

AUDIT REPORT



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

Audit Report on the Financial And Operating Practices of Staten Island Community Boards No. 1, No. 2, and No. 3

MG07-080A

June 8, 2007



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

WILLIAM C. THOMPSON, JR.
COMPTROLLER

To the Citizens of the City of New York

Ladies and Gentlemen:

In accordance with the Comptroller's responsibilities contained in Chapter 5, § 93, of the New York City Charter, my office has examined the payroll, personnel, purchasing, and inventory practices of the Staten Island Community Boards No. 1, No. 2, and No. 3.

There are Community Boards for each of the 59 Community Districts throughout the five boroughs of New York City. Each Community Board has up to 50 non-salaried members who are appointed by the Borough President of the respective borough, in addition to a Chairperson and a District Manager who is responsible for managing the daily operations of the district office. Audits such as this provide a means of ensuring that Community Boards and other city agencies comply with applicable payroll, personnel, purchasing, and inventory policies and procedures.

The results of our audit, which are presented in this report, have been discussed with officials from the Staten Island Community Boards and the Staten Island Borough President's Office, and their comments were considered in the preparation of this report. Their complete written responses are attached to this report.

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

Very truly yours,

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

William C. Thompson, Jr.

WCT/ec

Report: MG07-080A
Filed: June 8, 2007

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

**Audit Report on the
Financial and Operating Practices of
Staten Island Community Boards
No. 1, No. 2, and No. 3**

MG07-080A

AUDIT REPORT IN BRIEF

The audit determined whether the Staten Island Community Boards (Boards) are complying with applicable payroll, personnel, purchasing, and inventory policies and procedures.

There are Community Boards for each of the 59 Community Districts throughout the five boroughs of New York City. Each Community Board has up to 50 non-salaried members who are appointed by the Borough President of the respective borough. Each Community Board has a Chairperson and a District Manager who is responsible for managing the daily operations of the district office.

For Fiscal Year 2006, the “Comprehensive Annual Financial Report” of the Comptroller reported that Community Board No.1 (Board 1) expenditures totaled \$174,997 for Personal Services (PS) and \$55,772 for Other Than Personal Services (OTPS); Community Board No.2 (Board 2) expenditures totaled \$173,051 for PS and \$59,167 for OTPS; and Community Board No.3 (Board 3) expenditures totaled \$173,777 for PS and \$79,015 for OTPS.

Audit Findings and Conclusions

The Boards generally complied with applicable Comptroller’s Directives, leave regulations for managerial and non-managerial employees, Procurement Policy Board (PPB) rules, and the Department of Investigation (DOI) “Standards for Inventory Control and Management” regarding payroll, personnel, purchasing, and inventory activities. However, our review revealed minor weaknesses in the controls over purchasing transactions, including imprest funds, and over the inventory of physical assets.

Audit Recommendations

To address these issues, we make seven recommendations, including that:

- Board 2 should comply with Comptroller’s Directive #3 guidelines related to the use of imprest funds;
- Board 2 should continue to ensure that only those persons authorized actually sign imprest fund checks; and
- All three Boards should ensure that expense reimbursement request forms are submitted by employees and appropriately signed prior to authorizing reimbursements.

Agency Response

In their responses, the Community Boards agreed with the audit recommendations.

INTRODUCTION

Background

There are Community Boards for each of the 59 Community Districts throughout the five boroughs of New York City. Each Community Board has up to 50 non-salaried members who are appointed by the Borough President of the respective borough. In order to be a member, a person must reside, work, or have significant interest in the district. Each Community Board has a Chairperson and hires a District Manager as its chief executive officer. The District Manager's responsibilities include assisting in the hiring of the administrative staff, supervising staff members, and managing the daily operations of the district office. Each Borough President's Office provides administrative assistance to the Community Boards of its borough.

For Fiscal Year 2006, the "Comprehensive Annual Financial Report" of the Comptroller reported that Board 1 expenditures totaled \$174,997 for PS and \$55,772 for OTPS; Board 2 expenditures totaled \$173,051 for PS and \$59,167 for OTPS; and Board 3 expenditures totaled \$173,777 for PS and \$79,015 for OTPS. PS expenditures included salaries for four full-time employees for Board 1, three full-time employees for Board 2, and three full-time employees for Board 3. OTPS expenditures covered the purchases of supplies, materials, and services necessary to support the agencies operations.

