

AUDIT REPORT

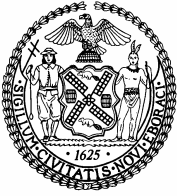


CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF FINANCIAL AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

Audit Report on the Other Than Personal Service Expenditures of the Bronx County District Attorney's Office July 1, 2004–June 30, 2005

FN06-092A

June 5, 2007



THE CITY OF NEW YORK
DEPARTMENT 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:

Pursuant Chapter 5, § 93, of the New York City Charter, my office has audited the Other Than Personal Service (OTPS) expenditures of the Bronx County District Attorney's Office for the period July 1, 2004, to June 30, 2005.

The five New York City District Attorneys enforce the provisions of the penal law and other statutes by investigating and prosecuting criminal conduct in their respective counties. We audit agencies such as these to ensure that they comply with purchasing and inventory procedures and use City funds appropriately and in the best interest of the public.

The results of our audit, which are presented in this report, have been discussed with officials of the Bronx County District Attorney's Office, and their comments have been considered in preparing 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, reading "William C. Thompson, Jr.", is positioned above the printed name.

William C. Thompson, Jr.

WCT/fh

Report: FN06-092A
Filed: June 5, 2007

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

**Audit Report on the
Other Than Personal Service Expenditures of the
Bronx County District Attorney's Office
July 1, 2004–June 30, 2005**

FN06-092A

AUDIT REPORT IN BRIEF

This audit determined whether the Bronx County District Attorney's Office complied with certain purchasing and inventory procedures for Other Than Personal Service (OTPS) expenditures as set forth in the New York City Comptroller's Internal Control and Accountability Directives (Comptroller's Directives) #1, #3, #6, and #24¹; Procurement Policy Board (PPB) rules; City Financial Management System (FMS) accounting policies and procedures, and related bulletins; the Comptroller's "Fiscal Year-End Closing Instructions" for June 30, 2005; and other applicable OTPS and inventory guidelines.

According to Article 13, §13, of the New York State Constitution, District Attorneys are constitutional officers elected every four years. Under New York State County Law 24, §927, the City's five District Attorneys protect the public by investigating and prosecuting criminal conduct in their respective counties. The District Attorneys enforce the provisions of the penal law and all other statutes. Their principal activities include screening new cases, preparing information, gathering resources for hearings, and presenting cases in court for trial or appeal. The OTPS expenditures of the Bronx County District Attorney's Office during Fiscal Year 2005 amounted to \$3,008,089.

Audit Findings and Conclusions

The Bronx County District Attorney's Office generally complied with City FMS accounting policies and procedures, Comptroller's Directives, and its own policies and guidelines for processing purchase and contract documents and payment vouchers. However, there were exceptions of noncompliance. In addition, the Bronx County District Attorney's

¹ The Comptroller's Directives are: #1, "Financial Integrity Statement"; #3, "Procedures for the Administration of Imprest Funds"; #6, "Travel, Meals, Lodging and Miscellaneous Agency Expenses"; and #24, "Agency Purchasing Procedures and Controls."

Office did not comply with certain PPB rules pertaining to intergovernmental and small purchases. Specifically, the Bronx County District Attorneys' Office: did not pre-encumber funds for purchases over \$5,000; improperly used miscellaneous vouchers; did not use requirement contracts; improperly made purchases through a Health and Hospitals Corporation contract; did not substantiate prevailing market prices; split purchases of more than \$5,000 to circumvent the required bidding process; paid invoices that did not correlate to the respective purchase documents; and used incorrect object codes. It should be noted that these issues were not sufficiently material to detract from our overall opinion.

Audit Recommendations

The Bronx County District Attorney's Office should ensure that:

- It processes requisitions to pre-encumber funds and estimate liabilities prior to receiving vendor invoices.
- It uses miscellaneous vouchers appropriately.
- It makes purchases from requirement contracts when they are available and completes and remits the necessary purchase order forms to the Department of Municipal Supply Services for processing.
- Purchases made through New York State contracts are researched to determine that the prevailing market prices are lower than or equal to the prices received at the time of procurements, maintaining all relevant documentation in the files.
- Procurements for more than \$5,000 are not artificially divided, and that five vendors are solicited for purchases reaching that threshold.
- All invoice details match the corresponding purchase document details.
- Object codes that most closely reflect the types of expenditures are selected.

INTRODUCTION

Background

This report is the result of an audit conducted of the Other Than Personal Service Expenditures of the Bronx County District Attorney's Office for the period July 1, 2004, through June 30, 2005—Fiscal Year 2005. According to Article 13, §13, of the New York State Constitution, District Attorneys are constitutional officers elected every four years. Under New York State County Law 24, §927, the City's five District Attorneys protect the public by investigating and prosecuting criminal conduct in their respective counties. The District Attorneys enforce the provisions of the penal law and all other statutes. Their principal activities include screening new cases, preparing information, gathering resources for hearings, and presenting cases in court for trial or appeal. The Other Than Personal Services expenditures of the Bronx County District Attorney's Office during Fiscal Year 2005 amounted to \$3,008,089.

Objectives

The audit's objectives were to determine whether the Bronx County District Attorney's Office complied with certain purchasing and inventory procedures for Other Than Personal Service Expenditures of the New York City Comptroller's Internal Control and Accountability Directives (Comptroller's Directives) #1, #3, #6, and #24²; Procurement Policy Board (PPB) rules; City Financial Management System (FMS) accounting policies and procedures, and related bulletins; the Comptroller's "Fiscal Year-End Closing Instructions" for June 30, 2005; and other applicable OTPS and inventory guidelines.

Scope and Methodology

The audit scope covered the period July 1, 2004, through June 30, 2005 (Fiscal Year 2005). We reviewed the following documents to obtain an understanding of the procedures and regulations with which the Bronx County District Attorney's Office is required to comply for the purposes of this audit:

- Comptroller's Directives #1, #3, #6, and #24;
- PPB rules;
- FMS accounting policies and procedures, and related bulletins;
- Comptroller's "Fiscal Year-End Closing Instructions" for June 30, 2005; and
- Other applicable OTPS and inventory guidelines.

