



City of New York

OFFICE OF THE COMPTROLLER

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COMPTROLLER



AUDIT BUREAU

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Deputy Comptroller for Audit

Report to the Mayor and City Council
on City Comptroller Audit Operations
Fiscal Year 2015

March 1, 2016

<http://comptroller.nyc.gov>

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THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
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March 1, 2016

The Honorable Bill de Blasio, Mayor
City of New York
City Hall
New York, NY 10007

The Honorable Melissa Mark-Viverito, Speaker
New York City Council
250 Broadway, Suite 1850
New York, NY 10007

New York City Council
City Hall
New York, NY 10007

Dear Mayor de Blasio, Speaker Mark-Viverito and Members of the City Council:

Attached please find the annual report on the operations of the Audit Bureau of the New York City Comptroller's Office for Fiscal Year 2015. Section 93 (f) of the City Charter states that no later than March 1st of each year the Comptroller must provide such a report to the Mayor and City Council on all major audit activities of City agencies conducted in the previous fiscal year.

Under the City Charter, the Comptroller's Office must audit some aspect of every City agency at least once every four years in accordance with generally accepted government auditing standards promulgated by the Comptroller General of the United States. In Fiscal Year 2015, the Audit Bureau issued 80 audits and special reports resulting in \$616.5 million in actual and potential revenue and savings. Reviews of claims filed against the City identified another \$203,000 in potential cost avoidance.

As the City's chief fiscal officer, it is my duty to do everything in my power to maintain the City's fiscal health. The Audit Bureau uses its power of audit to find waste, mismanagement and inefficiency in City government, as well as to root out fraud and abuse, while championing improvements that can achieve more efficient, effective City operations and services. The Bureau examines every corner of local government to improve services and save tax dollars wherever possible. The Bureau makes hundreds of recommendations to improve City programs that can have a positive impact on service delivery if implemented. The audits

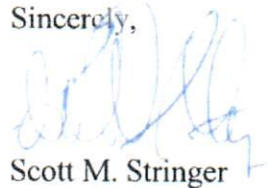


summarized in this annual report have been important in accomplishing our task of ensuring that government resources are not wasted, but put to work to improve the lives of all New Yorkers.

While agency managers are responsible for resolving and implementing recommendations promptly and effectively, the auditors follow up to see that action has been taken and intended results realized. A review of the implementation of recommendations made in this year's audit reports found that 39 City agencies and other related entities reported implementing or being in the process of implementing 331 recommendations (75.2 percent); they reported not implementing 109 recommendations (24.8 percent). This is the highest level of compliance by audited entities in five years, indicating that the City is greatly benefiting from our audit efforts.

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

Sincerely,



Scott M. Stringer

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SUMMARY OF AUDIT RESULTS

Actual and potential savings, revenues, and cost avoidance identified in Fiscal Year 2015 totaled \$616.6 million. These are estimates of what could be achieved if all the audit and special report recommendations were implemented. Of this \$616.6 million:

- Actual savings and revenues identified in Fiscal Year 2015 totaled \$944,863;
- \$615.5 million represents potential cost savings or revenues from a variety of management and financial audit findings; and
- \$202,914 represents potential cost avoidance resulting from analyses of claims filed against the City.

The Comptroller's Audit Bureau issued 80 audits and special reports in Fiscal Year 2015. Reviews of managerial lump-sum payments and welfare-fund payments were also performed.

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

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

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**ECONOMIC IMPACT OF AUDITS OF GOVERNMENT AND
NON-GOVERNMENT AGENCIES
ACTUAL/ POTENTIAL SAVINGS/REVENUE & POTENTIAL COST AVOIDANCE
FROM AUDITS AND SPECIAL REPORTS FOR FISCAL YEAR 2015**

