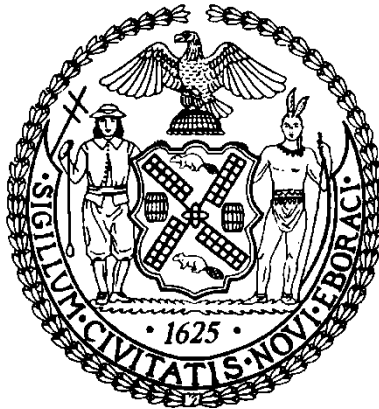


**CITY OF NEW YORK
OFFICE OF THE COMPTROLLER**

**John C. Liu
Comptroller**

**FINANCIAL AUDIT
H. Tina Kim
Deputy Comptroller for Audit**



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

FP11-062A

March 18, 2011



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

John C. Liu
COMPTROLLER

March 18, 2011

To the Residents of the City of New York:

My office has audited the financial and operating practices of the Bronx Borough President's Office regarding inventory procedures. We audit City agencies such as these as a means of ensuring their compliance with established policies and procedures.

Our review of the inventory records maintained by the Borough President's Office found that the office generally adhered to the Department of Investigation's *Standards for Inventory Control and Management* and to Comptroller's Directive #1 Financial Integrity Statement. However, we did note some instances of noncompliance regarding maintenance of complete and accurate inventory lists. These instances of noncompliance did not cause us to change our overall opinion.

The audit recommendations addressed the weaknesses identified in the report, and if implemented, will result in compliance with inventory standards and procedures.

The results of the audit have been discussed with Bronx Borough President 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 black ink, appearing to read "JCL".

John C. Liu

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The City of New York
Office of the Comptroller
Financial Audit

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

FP11-062A

AUDIT REPORT IN BRIEF

This audit determined whether the Bronx Borough President's Office is complying with certain inventory procedures for office equipment as set forth in the Department of Investigation's (DOI) *Standards for Inventory Control and Management* and are maintaining effective internal controls systems over equipment inventory as required by Comptroller's Directive #1 *Financial Integrity Statement*.

Audit Findings and Conclusions

Our review of the inventory records maintained by the Borough President's Office found that the office generally adhered to the Department of Investigation's *Standards for Inventory Control and Management* and to Comptroller's Directive #1 *Financial Integrity Statement*.

However, we did note some instances of noncompliance regarding maintenance of complete and accurate inventory lists. These instances of noncompliance did not cause us to change our overall opinion.

Audit Recommendations

We make the following recommendations to the Borough President's Office. The Borough President's Office should ensure that:

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

Auditee Response

In their response, Borough President's Office officials responded that they were in agreement with the report's recommendations and described the steps they have taken or will take to implement the report's recommendations.

INTRODUCTION

Background

New York City's five Borough Presidents are elected by the people of their respective boroughs for a term of four years and are the executive officials of their boroughs. The powers of each Borough President include preparing and reviewing budget proposals; recommending capital projects; holding public hearings on matters of public interest; consulting with the Mayor and the City Council on the preparation of the City's executive and capital budgets; reviewing and recommending applications and proposals for the use, development, or improvement of land within the borough; preparing environmental analyses required by law; providing technical assistance to the borough's community boards; monitoring and making recommendations regarding the performance of contractual services in the borough; and proposing legislation to be introduced in the City Council.

During Fiscal Year 2010, Other Than Personal Service (OTPS) expenditures for the Bronx Borough President's Office (Borough President's Office) amounted to \$768,663.

Objectives

The objectives of this audit were to determine whether the Bronx Borough President's Office is complying with certain inventory procedures for office equipment as set forth in the DOI's *Standards for Inventory Control and Management* and is maintaining effective internal controls systems over equipment inventory as required by Comptroller's Directive #1 *Financial Integrity Statement*.

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 Comptroller as set forth in Chapter 5, §93 of the New York City Charter.

This audit covered the period July 1, 2009, through June 30, 2010.