Objective

The objective of this audit was to determine whether the Staten Island Community Boards complied with applicable payroll, personnel, purchasing, and inventory policies and procedures established by the Comptroller's Internal Control and Accountability Directives, City leave regulations for managerial and non-managerial employees, PPB rules, and DOI "Standards for Inventory Control and Management."

Scope and Methodology

The audit covered Fiscal Year 2006. We interviewed each of the Boards' District Managers and Community Associates to gain an understanding of internal controls and processes over purchasing activities and to determine how physical assets are safeguarded. Since the Staten Island Borough President's Office handles the Boards' payroll and personnel issues, we interviewed the Borough President's Office Payroll Officer and Personnel Officer to gain an understanding of the personnel and payroll processes.

We gathered and reviewed relevant information from the "Mayor's Management Report" and the Comprehensive Annual Financial Report of the Comptroller. To evaluate the internal controls, we reviewed various policies and procedures and Comptroller's Directives. The following sources were used as audit criteria:

- Comptroller's Directive #1, "Principles of Internal Control"

- Comptroller’s Directive #1 checklist, “Agency Evaluation of Internal Controls Directive #1”
- Comptroller’s Directive #3, “Procedures for the Administration of Imprest Funds”
- Comptroller’s Directive #6, “Travel, Meals, Lodging and Miscellaneous Agency Expenses”
- Comptroller’s Directive #13, “Payroll Procedures”
- Comptroller’s Directive #24, “Purchasing Function—Internal Controls”
- City leave regulations for managerial and non-managerial employees
- PPB rules, Chapter 3, §3-08, “Small Purchases”
- DOI “Standards for Inventory Control and Management,” July 1992

We reviewed the Boards’ imprest fund expenditures for the months of January 2006 through June 2006. Those six months were judgmentally selected as they represented the most recent transactions for our audit scope from which we could determine whether account transactions were handled appropriately. We examined all 111 imprest fund transactions for the six-month period, totaling \$7,929. We reviewed supporting documents to determine whether the expenditures were permissible, properly approved, and within allowed amounts; whether any late fees or sales taxes were incurred or paid; and whether any duplicate payments were authorized. We determined whether canceled checks had authorized signatures; were made payable to specified payees, not to “bearer” or “cash”; and were inscribed “void after 90 days.” We determined whether the expenses were charged to the correct object codes. We also ascertained whether the accounts were reconciled on a monthly basis as required and whether the reimbursement checks were deposited in a timely manner.

During Fiscal Year 2006, the Boards issued 69 payment vouchers, totaling \$169,545. To assess the Boards’ purchasing practices, we reviewed all payment vouchers and determined whether all expenditures had supporting documentation (purchase orders and invoices), were properly approved and duly canceled upon payment, and were valid and reasonable. We also ascertained whether any late fees or sales taxes were incurred or paid. In addition, to determine the accuracy of the voucher amounts, we traced each voucher to the supporting purchase orders and invoices.

To determine whether the Boards followed proper procedures when entering into contracts for various services, we reviewed all contracts issued during Fiscal Year 2006. We examined 11 contracts for a total of \$166,066, checking whether proper approvals were obtained and bids were acquired when applicable. In addition, we determined whether contracts were required to be registered with the Comptroller’s Office and whether a performance evaluation was performed on the appropriate vendors.

To determine the adequacy of the controls of the Boards over their physical assets, we obtained a report of each of their master inventory lists. These contain capital items including electronics, computers, etc. For the three Boards, we identified 96 electronic and computer assets (including desktop computers, printers, and fax machines). We conducted a walk-through of each of the Boards’ offices to match equipment descriptions and location assignments with those on the inventory records. In addition, to determine whether recent acquisitions were properly recorded on the master inventory list, we examined the purchases from our review of

payment vouchers and from our sample of imprest fund transactions. We identified and tested those purchases for items that should have been added to the master inventory list.

