A	3	3	
Human Resources Administration	7S11-082F	3	1	2
Human Rights, Commission on	7R10-153A	9	8	1
Information Technology & Telecommunications	7A10-112	8	8	
Information Technology & Telecommunications	FN10-093A	7	5	2
Law Department	FR10-145A	1	1	
Multi-Agency	MD10-066A	13	9	4
Parks & Recreation, Dept. of	MD10-072A	15	15	
Parks & Recreation, Dept. of	FR09-139A	12	12	
Parks & Recreation, Dept. of	FK08-119AL	7	6	1
Parks & Recreation, Dept. of	ME10-143A	6	4	2
Payroll Administration, Office of	FM10-135A	1	1	
Police Department	MH10-058A	12	4	8
Probation, Dept.	7A10-110	2	2	
Public Advocate	MG10-142A	4	4	
Records & Information Services, Dept. of	MJ10-083A	1	1	
Retirement System: NYPD	FM11-113AL	1	1	
Retirement: BERS	FL11-099A	2	2	

## Recommendation Status By Audit

Agency	Audit Number	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented*
Retirement: NYS	FL11-102A	3	3	
Retirement: TRS	FL11-100A	3	3	
Retirement Consultants	FL11-101A	3	3	
Small Business Services, Dept of	FN11-068A	5	5	
Taxi & Limousine Commission	7R10-151A	9	8	1
Transit Authority	MJ10-065A	17	17	
Transportation, Dept of	7R10-152A	5	4	1
Welfare Fund-Local 371- Welfare Fund	FL10-123A	8	6	2
Welfare Fund-Local 371 - Administrative Fund	FL10-124A	2	1	1
Welfare Fund-Local 371- Legal & Education	FL10-125A	4	4	
<b>Total</b>	<b>70</b>	<b>527</b>	<b>362</b>	<b>165</b>

\*If not fully or in the process of being implemented, the recommendations are considered not implemented. Moreover, our methodology for categorizing the status of recommendations has changed in FY 2011 and is not comparable to FY 2010. In FY 2011, we limited the status of recommendations to two categories: Implemented or Not Implemented. This was instead of the ten categories used in FY 2010.

## Recommendation Status By Agency

Agency	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented	% of Recommendations Not Implemented*
Administration For Children's Services	20	20		0.00%
Administrative Tax Appeals	5	5		0.00%
Aging, Dept. for the	6	6		0.00%
Buildings, Dept. of	17	16	1	5.88%
Borough President - Staten Island	7	7		0.00%
Borough President - Bronx	3	3		0.00%
City Planning	4	2	2	50.00%
Civilian Complaint Review Board	6	6		0.00%
Community Boards-Bronx	7	7		0.00%
Concession: Staten Island Yankees	5	4	1	20.00%
EDC - Staten island Yankees	39	9	30	76.92%
Concession-Level 3 Communication	3	2	1	33.33%
Department of Information Technology and Telecommunications	16	14	2	12.50%
Concession-American Golf-South Shore Golf	3	3		0.00%
Parks and Recreation, Department of	71	44	27	38.03%
Concession: New York One	17		17	100.00%
Concession: Randall's Island Sports Foundation	4	4		0.00%
Concession: NYC & Company	4		4	100.00%
Design & Construction, Dept. of	14	13	1	7.14%
MDO	3	3		0.00%

### Recommendation Status By Agency

Agency	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented	% of Recommendations Not Implemented*
Education, Dept. of	24	20	4	16.67%
Environmental Protection, Dept. of	13	9	4	30.77%
Finance, Dept of	21	9	12	57.14%
Fire Department	15	13	2	13.33%
Health & Hospital Corporation	30	21	9	30.00%
Homeless Services, Dept. of	11		11	100.00%
Housing Authority	14	10	4	28.57%
Housing Preservation & Development	19	15	4	21.05%
Human Resources Administration	20	13	7	35.00%
Human Rights, Commission on	6	6		0.00%
Looking Glass	3	2	1	33.33%
Law Department	1	1		0.00%
Mayor's Office	15	10	5	33.33%
Payroll Administration, Office of	1	1		0.00%
Police Department	12	4	8	66.67%
Probation, Dept.	2	2		0.00%
Public Advocate	4	4		0.00%
Records & Information Services, Dept. of	1	1		0.00%
Retirement System: NYPD (Death Match)	1	1		0.00%
Retirement: BERS	2	2		0.00%

## Recommendation Status By Agency

Agency	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented	% of Recommendations Not Implemented*
Retirement: NYS	3	3		0.00%
Retirement: TRS	3	3		0.00%
Retirement Consultants	3	3		0.00%
Small Business Services, Dept of	10	5	5	50.00%
Taxi & Limousine Commission	6	6		0.00%
Transit Authority	17	17		0.00%
Transportation, Dept of	2	2		0.00%
Welfare Fund-Local 371	14	11	3	21.43%
<b>Total</b>	<b>527</b>	<b>362</b>	<b>165</b>	<b>31.31%</b>

\*If not fully or in the process of being implemented, the recommendations are considered not implemented.

Moreover, our methodology for categorizing the status of recommendations has changed in FY 2011 and is not comparable to FY 2010. In FY 2011, we limited the status of recommendations to two categories: Implemented or Not Implemented. This was instead of the ten categories used in FY 2010.



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