REPORT TYPE	FISCAL YEAR 2015 NUMBER OF REPORTS	FISCAL YEAR 2015 ACTUAL SAVINGS/ REVENUE	FISCAL YEAR 2015 POTENTIAL SAVINGS/ REVENUE(1)	FISCAL YEAR 2015 POTENTIAL COST AVOIDANCE (2)	TOTAL
Government Agencies					
Audits and Special Reports	72		\$610,886,434		\$610,886,434
Managerial Lump Sum Reviews		\$774,201			\$774,201
High Risk Voucher Reviews		\$166,042	\$70,921		\$236,963
Total Government Agencies	72	\$940,243	\$610,957,355		\$611,897,598
Non-Government Agencies	8	\$4,620	\$4,516,051	\$202,914	\$4,723,585
Grand Total Government and Non- Government Agencies	80	\$944,863	\$615,473,406	\$202,914	\$616,621,183

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

(2) The potential cost avoidance amounts are questionable costs used by the Bureau of Law and Adjustment when negotiating settlements with claimants.

SECTION I
GOVERNMENT AUDITS
AND
SPECIAL REPORTS

BRONX BOROUGH PRESIDENT'S OFFICE

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

Audit #FM15-076A

Comptroller's Audit Library #8355

Issued: April 28, 2015

Monetary Effect: None

Introduction

This audit determined whether the Bronx Borough President's Office (BBPO) is in compliance with Comptroller's Directive #11, *Cash Accountability and Control*.

The BBPO 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 BBPO accepts certified checks and money orders as payment for the fees it charges for these services. It only accepts cash for the reproduction of maps because those fees are nominal.

According to the City's Financial Management System, the BBPO deposited a total of \$42,275 in revenue generated from sales made by the Topographical Unit during Fiscal Year 2014.

Results

The audit found that the BBPO generally complied with the cash control procedures set forth in Comptroller's Directive #11 for its Topographical Unit sales. Our review found that the BBPO adequately segregated duties with the various cash handling processes. The BBPO ensured that the cash receipt amounts agreed with the amounts deposited in bank accounts and deposits were entered into the City's Financial Management System. All checks received were made payable to the NYC Department of Finance and a rubber stamp endorsement was placed on the back of all checks. The BBPO 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.

The BBPO only accepted certified checks and money orders for grade studies, certifications related to building and development and issuance of new or alternative street addresses. Additionally, the BBPO accepted cash for nominal fees charged for the reproductions of maps. Comptroller's Directive #11 states that "the acceptance of currency or other types of negotiable or bearer instruments should be avoided wherever practical." Lastly, BBPO deposited \$3,400 of the \$3,700 collected during November 2013 on the same day it was collected. The remaining \$300 was deposited the next day. Thus, the BBPO complied with Comptroller's Directive #11, which states, "generally, all funds received must be deposited in the bank on at least a daily basis."

In its response, the BBPO stated, "We are pleased to inform you that we do not have any comments since we agree with your findings. The lack of recommendations from your agency clearly support that this agency generally complies with the cash control procedures set forth in the Comptroller's Directive #11."

BROOKLYN BOROUGH PRESIDENT'S OFFICE

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

Audit #FM15-073A

Comptroller's Audit Library #8357

Issued: May 4, 2015

Monetary Effect: None

Introduction

This audit determined whether the Brooklyn Borough President's Office (BBPO) is in compliance with Comptroller's Directive #11, *Cash Accountability and Control*.

The BBPO has a Topographical Bureau 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 BBPO accepts certified checks and money orders as payment for the fees it charges for these services. It only accepts cash for the reproduction of maps because those fees are nominal.

According to the City's Financial Management System, the BBPO deposited a total of \$219,454 in revenue generated from sales made by the Topographical Bureau during Fiscal Year 2014.

Results

The audit found that the BBPO generally complied with the cash control procedures set forth in Comptroller's Directive #11 for its Topographical Bureau sales. Our review found that the BBPO adequately segregated duties with the various cash handling processes. Except for two deposits, the BBPO ensured that the cash receipt amounts agreed with the amounts deposited in bank accounts and deposits were entered in to the City's Financial Management System. All checks received were made payable to the BBPO. The BBPO also maintained copies of bank deposit slips as well as pre-numbered customer receipts. The daily cash receipts were stored in the agency safe until the deposit was made.