To review the personnel and payroll practices of the Boards, we obtained a printout of the City Payroll Management System (PMS) detailing payroll information—title, current salary, employment status—of all Boards’ employees for Fiscal Year 2006. To determine whether employees were receiving salaries that were within the salary ranges of their civil service titles, we compared the salaries of all individuals listed on PMS to the minimum and maximum salary amounts of the employees’ civil service titles included in the City Career and Salary Plan.

To determine whether the Boards’ employees were required to sign for their paychecks and for their direct-deposit earning statements (pay stubs) we obtained copies of the Paychecks Distribution Control Report and the EFT Agency Review Report for the pay dates of December 29, 2006, and January 12, 2007, and checked for signatures.

We also obtained and reviewed a printout from PMS listing total leave balances for each Board employee as of October 2006. We determined whether carryover authorizations were documented and approved for those employees who had excess annual leave balances (more than the amount that each employee earns in a two-year period).

We did not evaluate the reliability and integrity of the Boards’ computer-processed data, since all payroll and purchasing functions are processed through PMS and the City Financial Management System. Those systems are reviewed by the City’s external auditors as part of their annual audit of the City’s financial statements.

The results of the above tests, while not projectable to their respective populations, provided a reasonable basis to assess the adequacy of the Boards compliance with applicable City rules and regulations in accordance with our audit objectives.

This audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and included tests of the records and other audit procedures considered necessary. This audit was performed in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

Discussion of Audit Results

The matters covered in this report were discussed with officials of the Boards and the Staten Island Borough President’s Office during, and at the conclusion of this audit. A preliminary draft report was sent to officials of the Boards and the Staten Island Borough President’s Office on March 27, 2007, and discussed at an exit conference held on April 10, 2007. On April 18, 2007, we submitted a draft report to officials of the Boards and the Staten Island Borough President’s Office with a request for comments. We received written responses from the Boards and the Staten Island Borough President’s Office on May 1, 2007. In its response, the Staten Island Borough President’s Office stated: “...the individual Community Board responses address all of the issues raised in your audit report and provide the necessary information regarding their implementation plans and the incorporation of your

recommendations.” The Boards agreed with the seven audit recommendations. The full texts of responses from the Boards and the Staten Island Borough President’s Office are included as addenda to this report.

FINDINGS AND RECOMMENDATIONS

The Boards generally complied with applicable Comptroller's Directives, leave regulations for managerial and non-managerial employees, PPB rules, and DOI "Standards for Inventory Control and Management" regarding payroll, personnel, purchasing, and inventory activities.

Specifically, we determined that the Boards ensured that purchases were legitimate and necessary for its operations, properly accounted for, and charged to the proper object codes. Additionally, imprest fund accounts were properly reconciled monthly and reimbursement checks were deposited in a timely manner.

In addition, our review of personnel practices revealed that employees' salaries were within the salary ranges of their civil service titles and that employees were required to sign for their paychecks and for their pay stubs.

However, our review revealed minor weaknesses in the controls over purchasing transactions, including imprest funds, and over the inventory of physical assets. These conditions were not of sufficient materiality to detract from our overall opinion. Nonetheless, the details of the findings are discussed in the remaining sections of this report.

Controls Over Imprest Funds Need Improvement

We found a small number of imprest fund deficiencies at the Boards. These weaknesses included: noncompliance with Comptroller's Directive #3; lack of valid signatures; and reimbursement request forms not always being submitted.

Improper Use of Imprest Fund

The guidelines of Comptroller's Directive #3 specify, among others things, that: under no circumstances may imprest funds be used for payment of purchase orders or continuing monthly expenditures (i.e., internet, cell phone services); city agencies are exempt from payment of federal excise and state and local taxes; agencies' use of electronic payment capability from imprest funds is prohibited; checks should not be drawn to "bearer" or "cash"; and individual purchases or disbursements must not exceed \$250.