² The Comptroller's Directives are: #1, "Financial Integrity Statement"; #3, "Procedures for the Administration of Imprest Funds"; #6, "Travel, Meals, Lodging and Miscellaneous Agency Expenses"; and #24, "Agency Purchasing Procedures and Controls."

To obtain an understanding of the Bronx County District Attorney's Office purchasing procedures and the safeguarding of physical assets, we conducted walk-throughs of the purchasing process on October 25, November 7, and November 23, 2005, and of the inventory process on January 23 and March 22, 2006. We interviewed appropriate personnel and documented our understanding of these processes through narratives.

We reviewed, analyzed, and compared the City's FMS printouts to the Bronx County District Attorney's Office small purchase documents, FMS contract documents, and related payment vouchers to determine the completeness and accuracy of the documentation provided. We also reviewed the Bronx County District Attorney's Office documentation for miscellaneous payments vouchers and imprest fund vouchers in accordance with the tests noted below.

Tests of Compliance with Comptroller's Directives #1, #3, #6, and #24, and PPB Rules

To determine whether the Bronx County District Attorney's Office complied with guidelines under the PPB rules and Comptroller's Directives #1, #3, #6, and #24, for purchasing, procurement, and vouchering, we judgmentally selected 23 payment vouchers and related purchasing documents totaling \$95,696 from 11 contracts that processed 70 payment vouchers totaling \$166,084, which represents 57 percent of the total dollar amount paid.

For the small purchases, we judgmentally selected 41 payment vouchers and related purchasing documents totaling \$131,503 from 435 payment vouchers totaling \$462,653, which represented 28 percent of the total dollar value. Specifically, we identified six vendors who received payment from a contract and a small purchase. For these six vendors, we selected 24 vouchers and related purchasing documents totaling \$56,141. We also selected an additional 17 vouchers totaling \$75,362 from 8 other vendors who received \$10,000 or more for small purchases.

In addition, we judgmentally sampled the four imprest fund vouchers totaling \$4,667, from 13 imprest fund vouchers totaling \$11,872—representing 39.3 percent of the total dollar value. Specifically, we selected two highest dollar amount imprest fund vouchers for personal expenses ("P" vouchers) and the two highest dollar amount imprest fund vouchers for purchases of supplies materials and equipment ("T" vouchers). Finally, based on highest amounts payable to a vendor, we judgmentally sampled 30 miscellaneous payment vouchers from 583 issued by the Bronx County District Attorney's Office, which represented \$224,523 and 27.6 percent of the \$814,666 total. It should be noted that we did not include in our sample, and therefore did not examine, the Bronx County District Attorney's Office Special Expense Demand Account, considered a confidential account.

We reviewed each FMS purchase or contract document, internal purchase agreement, payment voucher, invoice, and corresponding documentation to determine whether they had the required authorizations, approvals, and signatures. We also sought evidence that the transactions were for proper business purposes and were supported by adequate documentation such as

contract awards and order specification. In addition, we determined whether the purchases were charged to the correct budget codes and object codes; had the proper encumbrance type; were properly pre-encumbered when the dollar value exceeded \$5,000; whether there was evidence of split purchasing; and whether there were any duplicate payments. We also determined whether the required number of bids was solicited; whether sole source procurement exceeding \$2,500 were justified; whether purchases could have been made through available storehouse or City requirement contracts; and whether procurements made under New York State contracts contained the written determination that prices were lower than prevailing market prices, as required under the PPB Rules. Additionally, we determined whether miscellaneous payment vouchers were processed in compliance with Comptroller's Directive #24.

Finally, we determined whether goods were received and services rendered; whether the details on the vouchers matched the purchase documents (ordered goods, prices, quantities, etc.); whether appropriate invoices were being paid; whether rebates and discounts were obtained from vendors; and whether the proper voucher type was used. To determine whether voucher amounts were correctly calculated, we traced the amounts on supporting documents, vendor invoices, and personal expense forms to the amounts on the vouchers, and recalculated the totals. We then determined whether expenses incurred during Fiscal Year 2005 were charged to the correct fiscal year.

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

Additionally, we determined whether the Bronx County District Attorney's Office made payments to vendors within 30 days after the Invoice Received or Acceptance Date (IRA Date), in accordance with §4-06(c)(2) of the PPB rules. In that regard, we compared the IRA dates to the FMS voucher acceptance dates for all purchases reviewed.

To determine whether the Bronx County District Attorney's Office was in compliance with imprest fund procedures specified in the Comptroller's Directives #3 and #6, we examined 4 of 13 imprest fund vouchers, which included 43 canceled checks that cleared in Fiscal Year 2005, and 3 of 12 related bank statements for April, May, and June. We examined each check for authorized signatures and amounts, for a specified payee (as opposed to "bearer" or "cash"), for eligibility and necessity, for endorsements, and for the inscription "void after 90 days." We also determined whether the Bronx County District Attorney's Office performed monthly bank reconciliations, whether the imprest fund expenditures did not exceed the \$250 threshold, and whether the proper voucher type was used for imprest fund replenishment. Lastly, we determined whether the Bronx County District Attorney's Office submitted its Year-End Accountability for its imprest fund report to the Comptroller's Office.

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

Tests of Inventory Records

We conducted a physical inventory of the items listed on the Bronx County District Attorney's Office inventory asset lists for Fiscal Year 2005. The inventory lists contained 2,552 pieces of equipment and computer equipment. To determine whether the Bronx County District Attorney's Office maintained complete inventory lists, we initially checked 60 pieces of equipment on January 23, 2006, and March 22, 2006, chosen randomly from the Office's inventory, and compared them to the inventory lists. We checked whether each piece of equipment had a Bronx County District Attorney identification tag and whether the manufacturer's names, models, and serial numbers for these items were recorded accurately. Since all 60 items were accounted for and were recorded accurately, no further check of inventory was necessary.