However, the audit found that the BBPO needs to enhance its control procedures in three areas. Specifically, the BBPO accepts cash as payment for services provided, does not deposit receipts into the City's treasury on a daily basis, and does not perform a timely reconciliation between the bank deposit and the cash receipt tally sheet. As a result, we found two deposits during April 2014 where the total amounts of the funds deposited into the bank were each \$100 less than the amounts that were actually collected. The BBPO failed to discover one of the discrepancies for seven months. Upon discovery, it deposited \$100 in the bank to rectify the situation. The second shortfall was not found until March 25, 2015, when it was pointed out by the auditors, eleven months after the deposit was made.

In its response, the BBPO did not dispute the report's findings and recommendations and described steps they will take to "improve upon their current practices."

Audit Follow-up

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

MANHATTAN BOROUGH PRESIDENT'S OFFICE

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

Audit #FM15-075A

Comptroller's Audit Library #8368

Issued: June 2, 2015

Monetary Effect: None

Introduction

This audit determined whether the Manhattan Borough President's Office (MBPO) is in compliance with cash control procedures as set forth in Comptroller's Directive #11, *Cash Accountability and Control*.

The MBPO 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 MBPO accepts certified checks and money orders as payment for these services. According to the City's Financial Management System, the MBPO deposited a total of \$236,575 in revenue generated from sales made by the Topographical Bureau during Calendar Year 2014.

Results

The audit found that the MBPO generally complied with the cash control procedures set forth in Comptroller's Directive #11 for its Topographical Unit sales. Our review found that the MBPO adequately segregated duties with the various cash handling processes; the receipt amounts agreed with the amounts deposited into the bank account; the deposits were entered into the City's Financial Management System; all checks received were made payable to the MBPO; a rubber stamp endorsement was placed on the back of all checks; copies of bank deposit slips and customer receipts were maintained; and customer receipts were pre-numbered. Additionally, the MBPO does not accept cash, personal check or company checks as payment, a practice strongly recommended by Directive #11.

However, the audit found that the MBPO did not deposit proceeds from the Topographical Unit's sales into the City's Treasury daily as required by Comptroller's Directive #11, §3.4 which states, "The inordinate accumulation of in-office cash receipts is not acceptable and, generally, all funds received must be deposited in the bank on at least a daily basis." Our review of the six bank deposits made during August 2014, totaling \$9,300, found that the bank checks and money orders were held anywhere from one to five days before being deposited in the bank. These six deposits ranged from \$800 to \$2,650.

In addition, the MBPO did not adequately secure the accumulated funds in a safe overnight as required by Comptroller's Directive #11, §3.5, which states that "cash and checks received too late to be included in the daily deposit must be stored overnight in an agency safe. Safes should also be used for temporary security of cash receipts awaiting the daily deposit." Our inspection of the Topographical Unit's envelope containing receipts, certified checks, and money orders on April 14, 2015, found that collections from April 8, April 10, and April 13 were inside the envelope awaiting transfer to the MBPO unit responsible for making the deposit.

In its response, the MBPO did not dispute the report's findings and recommendations and described steps they will take to ensure that "deposits of any checks and money orders are made as expeditiously as possible, and that in no event will they be kept in individual offices overnight."

Audit Follow-up

The MBPO reported that it is in full compliance with the audit recommendations. MBPO stated that it purchased a new safe to store checks that have not been deposited and also has a new account with Wells Fargo Bank to scan and deposit checks electronically.

QUEENS BOROUGH PRESIDENT'S OFFICE

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

Audit #FM15-077A

Comptroller's Audit Library #8348

Issued: April 8, 2015

Monetary Effect: None

Introduction

This audit determined whether the Queens Borough President's Office (QBPO) is in compliance with Comptroller's Directive #11, *Cash Accountability and Control*.

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 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.

Results

The audit found that 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."

In its response, the QBPO 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."