Board 2 did not ensure that only valid imprest fund purchases were made. We reviewed 43 imprest fund transactions totaling \$3,203 of which 20 (47%) totaling \$1,421 were not valid imprest fund purchases. We note the following instances as examples of noncompliance with Comptroller's Directive #3:

- Six checks totaling \$852 were issued as payment of purchase orders for the monthly maintenance of the copy machine.
- Six checks totaling \$213 were issued as payment of monthly cell phone charges.
- Payments of sales tax were included in the monthly cell phone charges.

- Five electronic fund transfers totaling \$57 were for monthly payment of internet services.
- Two checks totaling \$20 were drawn to “cash” for tips given to deliverymen.
- One check for, \$279.75, exceeded the \$250 allowable limit.

Invalid Signatures on Imprest Fund Checks

During our review period Board 2 issued 38 imprest fund checks. Our examination of those checks revealed that one of the signatures on the checks did not match the signature on the bank signatory card. A Board 2 official told us that the signatory verbally authorized another official to sign checks for him. While we found that the payments were legitimate, this practice could easily lend itself to fraud and abuse. In fact, since the official who actually signed the checks also maintained and reconciled the imprest fund bank account, Board 2 was also in violation of Comptroller’s Directive #3, which states, “Individuals who sign checks or disburse cash should not authorize purchases or payments, maintain the imprest fund’s disbursement journal or reconcile the bank account.” When we brought this to their attention, Board 2 officials took immediate corrective action so that only authorized officials whose signatures appear on the bank signatory card actually sign imprest fund checks.

Employee Reimbursement Request Forms Were Not Submitted

None of the three Boards consistently documented expense reimbursement request forms to support employee expense checks. Our review of imprest fund transactions disclosed that 46 checks were drawn to Board employees, and 14 (31%) of those checks (two from Board 1, eight from Board 2, and four from Board 3) lacked the required expense reimbursement request forms required by Comptroller’s Directive #6. Directive #6 requires, among other things, that employees submit an expense reimbursement request form, with supporting expense receipts, to their designated supervisors for review and approval. The request form must be signed and dated by the employee to certify that the accounting of submitted expenses is accurate and that the expenses were necessary in the performance of the employee’s official duties. Supervisors must review, sign, and date the reimbursement claim forms.

Although imprest funds expenditures are relatively small amounts, failure to adequately monitor the use of these funds, document approvals, and obtain independent reviews and authorizations increases the risk of misuse or misappropriation of funds.

Recommendations

1. Board 2 should comply with Comptroller’s Directive #3 guidelines related to the use of imprest funds.

Board 2 Response: “Board 2 will comply with Comptroller’s Directive #3 guidelines related to the use of imprest funds.”

2. Board 2 should continue to ensure that only those persons authorized actually sign imprest fund checks.

Board 2 Response: “Board 2 will continue to ensure that only those persons authorized actually sign imprest fund checks.”

3. All three Boards should ensure that expense reimbursement request forms are submitted by employees and appropriately signed prior to authorizing reimbursements.

Board 1 Response: “Borough Hall has supplied the Board with the correct forms and we will be diligent in our use of them for future employee reimbursements.”

Board 2 Response: “Board 2 will ensure that expense reimbursement request forms are submitted by employees and appropriately signed prior to authorizing reimbursements.”

Board 3 Response: “Community Board 3 will ensure that expense reimbursement request forms are submitted by employees and appropriately signed prior to authorizing reimbursements. The forms have already been acquired and being used by the Board”

Controls Over Payment Vouchers

Need Improvement

Missing Supporting Documentation And Paid Invoices Not Canceled

During Fiscal Year 2006, Boards 1 and 2 processed a total of 46 payment vouchers, amounting to \$103,887. We found inadequacies in the manner both Boards handled the processing of their voucher packages:

- Board 1 processed a total of 39 payment vouchers amounting to \$50,224; 9 (24%) vouchers for payment of office and meeting space rentals, totaling \$15,336, were processed without any vendor-generated supporting documentation. In addition, the supporting documentation (invoices) of the remaining 30 vouchers was not canceled by being marked “vouchered” or “paid.”
- Board 2 processed a total of seven payment vouchers amounting to \$53,663. The vouchers were supported by eight invoices; 3 (38%) of the invoices were not canceled by being marked “vouchered” or “paid.”