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

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

Discussion of Audit Results

The matters covered in this report were discussed with Bronx County District Attorney's Office officials during and at the conclusion of this audit. A preliminary draft report was sent to Bronx County District Attorney's Office officials and was discussed at an exit conference. On February 6, 2006, we submitted a draft report to Bronx County District Attorney's Office officials with a request for comments. We received a written response from the Bronx County District Attorney's Office on February 16, 2007.

In their response, Bronx County District Attorney's Office officials generally agreed with the audit findings and recommendations and stated, "Your report comes at an opportune time of re-organization within our Finance Office."

In addition, Bronx County District Attorney's Office officials described the specific steps that it has taken to address the exceptions noted in the report. The full text of the Bronx County District Attorney's Office response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

The Bronx County District Attorney's Office generally complied with City FMS accounting policies and procedures, Comptroller's Directives, and its own policies and guidelines for processing purchase and contract documents and payment vouchers. Except where noted, specific findings of compliance were that:

- Purchase documents were appropriately prepared and approved for goods and services that were reasonable and necessary for the Bronx County District Attorney's Office operations.
- Payment vouchers packages contained sufficient documentation to support payment.
- Payment vouchers packages had correct prices, extensions, and totals; the appropriate invoices were paid.
- There was adequate segregation of responsibilities over the procurement and payment processes, and authorized signatures appeared on all required documents.
- Payments to vendors were made within the required 30 days.
- Expenses incurred during Fiscal Year 2005 were charged to the correct fiscal year.
- City storehouse items were obtained when feasible.
- Imprest fund checks did not exceed \$250; were designated to a specific payee; were not made out to "bearer" or "cash" and contained two authorized signatures; included no duplicate payments to either employees or vendors; and used the proper voucher type for imprest fund checks to replenish funds.
- The year-end imprest fund accountability report was submitted to the Comptroller's Office, as required by Comptroller's Directive #3.
- Bank statements were reconciled when received.
- Items on the inventory list contained the correct manufacturer's name, model, and serial number, and were in their designated locations. Moreover, Bronx District Attorney identification tags were affixed to the inventory equipment.

Although the Bronx County District Attorney's Office complied with the particular policies and guidelines mentioned above, there were exceptions of noncompliance. In addition, the Bronx County District Attorney's Office did not comply with certain PPB rules pertaining to intergovernmental and small purchases. These exceptions of noncompliance are discussed in the following sections of this report. It should be noted that these issues were not sufficiently material to detract from our overall opinion.

Matters Relating to Procurement and Vouchering

Our review of the Bronx County District Attorney's Office procurement documents disclosed the following exceptions.

Purchase Documents for More Than \$5,000 Lacked Pre-Encumbrances

Eighteen purchase documents, each for more than \$5,000, totaling \$139,163 (as listed in Appendix I), were processed without a Requisition. Requisitions are required by Comptroller Directive #24 when a purchase is expected to exceed "micro-purchase limits"—currently set at \$5,000—or when a contract is needed to be used for the purchase in order to pre-encumber funds and estimate liabilities. The recording of estimated liabilities ensures that the City's financial records reflect planned expenditures, provides cash control and accountability, and facilitates management of the City's financial resources.

Improper Use of Miscellaneous Vouchers

The Bronx County District Attorney's Office improperly used miscellaneous vouchers to make 12 payments totaling \$169,121, as shown in Appendix II. Seven vouchers processed for payments totaling \$129,993 were for telephone service providers; one voucher payment for \$24,977 pertained to a car rental service; two vouchers payments totaling \$7,106 for fuel payments; and two vouchers totaling \$7,046 were for postage.

Comptroller's Directive #24 states that miscellaneous vouchers may be used only when the estimated or actual future liability is not determinable, when a contract or a purchase document is not required or applicable, or when items are less than \$250 (for agencies without an imprest fund). The Directive states, "The purchase of supplies, equipment, materials and services for which an FMS Contract Document and/or Purchase Document is required and applicable. Use the appropriate FMS Contract Documents or appropriate Purchase Document, and the related Payment Voucher."

Requirement Contracts Not Used

The Bronx County District Attorney's Office did not use requirement contracts in 12 instances when procuring various items totaling \$74,913. (See Appendix I for a detailed list of purchases that should have been processed through requirement contracts.) A March 2005 memorandum from the Commissioner of the Department of Citywide Administrative Services (DCAS) to Agency Heads stated that "agencies are also reminded that commodities available under requirement contracts must be purchased through such contracts. Additionally, items available from DMSS [Department of Municipal Supply Services] Storehouse must be obtained from that facility." According to Bronx District Attorney's Office officials, they processed City documents, and complied with PPB Rules, FMS accounting policies and procedures, and the Comptroller's Directives during the audit period.

Recommendations

The Bronx County District Attorney's Office should ensure that it:

1. Processes requisitions to pre-encumber funds and estimate liabilities prior to receiving vendor invoices.

Bronx County District Attorney's Office Response: "We agree with the findings that a number of required pre-encumbrances (requisitions) were omitted (Appendix I). Based on your direction, we have also adopted a policy of using 'RX' documents exclusively to ensure that FMS receives complete accounting and commodity information for all pre-encumbrances."

2. Uses miscellaneous vouchers appropriately.

Bronx County District Attorney's Office Response: "We agree with the findings that several payments should not have been made via the PVM document type (this citation is related to omitted encumbrances). Appropriate expenses including telephones, car rentals, fuel and postage are now properly requisitioned by RX, encumbered under the PD, PC or CT document types, and paid by the corresponding payment voucher types."

3. Makes purchases from requirement contracts when they are available and completes and remits the necessary purchase order forms to DMSS for processing

Bronx County District Attorney's Office Response: "We acknowledge the Comptroller's findings and appreciate the recommendations related to the use of requirements contracts and DMSS procedures."

Other Procurement Matters

Improper Purchases Made through Health and Hospitals Corporation Contract.