To obtain an understanding of the inventory procedures and regulations with which the Borough President's Office is required to comply, we reviewed relevant provisions of the DOI's *Standards for Inventory Control and Management* and Comptroller's Directive #1 *Financial Integrity Statement*. We interviewed staffers at the Borough President's Office to obtain an understanding of the inventory procedures in use and to determine how physical assets are safeguarded.

Tests of Inventory Records

We interviewed the staff at the Borough President's Office to determine their procedures for maintaining current written inventory records. We randomly selected 50 of the 132 computers, laptops, and scanner/printers listed on the Borough President's Office inventory records and determined whether they were present at the office. We also determined whether 25 additional computers and scanner/printers that we observed in the Borough President's Office during our walk-through were listed on the Borough President's Office inventory records. We also observed whether all 18 blackberry cell phones listed on the Borough President's Office inventory records were accounted for. Finally, we ascertained whether all six major equipment items purchased during our audit period were present at the Borough President's Office. Our total sample, therefore, consisted of 99 items.

During the physical observation of the inventory, we checked whether all items examined were properly tagged as property of the Borough President's Office. We also determined whether the inventory lists included the type of equipment, serial number, agency control number, and location of each item.

The results of the above tests, while not projectable to all major equipment items, provided a reasonable basis to assess the Borough President's Office's controls over inventory as specified in the DOI's *Standards for Inventory Control and Management*.

Discussion of Audit Results

The matters covered in this report were discussed with officials of the Bronx Borough President's Office during and at the conclusion of this audit. A preliminary draft report was sent to the Bronx Borough President's Office and discussed at an exit conference on January 20, 2011. On January 31, 2011, we submitted a draft report to officials at the Borough President's Office with a request for comments. We received a written response from officials at the Borough President's Office on February 14, 2011. In their response, officials at the Borough President's Office described the steps they have taken or will take to implement the report's recommendations. The full text of the Borough President's Office response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

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

Weaknesses in Equipment Inventory Control

During the physical observation of the 99 items, we found that:

- One laptop could not be located;
- Nine items had incorrect serial numbers on the inventory list;
- One item had an incorrect description on the inventory list; and
- Two items did not have an asset tag.

Section 28 of the DOI's *Standards for Inventory Control and Management* requires 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. An inventory log containing the internal control number assignments ... is maintained."

Recommendations

The Borough President's office should ensure that:

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

Borough President's Response: "The agency inventory list has been updated and reflects the correct serial numbers. The asset with the incorrect description has also been corrected. The two items that did not have asset tags are cameras. They will be brought to the NYPD Crime Prevention Office to be etched with identifying agency information and a unique control number. The missing laptop has not been located and we are continuing our search. We are also reaching out to the NYPD to file a police report."



OFFICE OF THE BRONX BOROUGH PRESIDENT
THE BRONX COUNTY BUILDING
851 GRAND CONCOURSE
BRONX, NEW YORK 10451

RUBEN DIAZ JR.
BOROUGH PRESIDENT

TEL. 718-590-3500
FAX. 718-590-3537
E-MAIL: rdiazjr@bronxbp.nyc.gov

February 14, 2011

H. Tina Kim
Deputy Comptroller
Municipal Building
One Centre Street, Room 1100
New York, New York 10007

Re: Audit Report on the Financial and Operating Practices of
The Bronx Borough President's Office
FP11-062A

Dear Deputy Comptroller Kim:

We are in receipt of the above mentioned audit report and have reviewed its findings. We are in agreement with its recommendations.

As to this, the following corrective action has been taken:

The agency inventory list has been updated and reflects the correct serial numbers. The asset with the incorrect description has also been corrected.

We are in the process of the following:

The two items that did not have asset tags are cameras. They will be brought to the NYPD Crime Prevention Office to be etched with identifying agency information and a unique control number.

The missing laptop has not been located and we are continuing our search. We are also reaching out to the NYPD to file a police report.

We appreciate the time and the efforts of the staff of the NYC Comptroller's Office in reviewing our procedures and practices to ensure compliance with the Comptroller's Directives and with Department of Investigation's Standards for Inventory Control and Management.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul J. Del Duca".

Paul J. Del Duca
Chief of Staff

cc: Lawrence Welgrin, Audit Manager