The checklist of Comptroller’s Directive #1, §E.5, recommends that paid invoices be canceled, and that invoices and supporting documents should be furnished to and reviewed by the signer prior to signing a voucher. Additionally, Comptroller’s Directive #24 states that payment voucher approvers should verify that the payment request and its supporting documentation are accurate and ensure that the appropriate invoice is being paid; it also states that agencies must retain all documentation (i.e., invoices or any vendor-generated documentation) received from vendors. By making payments without adequate supporting documentation, and by not properly canceling invoices, the Boards become more vulnerable to making duplicate or invalid payments.

Miscellaneous Payment Vouchers Improperly Used

Comptroller's Directive #24 states that Miscellaneous Payment Vouchers (PVMs) may be used only when estimated or actual future liability is not determinable, or a contract or a Purchase Document is not required or applicable. Boards 2 and 3 made improper use of miscellaneous vouchers:

- Board 2 processed two PVMs totaling \$46,337; one PVM was a payment of \$45,000 for the rental of office space, and the other payment of \$1,337 was for the rental of their postage machine.
- Board 3 processed two PVMs totaling \$714; one PVM was a payment of \$479 for the rental of their postage machine, and the other payment of \$235 was for telephone maintenance services.

The use of the above-mentioned miscellaneous vouchers was for services for which a contract was in place; the Boards should have used regular Payment Vouchers (PVE) instead of PVMs. Inappropriate use of miscellaneous vouchers contributes to the distortion of the City's books of account by understating the City's outstanding obligations.

Recommendations

4. Board 1 should ensure that all payment vouchers are adequately supported by invoices or other vendor-generated supporting documentation.

Board 1 Response: "...on advisement from Borough Hall, we will now attach a copy of the front page of our lease to each payment voucher and have already received assurance from All Saints' that we will be receiving a monthly letter following our Board Meeting which will be attached to our payments."

5. Boards 1 and 2 should require that supporting documentation of a voucher package (i.e., invoices, receiving slips, and purchase orders) are marked "vouchered" or "paid." In addition, the payment voucher number, date of payment, and any other relevant information should be noted on the invoices.

Board 1 Response: "...all pages of our payment vouchers will be marked 'vouchered' or 'paid'."

Board 2 Response: "Board 2 will be sure that a voucher package is complete and that all invoices are marked vouchered or paid. Payment voucher numbers, date of payment and other relevant information will be noted on the invoices."

6. Boards 2 and 3 should ensure the appropriate use of miscellaneous vouchers, in accordance with Comptroller's Directive #24.

Board 2 Response: “Board 2 will ensure the appropriate use of miscellaneous vouchers, in accordance with Comptroller’s Directive #24.”

Board 3 Response: “Community Board 3 will ensure the appropriate use of miscellaneous vouchers in accordance with Comptroller’s Directive #24.”

Physical Assets Lack Inventory Numbers

DOI “Standards for Inventory Control and Management,” No. 28, states that “readable sturdy property identification tags (reading ‘Property of the City of New York’) with a sequential internal control number are assigned and affixed to valuable items.”

The observation of physical assets at Boards 1 and 2 revealed that while the Boards labeled their electronic and computer items with identification tags reading “Property of Community Board” the Boards did not label them with a sequential internal control number. By not labeling physical assets with sequential internal control numbers, the Boards make it more difficult to identify missing items and increase the risk of misappropriation.

Recommendation

7. Boards 1 and 2 should ensure that physical assets are labeled with sequential internal control numbers.

Board 1 Response: “We have ordered labels to be used for sequential internal control numbers. As soon as they are received they will be numerically attached to each piece of equipment listed.”

Board 2 Response: “Board 2 will ensure that physical assets are labeled with sequential internal control numbers.”