Ten purchases, totaling \$97,788 were made through a New York City Health and Hospitals Corporation contract in violation of PPB rule §3-09(e), which states:

"An agency may procure goods and services. . . through the United States General Services Administration or any other federal agency or the New York State Office of General Services or any other State agency provided the price is lower than the prevailing market price."

Since the Health and Hospitals Corporation is a public benefit corporation, not a State or federal agency, the Bronx County District Attorney's Office was not authorized to make purchases through Health and Hospitals Corporation contracts.

Prevailing Market Prices Not Substantiated:

Files for 15 purchases, totaling \$145,189 (as listed in Appendix I), made through New York State and New York City Health and Hospitals Corporation contracts lacked documentation indicating that the procured price was lower than the prevailing market price. Insofar as procurements made through a New York State contracts are concerned, PPB rule §3-09(e) requires, “Records shall include at a minimum the determination that the price is lower than the prevailing market price including an explanation of how such a determination was made.”

Purchase for More Than \$5,000 Split to Circumvent The Required Bidding Process

Two purchase documents that totaled \$6,200—one for \$4,650, the second for \$1,550—were processed on November 9, 2004, for 20 Gami Posture Swival Chairs from the Executive Office Supply Co. at \$310 each. (See Appendix I.) It appears that this order was split to prevent the total from reaching the \$5,000 threshold so the required five vendors would not have to be solicited. PPB rules §3-08(b) states, “A procurement shall not be artificially divided in order to meet the requirements of this section.” Further, §3-08(c) (1) (iii) states, “For procurements in value over \$5,000 through small purchase limits, at least five vendors shall be solicited.” Besides giving the appearance that the Bronx County District Attorney’s Office attempted to circumvent the competitive bidding process, processing two purchase documents for the same items through the same company, both with November 9, 2004, dates, and both with Executive Office Supply Co. invoices that were dated November 30, 2004, may preclude an agency from receiving the best possible purchase price.

Details on Invoices Did Not Correlate to the Respective Purchase Documents

Three invoices listed serial numbers for copy machines that did not match the two respective purchase documents. (See Appendix I.) One purchase document, #20050010286, indicated model number DC420C2 with serial numbers NL2353325 and NL2012823; however, one respective invoice, #008794133, indicated model number DC460 with a serial number NE4-022467, and the second invoice, #009208173, indicated model number DC432 with serial number NM9-006001. Also, purchase document #20050010567 indicated model number CC65 with serial number MRL016999, but invoice #004563758 indicated model number Copy Centre C65 with serial number MRL-017183.

Comptroller’s Directive #24, §6.0, states, “Payment Vouchers details must be compared to the associated purchase document or FMS contract document for compliance with the purchase’s terms and conditions (e.g., vendor, ordered goods, prices, quantities, etc.).”

Incorrect Object Codes

Fifteen purchases totaling \$99,338 were charged to incorrect object codes. (See Appendix III for a detailed list.) For example, two purchases for fuel were charged to object code 4510,

Local Travel Expenditures, instead of object code 1060, Motor Vehicle Fuel. The use of incorrect object codes prevents an agency from identifying the type and amount of a particular expense item within a fiscal year and distorts year-end reporting that identifies expenditure patterns. Moreover, Comptroller's Directive #24, §6.0, states, "Payment Voucher approvers must ensure that the appropriate accounting and budget codes are being charged. This includes charging the correct unit of appropriation and correct object code within that unit of appropriation."

Recommendations

The Bronx County District Attorney's Office should ensure that:

4. Purchases made through New York State contracts are researched to determine that the prevailing market prices are lower than or equal to the prices received at the time of procurements, maintaining all relevant documentation in the files.

Bronx County District Attorney's Office Response: "We acknowledge the Comptroller's findings and appreciate the recommendations related to market price determination and the need for complete documentation in our procurement files. We have taken steps to ensure that in the future our procurement files will reflect such considerations."

5. Procurements for more than \$5,000 are not artificially divided, and that five vendors are solicited for purchases reaching that threshold.

Bronx County District Attorney's Office Response: "We appreciate the Comptroller's wording of this recommendation. As we discussed, this citation involves two PCs for furniture purchases delivered to two separate facilities. . . There was no intentional effort to circumvent bidding rules. Nonetheless we accept the finding that this was not the preferred vehicle to accomplish our goal, and we have adjusted procedures to avoid any appearance that a purchase order has been artificially split."

6. All invoice details match the corresponding purchase document details.

Bronx County District Attorney's Office Response: "We have redoubled our efforts to avoid typographical errors on purchase documents."

7. Object codes that most closely reflect the types of expenditures are selected.

Bronx County District Attorney's Office Response: "We agree that several OTPS expenditures were mis-object coded during FY 2005. We appreciate the clarification and have adjusted our FMS budget allocations to reflect the revisions specified in Appendix III of the audit."

Appendix I
(Page 1 of 2)

Audit Report on the Other Than Personal Services (OTPS) Expenditures of the Bronx District Attorney's Office

