



City of New York

OFFICE OF THE COMPTROLLER

Scott M. Stringer
COMPTROLLER



FINANCIAL AUDIT

Marjorie Landa

Deputy Comptroller for Audit

Audit Report on the Queens Borough
President's Office's Cash Controls over
Minor Sales

FM15-077A

April 8, 2015

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK
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NEW YORK, NY 10007

SCOTT M. STRINGER
COMPTROLLER

April 8, 2015

To the Residents of the City of New York:

My office has audited the Queens Borough President's Office's (QBPO) cash controls over receipts from minor sales. We audit City agencies and City government offices, such as the QBPO, as a means of ensuring they operate efficiently and are accountable for resources and revenues in their charge.

The QBPO has a Topographical Unit that, for a fee, supplies the public with street maps, grade studies and certifications related to building and development and issues new or alternative street addresses. The QBPO collected \$225,730 in revenue during Fiscal Year 2014.

The audit found that the QBPO generally complied with Comptroller's Directive #11, *Cash Accountability and Control*. The audit concluded that the QBPO adequately segregated duties with the various cash handling processes and that it adequately ensured that the cash receipt amounts agreed with the amounts deposited into the corresponding bank accounts and deposits were entered into the City's Financial Management System. Further, we found that all checks received were made payable to the QBPO; that a rubber stamp endorsement was placed on the back of all checks; that the QBPO maintained copies of bank deposit slips as well as pre-numbered customer receipts; and that daily cash receipts were stored in the agency safe when the deposits could not be made.

Additionally, we found that the QBPO did not accept cash, personal checks or company checks as payment, a practice that is strongly recommended by Comptroller's Directive #11. Finally, we found that the QBPO generally made daily deposits of the funds collected (bank checks and money orders) as required by Comptroller's Directive #11, which states "generally, all funds received must be deposited in the bank on at least a daily basis."

The results of the audit have been discussed with QBPO officials, and their comments have been considered in preparing this report. Their complete written response is attached to this report.

If you have any questions concerning this report, please e-mail my Audit Bureau at audit@comptroller.nyc.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Scott M. Stringer".

Scott M. Stringer

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THE CITY OF NEW YORK OFFICE OF THE COMPTROLLER FINANCIAL AUDIT

Audit Report on the Queens Borough President's Office's Cash Controls over Receipts from Minor Sales

FM15-077A

AUDIT REPORT

Background

The Borough Presidents are the executive officials of each of New York City's five boroughs. The City Charter grants each Borough President, elected to a term of four years, the power to prepare and review budget proposals for the City Council; recommend capital projects; hold public hearings on matters of public interest; consult with the Mayor and the City Council on the preparation of the City's executive and capital budgets; review and recommend applications and proposals for the use, development or improvement of land within 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 in the City Council.

The Queens Borough President's Office (QBPO) has a Topographical Unit that, for a fee, supplies the public with street maps, grade studies, and certifications related to building and development and issues new or alternative street addresses. The QBPO accepts credit cards, certified checks, and money orders as payment for the fees it charges for these services.

According to the City's Financial Management System, the QBPO deposited a total of \$225,730 in revenue generated from sales made by the Topographical Unit.

Objective

The objective of this audit was to determine whether the QBPO is in compliance with cash control procedures as set forth in Comptroller's Directive #11, *Cash Accountability and Control*.

Scope and Methodology Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

This audit covered the QBPO's cash collections for Fiscal Year 2014, from July 1, 2013, to June 30, 2014. Please refer to the Detailed Scope and Methodology at the end of this report for the specific procedures and tests that were conducted.

Discussion of Audit Results

The matters covered in this report were discussed with QBPO officials during and at the conclusion of this audit. A preliminary draft report was sent to QBPO officials on March 3, 2015. On March 12, 2015, we received written notice from QBPO officials waiving their right to an exit conference, and on March 18, 2015, we submitted a draft report with a request for comments.

The QBPO submitted a written response to the draft report on April 1, 2015 in which it stated, "We are pleased that the Comptroller's Office found that the Queens Borough President's Office ('QBPO') generally complied with the cash control procedures set forth in the Comptroller's Directive #11 and that no recommendations were made." The full text of the QBPO's response is included as an addendum to this report.

FINDINGS

The QBPO generally complied with the cash control procedures set forth in Comptroller's Directive #11. Our review found that the QBPO adequately segregated duties with the various cash handling processes. The QBPO ensured that the cash receipt amounts agreed with the amounts deposited into the corresponding bank accounts and deposits were entered in to the City's Financial Management System. All checks received were made payable to the QBPO and a rubber stamp endorsement was placed on the back of all checks. The QBPO also maintained copies of bank deposit slips as well as pre-numbered customer receipts. The daily cash receipts were stored in the agency safe when the deposits could not be made.

Additionally, the QBPO did not accept cash, personal checks or company checks as payment, a practice that is strongly recommended by Comptroller's Directive #11. Lastly, the QBPO generally made daily deposits of the funds collected (bank checks and money orders) as required by Comptroller's Directive #11, which states "generally, all funds received must be deposited in the bank on at least a daily basis."

DETAILED SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

This audit covered the period July 1, 2013, through June 30, 2014. To gain an understanding of the cash control procedures and regulations with which the QBPO is required to comply, we reviewed Comptroller's Directive # 11, *Cash Accountability and Control*. We interviewed QBPO officials and staff to gain an understanding of the internal control process over cash receipts. We conducted a walk-through of the QBPO Topographical Unit to familiarize ourselves with its operations. In addition, we conducted observations of the QBPO cash receipt process for fees collected by the Topographical Unit. We observed that the checks received were made payable to the order of the City of New York or the QBPO and were rubber stamp-endorsed.

We randomly selected the month of May 2014 and reviewed all transactions, which included 204 receipts totaling \$24,479 (including \$16,789 in credit card sales), to determine whether the processing of the receipts was in accordance with Comptroller's Directive #11. We also examined all of the corresponding receipts to determine if they were pre-printed and in sequential order. We then traced all of the sales receipts amounts to the daily cash deposit slips and the credit card settlement reports to determine if amounts agreed with the amounts deposited into the corresponding bank accounts. We examined all received checks to ensure that all checks were made payable to the order of the City of New York or the QBPO. We also reviewed whether all sales were properly recorded and all cash collected was deposited the same or the following day in to the Treasury Collection Account as required by Comptroller's Directive #11. Finally, we checked to see if the deposits were entered into the City's Financial Management System.

MELINDA KATZ
PRESIDENT



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April 1, 2015

Ms. Marjorie Landa
Deputy Comptroller for Audit
New York City Comptroller's Office
1 Centre Street, Room 1100
New York, N.Y. 10007

Re: Audit Report on the Queens Borough President's Office
Cash Controls over Minor Sales
FM15-077A

Dear Ms. Landa:

We are in receipt of the above-referenced audit. We are pleased that the Comptroller's Office found that the Queens Borough President's Office ("QBPO") generally complied with the cash control procedures set forth in the Comptroller's Directive #11 and that no recommendations were made. The QBPO has no further comments. Thank you for your attention.

Sincerely,

A handwritten signature in black ink, appearing to read "Elisa Velazquez".

Elisa Velazquez, Counsel