CITY OF NEW YORK
PRESIDENT
OF THE
BOROUGH OF STATEN ISLAND



JAMES P. MOLINARO
PRESIDENT

BOROUGH HALL, STATEN ISLAND, N.Y. 10301

May 1, 2007

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

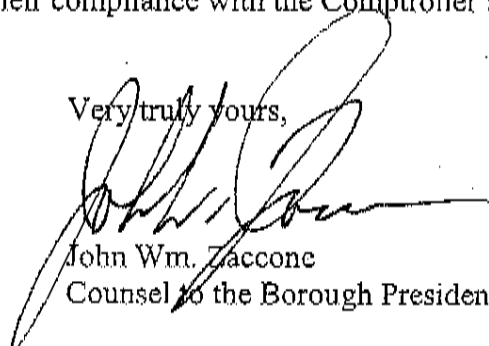
Re: Audit Report on the Financial and Operating Practices of Staten Island
Community Boards No. 1, No. 2, and No. 3 - MG07-080A

Dear Deputy Comptroller Graham:

I am in receipt of your draft report in the above noted matter and have reviewed same with the appropriate members of the Staten Island Community Boards No. 1, No. 2, and No. 3. Again, I wish to thank you and your staff for your professionalism and your attention in making the audit process a quick and pleasant experience for the Community Boards and for my office.

In response to your draft audit report the individual Community Boards have prepared responses. I understand that these responses have been forwarded directly to your office. If not, copies of the Community Board responses have been enclosed herewith. I believe that the individual Community Board responses address all of the issues raised in your audit report and provide the necessary information regarding their implementation plans and the incorporation of your recommendations. The Borough President's office has nothing to add to these responses other than that we will continue to assist the Staten Island Community Boards in their compliance with the Comptroller's guidelines.

Very truly yours,


John Wm. Zaccone
Counsel to the Borough President

JWZ:mas
enclosures
Sent via Facsimile 212.815.8631
& First Class Mail

1 Edgewater Plaza, Suite 217 • Staten Island, New York 10305

Tel: 718-981-6900

Fax: 718-720-1342

City of New York
Community Board No. 1

April 20, 2007

Mr. John Graham, Deputy Comptroller
Audits, Accountancy & Contracts
New York City Comptroller's Office
1 Centre Street
New York, N.Y. 10007-2341

RE DRAFT REPORT
Audit Report on the Financial
and Operating Practices of
Staten Island Community
Boards No. 1, No. 2, and No. 3
MG07-080A

Dear Mr. Graham:

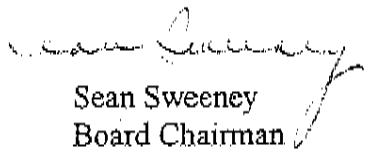
Community Board No. 1 is in receipt of the above-reference draft report. Your comments have been taken under advisement and the necessary corrections will be made.

There are three areas in which we offer a response

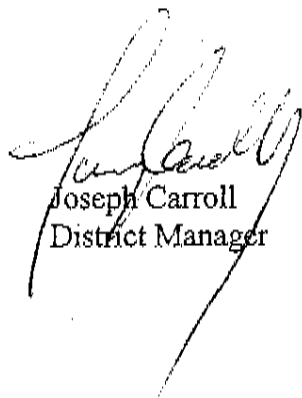
1. Employee Reimbursement Request Forms: Borough Hall has supplied the Board with the correct forms and we will be diligent in our use of them for future employee reimbursements.
2. Missing Supporting Documentation and Paid Invoices Not Canceled: Our two rental vendors, All Saints Church, used for our monthly full board meetings, and IPC New York Properties, LLC, our office rental vendor, do not send us monthly bills. All Saints' is on a yearly purchase order, and IPC is a ten-year lease contract. However, on advisement from Borough Hall, we will now attach a copy of the front page of our lease to each payment voucher and have already received assurance from All Saints' that we will be receiving a monthly letter following our Board Meeting which will be attached to our payments. In addition, all pages of our payment vouchers will be marked "vouchered" or "paid".

3. Physical Assets Lack Inventory Numbers: We have ordered labels to be used for sequential internal control numbers. As soon as they are received they will be numerically attached to each piece of equipment listed.