July 1, 2004 to June 30, 2005

#FN06-092A

List of Findings for Encumbrances

<u>Reference Document</u>	<u>Reference Document Amount</u>	<u>Vendor Name</u>	Pre-Encumbrance Document (RX) Not Used When Purchase More Than \$5,000	Details on PVE Does Not Match Associated Purchase Document	Existing Requirement Contract Not Used for Procurement	Existence of Split to circumvent Bidding when more than \$5,000	Market Price not Determined (Intergovernmental Purchasing)	Health and Hospitals Corporation Contract
PCs								
20050036096	\$6,588.00	HEWLETT-PACKARD COMPANY	X				X	
20050007947	\$5,998.08	HEWLETT-PACKARD COMPANY	X				X	
20050038089	\$8,862.75	OFFICE EQUIPMENT & SUPPLY	X		X			
20050030800	\$5,890.00	OFFICE EQUIPMENT & SUPPLY	X		X			
20050010189	\$8,082.20	XEROX ADMINISTRATION	X				X	X
20050010208	\$9,868.16	XEROX ADMINISTRATION	X				X	X
20050010277	\$6,357.52	XEROX ADMINISTRATION	X				X	X
20050010286	\$8,041.00	XEROX ADMINISTRATION	X	X			X	X
20050010302	\$6,698.08	XEROX ADMINISTRATION	X				X	X
20050010557	\$6,727.68	XEROX ADMINISTRATION	X				X	X
20050010564	\$9,021.60	XEROX ADMINISTRATION	X				X	X
20050010567	\$9,021.60	XEROX ADMINISTRATION	X	X			X	X
20050039182	\$2,146.00	CITIFORMS INCORPORATED			X			
20050040429	\$4,848.00	CITIFORMS INCORPORATED			X			
20050026255	\$4,554.00	CARTOV LEASING INC.			X			
20050019464	\$4,650.00	EXECUTIVE OFF. SUPPLY,CO.				X		
20050019472	\$1,550.00	EXECUTIVE OFF. SUPPLY,CO.				X		
20050016714	\$5,240.00	EXPERIAN MARKETING SOLUTIONS,	X					
20050013139	\$7,992.00	GOULD PUBLICATIONS	X					
20050031597	\$9,750.00	INTERNATIONAL FILING COMPANY	X					

Appendix I
(Page 2 of 2)

<u>Reference Document</u>	<u>Reference Document Amount</u>	<u>Vendor Name</u>	Pre-Encumbrance Document (RX) Not Used When Purchase More Than \$5,000	Details on PVE Does Not Match Associated Purchase Document	Existing Requirement Contract Not Used for Procurement	Existence of Split to circumvent Bidding when more than \$5,000	Market Price not Determined (Intergovernmental Purchasing)	Health and Hospitals Corporation Contract
20050006026	\$10,000.00	NEW YORK LAW PUBLISHING CO.	X					
20050031036	\$5,561.75	RK OFFICE & COMPUTER SUPPLIES	X		X			
20050043531	\$3,672.00	RK OFFICE & COMPUTER SUPPLIES			X			
20050029960	\$9,462.50	TOTAL MEDIA INC.	X		X			
20050030778	\$1,600.00	TOTAL MEDIA INC.			X			
25	\$162,182.92	PCs	18	2	9	2	10	8
Total PCs			\$139,163.00	\$17,063.00	\$46,597.00	\$6,200.00	\$76,403.92	\$63,817.84
20050010582	\$19,455.60	XEROX ADMINISTRATION					X	X
20050010679	\$14,514.60	XEROX ADMINISTRATION					X	X
20050030415	\$7,485.00	OFFICE EQUIPMENT & SUPPLY			X			
20050007961	\$10,252.00	HEWLETT-PACKARD COMPANY					X	
20050022991	\$10,770.00	HEWLETT-PACKARD COMPANY					X	
20050028946	\$7,291.50	CITIFORMS INCORPORATED			X			
20050006973	\$13,539.60	CARTOV LEASING INC.			X			
20050026128	\$13,792.44	SBC DATACOMM INC.					X	
8	\$ 97,100.74	CTs	0	0	3	0	5	2
Total CTs			\$ 18	\$ 2	\$28,316.10	\$ 2	\$68,784.64	\$33,970.20
33	\$259,283.66		18	2	12	2	15	10
Total PCs & CTs			\$139,163	\$17,063	\$74,913	\$6,200	\$145,189	\$97,788

Audit Report on the Other Than Personal Services (OTPS)
Expenditures of the Bronx District Attorney's Office
July 1, 2004 to June 30, 2005
#FN06-092A
Miscellaneous Payment Vouchers (PVMs)

Voucher Number	Voucher Amount	Line Amount	Description of Purchases	Incorrect Object Code Charged	Unallowable Uses of PVMs			
					Purchase of		Postal	Phone Service
					Supply	Service		
05W0191	\$ 1,613.78	\$1,613.78	Stenographic Fees					
05W0752	1,266.20	1,266.20	Stenographic Fees					
05W0195	1,626.94	1,626.94	Stenographic Fees					
05W0601	2,424.41	2,424.41	Stenographic Fees					
05W0483	2,302.22	2,302.22	Stenographic Fees					
05W0592	2,984.77	2,984.77	Stenographic Fees					
05W0373	2,851.08	2,851.08	Stenographic Fees					
05W0755	4,648.75	4,648.75	Stenographic Fees					
05W0056	3,119.02	3,119.02	Stenographic Fees					
05W0489	2,321.82	2,321.82	Stenographic Fees					
0500711	1,717.80	1,717.80	Phone Rental Charges					X
0500874	1,733.01	1,733.01	Phone Rental Charges					X
05W0057	2,793.94	2,793.94	Stenographic Fees					
05W0490	2,978.67	2,978.67	Stenographic Fees					
05W0367	2,890.14	2,890.14	Stenographic Fees					
05W0661	2,785.77	2,785.77	Stenographic Fees					
0500892	3,801.19	3,801.19	Postage				X	
0501001	3,244.42	3,244.42	Postage				X	
0500074	1,955.82	1,955.82	Monthly phone charges & fees					X
0500893	2,519.39	2,519.39	Monthly phone charges & fees					X
0500243	3,547.45	3,547.45	Fuel	X	X			
0500343	3,558.71	3,558.71	Fuel	X	X			
05W0484	5,005.86	5,005.86	Stenographic Fees					
05W0660	4,283.81	4,283.81	Stenographic Fees					
05W0053	4,818.30	4,818.30	Stenographic Fees					
05W0750	4,686.59	4,686.59	Stenographic Fees					
0500949	66,463.10	36,999.00	Telephone Maintenance Renewal					x
		29,464.10	Telephone Maintenance Renewal					
0501140	24,976.55	24,976.55	Car Rental			x		
0500291	28,489.55	13,489.55	Telephone Charges					X
0500834	27,114.30	27,114.30	Telephone Charges					X
30	\$ 224,523.36			2	2	1	2	7
				\$7,106	\$7,106	\$24,977	\$7,046	\$129,993
				(12) 169,121				

Audit Report on the Other Than Personal Services (OTPS) Expenditures
Expenditures of the Bronx District Attorney's Office
July 1, 2004 to June 30, 2005
#FN06-092A

Incorrect Object Codes Charged

<u>Reference Document</u>	<u>Reference Document Amount</u>	<u>Vendor Name</u>	<u>Description of Item</u>	<u>Object Code Charged</u>	<u>Object Code That Should Have Been Charged</u>
PCs					
20050036096	\$6,588.00	HEWLETT-PACKARD COMPANY	Microcomputers, Handheld , Laptop, and Notebook	3000	3320
20050007947	\$5,998.08	HEWLETT-PACKARD COMPANY	Computer, Data Processing Equipment and Accessories (Computer Maintenance)	6120	6130
20050015623	\$3,391.50	STENOGRAPH L.L.C.	Office Equipment (Subscription Renewal for Steno Machines, Maintenance)	4030	6120
20050019464	\$4,650.00	EXECUTIVE OFF. SUPPLY,CO.	Posture Chairs Swival, Gami (15)	3150	3140
20050019472	\$1,550.00	EXECUTIVE OFF. SUPPLY,CO.	Posture Chairs Swival, Gami (5)	3150	3140
20050031036	\$5,561.75	RK OFFICE & COMPUTER SUPPLIES	Various computer supplies	1000	1990
20050043531	\$3,672.00	RK OFFICE & COMPUTER SUPPLIES	Various computer supplies	1000	1990
7	\$31,411.33	PCs			
CTs					
20050016829	\$16,475.00	STENOGRAPH L.L.C.	Court Reporter Equipment (5), Machines Exchanged for new ones (Maintenance Contract)	4030	6120
20050007961	\$10,252.00	HEWLETT-PACKARD COMPANY	Computer Equipment Maintenance	6120	6130
20050022991	\$10,770.00	HEWLETT-PACKARD COMPANY	Computer Systems, Digital (Purchase 10)	3000	3320
20050008630	\$19,320.00	KEY PUNCH COMPUTER TEMPORARIES	Computer, Data Processing Equipment and Accessories (Printer Maintenance)	6120	6130
4	\$56,817.00	CTs			
11	\$88,228.33				
PVMs					
0500243	3,547.45	MOBIL FLEET	Fuel	4510	1060
0500343	3,558.71	MOBIL FLEET	Fuel	4510	1060
2	\$7,106.16	PVMs			
Imprest Fund (PVRs)					
Payment Voucher					
* 05TA335	\$2,175.38	Employee 1	Daily News, New York Times, NY Post, Newsday, El Diario, Hoy News, El Vocero, Amsterdam News	4600	3370
		Employee 1	Daily News, New York Times, NY Post, Newsday, El Diario, Hoy News, El Vocero, Amsterdam News	4600	3370
*05TA488	\$1,828.29	Employee 1	Daily News, New York Times, NY Post, Newsday, El Diario, Hoy News, El Vocero, Amsterdam News	4600	3370
2	\$4,003.67	PVRs			
15	\$99,338.16				

* The total dollar amount of voucher numbers 05TA335 and 05TA488 totaled \$2,175.38 and \$1,828.29, however, the Bronx County District Attorney's Office charged \$352.75 and \$110.75 to object code 4600. For the purpose of this analysis, we included the whole voucher amount.

<u>Object Code #</u>	<u>Description of Object Codes</u>
1000	Supplies and Materials - General-- All supplies not specifically classified in any of the other supply accounts.
1060	Motor Vehicle Fuel - All gasoline or alternative fuels related to operation of a motor vehicle. Included in this account are costs associated with the operation of automobiles, motorcycles, scooters, helicopters, trucks, buses, boats, and other vehicles that are motor propelled.
1990	Data Processing Supplies - All Supplies associated with the operation of personal computers, printers, and data processing equipment (i.e., computer diskettes, computer books and manuals, printing ribbons, computer software, etc.).
3000	Equipment - General - All Equipment not specifically classified in any of the other accounts .
3140	Office Furniture - All metal and wood office furniture (i.e., desks, chairs, tables, bookcases, file cabinets).
3150	Office Equipment - Office equipment (i.e., typewriters, calculators, fans, lamps, pencil sharpeners).
3320	Purchases of Data Processing Equipment - Personal computers, video display terminals, printers, etc.
3370	Books - Other - The purchase of all textbooks and workbooks; also, periodicals, magazines, subscriptions, newspapers, etc. for other than library purposes.
4030	Office Services - The cost of authorized membership dues and fees in technical associations and organizations; notary; recording, registration and searching fees. Rentals of safe-deposit boxes, post office boxes, and water coolers which, due to their distinctive office service nature, are classified hereunder. Inspection fees covering the cost of similar services with respect to buildings, structures, etc..
4510	Local Travel Expenditures - General - All authorized expenditures for in-City meal, transportation, and incidental expenses incurred for general business meetings.
4600	Special Expenditures - All special expenditures relative to elected officials and other criminal justice activities.
6120	Office Equipment Maintenance-Contractual - All expenditures for the maintenance and repair of all office equipment i.e., calculators, office furniture, photocopying, machines, typewriting machines, etc.
6130	Data Processing Equipment Maintenance - Contractual - All expenditures for the maintenance and repair of all data processing equipment.



OFFICE OF THE DISTRICT ATTORNEY, Bronx County

ROBERT T. JOHNSON .
District Attorney

198 East 161st Street
Bronx, New York 10451

(718) 590-2161

L. CHRISTOPHER STANDORA
Chief Financial Officer

February 15, 2007

Mr. John Graham
Deputy Comptroller
Audits, Accountancy & Contracts
Office of the New York City Comptroller
1 Centre Street
New York, New York 10007 - 2341

**Re: Audit Report on the Other Than Personal Services Expenditures
 Of the Bronx County District Attorney's Office
 July 1, 2004 – June 30, 2005
 FN06-092A**

Dear Mr. Graham:

We have reviewed the Comptroller's draft audit report of the Bronx County District Attorney's OTPS expenditures for fiscal year 2004 - 2005.