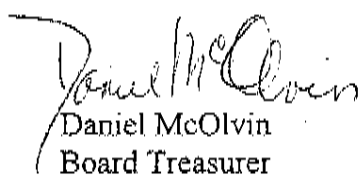
Sincerely,



Sean Sweeney
Board Chairman



Joseph Carroll
District Manager



Daniel McOlvin
Board Treasurer

S.S./ab

cc: John Saccone, Esq.
Borough Hall
Staten Island Office



**COMMUNITY
BOARD TWO
BOROUGH OF
STATEN ISLAND**
460 BRIELLE AVENUE
S. I., N.Y. 10314-6427
PHONE: 718-317-3235
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E-MAIL: cb2sidm@aol.com

DANA T. MAGEE
CHAIRMAN

DEBRA A. DERRICO
DISTRICT MANAGER

April 26, 2007

Mr. John Graham
Deputy Comptroller
Audits, Accountancy, & Contracts
Office of the Comptroller
1 Centre Street
New York, New York 10007

Dear Mr. Graham:

Thank you for the copy of the Audit Report on the Financial and Operating Practices of Staten Island Community Boards 1, 2, and 3 (MG07-080A).

My office has reviewed the findings and recommendations stated within the audit, and the steps to ensure compliance with the Comptroller's recommendations are as follows:

1. Board 2 will comply with Comptroller's Directive #3 guidelines related to the use of imprest funds.
2. Board 2 will to continue to ensure that only those persons authorized actually sign imprest fund checks.
3. Board 2 will ensure that expense reimbursement request forms are submitted by employees and appropriately signed prior to authorizing reimbursements.
4. Board 2 will be sure that a voucher package is complete and that all invoices are marked vouchered or paid. Payment voucher numbers, date of payment and other relevant information will be noted on the invoices.
5. Board 2 will ensure the appropriate use of miscellaneous vouchers, in accordance with Comptroller's Directive #24.
6. Board 2 will ensure that physical assets are labeled with sequential internal control numbers.

I hope the above guidelines for compliance meet your approval.

Yours truly,

Debra A. Derrico

Debra A. Derrico
District Manager

The
City
of
New York



BOROUGH OF STATEN ISLAND
COMMUNITY BOARD 3

655-218 Rossville Avenue, Staten Island, N.Y. 10309
Telephone: (718) 356-7900, 7903
Fax: (718) 966-9013

April 26, 2007

John Graham
NYC Office of the Comptroller
1 Center Street
New York, NY 10007

Re: Audit Report on the Financial and Operating
Practices of Community Board 3, Staten Island

Dear Mr. Graham:

We received the draft report on April 18, 2007. The following are our comments and our plans for improvements.

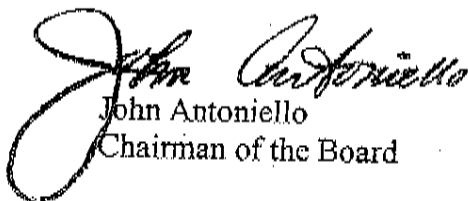
Employee Reimbursement Request forms were not submitted.
Your review of the Imprest Fund transaction disclosed checks were drawn to Board employees at all three Boards and lacked the required expense reimbursement form with supporting expense receipts to their designated supervisors for review and approval.

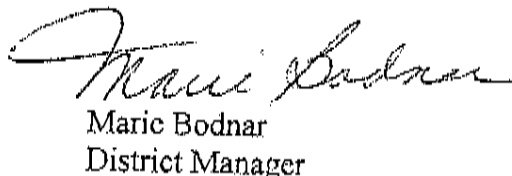
Agency Implementation Plan (AIP)
Community Board 3 will ensure that expense reimbursement request forms are submitted by employees and appropriately signed prior to authorizing reimbursement. The forms have already been acquired and being used by the Board.

Miscellaneous Payment Vouchers Improperly Used
Community Board 3 process PVM's totaling \$714; one PVM was a payment of \$479. for the rental of our postage machine and the other payment of \$235. was for telephone maintenance services.

Agency Implementation Plan (AIP)
Community Board 3 will ensure the appropriate use of miscellaneous vouchers in accordance with Comptroller's Directive #24.

Very truly yours,


John Antoniello
Chairman of the Board


Maric Bodnar
District Manager

Copy: Borough President James Molinaro
Docket No. 907136
JA:MB:jg