Your report comes at an opportune time of re-organization within our Finance Office. Your auditors' suggestions during the audit from October, 2005 through June 2006, have already helped strengthen our budget management and purchasing processes. This report provides additional useful guidance.

We are also gratified by your findings that the Bronx District Attorney's Office "generally complied with City FMS accounting policies and procedures, Comptroller's Directives, and [our] own policies and guidelines for processing purchase and contract documents and payment vouchers." We are pleased that you found our expenditures were for "reasonable and necessary" operational purposes.

We welcome the opportunity to respond to your recommendations:

Mr. John Graham

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February 15, 2007

RECOMMENDATIONS AND RESPONSES

1. Process requisitions to pre-encumber funds and estimate liabilities prior to receiving vendor invoices.

We agree with the findings that a number of required pre-encumbrances (requisitions) were omitted (Appendix I).

Historically, it has been difficult to pre-encumber large portions of our limited City OTPS budget early in the fiscal year for major expenses such as copier maintenance and telephone service. However, in response to the Comptroller's direction, and pursuant to Directive 24, we now ensure that all PCs and CTs begin with requisitions.

Based on your direction, we have also adopted a policy of using "RX" documents exclusively to ensure that FMS receives complete accounting and commodity information for all pre-encumbrances.

2. Use miscellaneous vouchers appropriately.

We agree with the findings that several payments should not have been made via the PVM document type (this citation is related to omitted encumbrances). Appropriate expenses including telephones, car rentals, fuel and postage are now properly requisitioned by RX, encumbered under the PD, PC or CT document types, and paid by the corresponding payment voucher types.

3. Make purchases from requirement contracts when they are available and complete and remit the necessary purchase order forms to DMSS for processing.

We acknowledge the Comptroller's findings and appreciate the recommendations related to the use of requirements contracts and DMSS procedures. However, we wish to clarify the circumstances surrounding several of the purchases you cited.

In FY 04 -- 05 our agency's OTPS funding was approximately 28% below the FY 02 level. This drastic reduction has carried forward in each successive year. Our OTPS allocation for FY 07 remains 21% below FY 02 levels. Chronic OTPS under-funding compels our agency to seek cost-savings wherever possible.

Mr. John Graham

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February 15, 2007

PC 20050040429 (Citiforms); PC 20050038089 (Office Equipment & Supply); PC 20050030800 (Office Equipment & Supply); CT 20050028946 (Citiforms); CT 20050030415 (Office Equipment & Supply); PC 20050039182 (Citiforms)

These purchases of basic recycled copy paper were cited for not being made under a requirement contract. As we discussed, each year our office obtains paper first from the DCAS storehouse. When our modest storehouse budget allocation is exhausted, we turn to alternative suppliers.

Although recycled copy paper is available via Staples, we confirmed (by phone with a Staples representative) that paper is not a discounted item. In fact, online price comparisons between the NYC Staples link and the public online catalog confirmed that there is little or no difference between NYC and open market pricing.

The properly bid open market procurements above were substantially more economical than purchases through Staples. We estimate that on PC 429 for \$4,848, Staples would have charged up to \$6,939.60; on PC 089, the cost was \$8,862.75 rather than \$15,149.80; on PC 800 the cost was \$5,890 rather than \$8,949; on PC 946 the cost was \$7,291.50 rather than \$10,619.40; and on CT 415 the cost was \$7,485 rather than \$12,600. We are confident that our office saved as much as 35% through open market purchases.

The exact paper colors purchased on PC 182 are not available through Staples. Possible substitutes are available but at a premium price by the ream.

PC 20050043531 (RK Office & Computer Supplies)

This purchase of toner cartridges was cited for not being made against a requirement contract. We should have included better documentation in the procurement file to indicate why we purchased through the open market rather than through Staples. Again, our research indicates that Staples would have charged \$4,471 for the same items we obtained from RK Office for \$3,672.

PC20050029960 (Total Media)

This purchase of media supplies was cited for not being made against a requirement contract. Our research indicates that two of the items on this PC, which totaled \$8,972.50, are unavailable through Staples. Only the third item, which contributed \$490.00 to the PC total, appears to have been available through Staples at a modest discount.

Mr. John Graham

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February 15, 2007

PC 20050026255 (Cartov Leasing)

This car rental was cited for not being made under a requirement contract. While it is true that no "A" purchase order was prepared to establish this procurement through DCAS, we did receive the full benefit of the NYC requirements contract terms, including pricing, from this NYC contractor.

4. Purchases made through New York State contracts are researched to determine that the prevailing market prices are lower than or equal to the prices received at the time of procurements, maintaining all relevant documentation in the files.

We acknowledge the Comptroller's findings and appreciate the recommendations related to market price determination and the need for complete documentation in our procurement files. However, we would like to clarify the circumstances surrounding several purchases:

Ten PCs and CTs for Xerox Maintenance. These multiple citations all relate to the same ongoing procurement of copier maintenance under a Health and Hospitals Corporation service contract. (30 of the 59 Citations on Appendix I – approximately half – relate to the same set of procurements).

At the time we accessed the Health and Hospitals contract, we mistakenly believed that our agency was permitted to treat this agreement as an RC, and therefore we did not determine prevailing market price. We accept the Comptroller's direction that we are barred from using contracts with public benefit corporations.

However, at the time of these procurements, a new DCAS RC for Xerox maintenance services was under negotiation. We already had an office-wide complement of approximately 40 Xerox copiers. It would have been impractical for our agency to negotiate a new copier service contract with Xerox (or to switch to a new vendor) with a NYC contract already pending.

Presently, Xerox machines covered by the current citywide DCAS contract are maintained under that contract.

PC 20050036096, CT 20050022991, CT20050007961 (Hewlett Packard)

These procurements of HP computers, equipment and maintenance were cited for lack of a market price determination. Better documentation should have been maintained in the procurement file to indicate the background of these purchases.

Typically our office purchases computer equipment under our capital budget. These purchases represent unexpected needs that we were unable to include in the capital budget during FY 04 - 05. Consequently, they were purchased through our expense budget.

Mr. John Graham

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February 15, 2007

For reasons indicated on the attached memorandum to DCAS dated 7/22/05, HP was selected prior to FY 05 as the preferred vendor for agency-wide computer needs, based on reasons of cost, quality, and technical standardization. We made these purchases of HP equipment under this business rationale.

We have taken steps to ensure that in the future our procurement files will reflect such considerations.

5. Procurements for more than \$5,000 are not artificially divided, and that five vendors are solicited for purchases reaching that threshold.

We appreciate the Comptroller's wording of this recommendation. As we discussed, this citation involves two PCs for furniture purchases delivered to two separate facilities. As it would have been impractical to deliver both orders to the same site for re-distribution, we prepared two PCs to route the chairs directly to their final destinations. There was no intentional effort to circumvent bidding rules. Nonetheless we accept the finding that this was not the preferred vehicle to accomplish our goal, and we have adjusted procedures to avoid any appearance that a purchase order has been artificially split.

6. All invoice details match the corresponding purchase document details.

We have redoubled our efforts to avoid typographical errors on purchase documents.

7. Ensure that object codes that most closely reflect the types of expenditures are selected.

We agree that several OTPS expenditures were mis-object coded during FY 2005. We appreciate the clarification and have adjusted our FMS budget allocations to reflect the revisions specified in Appendix III of the audit.

Additional Remarks

Recommendations 1 through 5 of this audit report are interrelated, relating both to the method of reaching an award decision and also to the mechanism for encumbering and paying obligations. To address these areas systematically, we have deployed an in-house procurement routing slip (current draft attached) to ensure that all steps in the procurement process are properly followed. The Purchasing Checklist ("Yellow Sheet") is printed on yellow paper to distinguish it from other items in the procurement file.

Mr. John Graham

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February 15, 2007

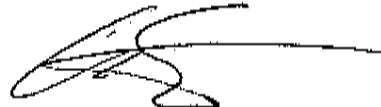
When a "Requisition / Purchase Request form is approved" – this is the internal document that initiates a purchase from our agency's expense budget – a Yellow Sheet is now attached. At each step of the procurement process, the slip provides a visual checklist to ensure that requirement contracts and bids are properly researched, that awards are properly justified, and that FMS data entry (requisition, purchase agreement, and ultimately payment) follows prescribed guidelines. (You will note that although it is not required under NYC procurement rules, this office attempts to maximize savings by bidding all open market micro purchases over \$1,000).

We have also established a new filing system to parallel the procedural steps noted on the Yellow Sheet. The new system reduces delays and ensures that procurements move smoothly among staff members in the proper order of their responsibilities.

We deployed the first version of the Yellow Sheet following discussions with your auditors in Fall, 2006. While the Checklist is a work in progress, it has already brought greater consistency to the procurement process in our office. We appreciate your help in refining our procedures, and we welcome any additional suggestions you may have.

Please contact me if you have any questions or comments on our response.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Standora", with a long horizontal flourish extending to the right.

L. Christopher Standora
Chief Financial Officer

Enc.

District Attorney's Office



County of the Bronx

Memorandum from Joan Pelletier*Administrative Chief/ACCO*

198 East 161st Street

Bronx, NY 10451

(718) 590 - 2161

TO: Elnora Roberts, DCAS

DATE: July 22, 2005

SUBJECT: PC vendor selection

The selection of Hewlett Packard as our PC Vendor was based on price, adaptability into our environment, and standardization which will help reduce implementation, and ongoing support costs.

Additionally our past experience with HP's reliability has far exceeded our experience with other computer vendors. Lastly we are in the process of enrolling in HP's Self Maintainer program which will enable us to provide quicker response time, and enhanced support to our end users.

Please contact me if any additional information is needed.

Thank you.

PURCHASING CHECKLIST

1 **REQUEST** Purchase Request Received with required approvals (~~2~~ / ~~3~~)

2 **PREPARATION**

<u>YES</u>	<u>NO</u>	
<u> </u>	<u> </u>	Storehouse
<u> </u>	<u> </u>	Requirement Contract
<u> </u>	<u> </u>	Purchase required by grant

Up to \$1,000 - Direct purchase with no bid
\$1,001 - \$5,000 - Three (3) Bids
\$5,001 - \$ 25,000 - Five (5) Bids & Sole Source if needed

Vendor: _____ Amount: _____

Vendor #: _____

Commodity Code: _____

Description: _____

Award Date / Submitted for FMS: _____

3 **FMS** Purchase Agreement Assignment

~~State~~ ~~Local~~

PD PC CT Other Date Assigned _____

Date Entered _____

Record Accountability

FMS Complete Date / Submitted for Vendor: _____

4 **VENDOR READY**

Print P.O. & send to vendor
Delivery Copies to Stock Room
Match Packing Slips / Invoice

Date Completed / Submitted for Payments: _____

5 **PAYMENT READY**

Date Paid: _____



**BRONX COUNTY DISTRICT ATTORNEY
REQUISITION / PURCHASE REQUEST**

REQUESTING BUREAU _____ DATE 02/13/2007

PERSON REQUESTING _____ ROOM _____ EXT. _____

GRANT RELATED REQUEST (NAME): _____

No	Item Description	Quantity Requested	Quantity Given	Unit Cost	Total Cost

****Please attach samples if you are requesting forms****

☐ EMERGENCY PICK UP

APPROVAL

OR

Administrative Supervisor
(Requests for office supplies and forms only).

Bureau Chief
(Requests that include equipment or furniture).

PURCHASING USE:

Purchasing Approval

Date