STATEN ISLAND BOROUGH PRESIDENT'S OFFICE

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

Audit #FM15-078A

Comptroller's Audit Library #8356

Issued: May 4, 2015

Monetary Effect: None

Introduction

This audit determined whether the Staten Island Borough President's Office (SIBPO) is in compliance with Comptroller's Directive #11, *Cash Accountability and Control*.

The SIPO has a Topographical Unit that, for a fee, supplies the public with street maps, and issues new or alternative street addresses. The SIBPO accepts certified checks and money orders as payment for the fees it charges for issuing street addresses.

According to the City's Financial Management System, the SIBPO deposited a total of \$67,900 in revenue generated from sales made by the Topographical Unit during Fiscal Year 2014.

Results

The audit found that the SIBPO generally complied with the cash control procedures set forth in Comptroller's Directive #11 for its Topographical Unit sales. Our review found that the SIBPO adequately segregated duties with the various cash handling processes. The SIBPO ensured that the cash receipt amounts agreed with the amounts deposited in bank accounts and deposits were entered in to the City's Financial Management System. All checks received were made payable to the SIBPO and a rubber stamp endorsement was placed on the back of all checks. The SIBPO 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 SIBPO does not accept cash, personal check or company checks as payment, a practice strongly recommended by Directive #11.

However, the audit found that the SIBPO did not deposit proceeds from the Topographical Unit's sales into the City's Treasury daily as required by Comptroller's Directive #11, §3.4 which states, "The inordinate accumulation of in-office cash receipts is not acceptable and, generally, all funds received must be deposited in the bank on at least a daily basis." The SIBPO's current procedure is to accumulate customer payments and deposit the receipts weekly, on Friday, rather than on a daily basis. As a result, the entire week's collections are held in a safe before being deposited. The weekly deposit ranged from a low of \$200 to a high of \$4,200 for the period of July 1, 2013, through June 30, 2014.

In his response, the Staten Island Borough President agreed with the report's finding and recommendation and described "steps already taken by my office to address the recommendation regarding the deposit of Topographical Fees."

Audit Follow-up

The Staten Island Borough President's Office reported that it has fully implemented the audit recommendation.

DEPARTMENT OF BUILDINGS

Audit Report on the Department of Buildings' Compliance with the High Risk Construction Oversight Study

Audit #7E13-124A

Comptroller's Audit Library #8329

Issued: November 7, 2014

Monetary Effect: None

Introduction

This audit determined whether the Department of Buildings (DOB) has implemented the actions recommended in the High Risk Construction Oversight (HRCO) Report and whether the recommendations were implemented within the time frames stated in DOB's HRCO Implementation Milestones document. In July 2008, DOB initiated the HRCO study in response to two fatal crane collapses earlier that year as well as an increase in the number of construction accidents in New York City since January 2006. Using emergency procurement procedures, DOB entered into a \$3.91 million contract with CTL Engineers & Construction Technology Consultants, P.C. (CTL) that started July 7, 2008, and ran through July 6, 2009, to perform the study. The goal of the study was to make recommendations for improvements to the DOB's regulatory framework and construction industry practices to improve safety.

In the report, CTL outlined the study's findings and made 65 recommendations. To address these recommendations, in September 2009, DOB developed HRCO Implementation Milestones, a document that presented an implementation time frame for each of the recommendations. According to the High Risk Construction Milestones, DOB was to implement 49 of the recommendations within a two-year period, and indicated that the remaining 16 recommendations needed additional analysis.

To assist with the implementation of the HRCO Report's recommendations, DOB awarded a second contract to CTL (the "Implementation Contract") at a cost of \$1.9 million, this time using the negotiated acquisition method of procurement. The contract term was December 14, 2009, through December 13, 2010. In total, the amount expended in connection with the two contracts was \$5.81 million.

Results

The audit found that DOB has failed to fully implement the recommendations of the HRCO Report. More than four years after the preparation of the HRCO Implementation Milestones document, only 8 of the 65 (12 percent) recommendations were fully implemented, 17 of the 65 (26 percent) recommendations were partially implemented, 18 of the 65 (28 percent) recommendations were in progress, and 22 of the 65 (34 percent) of the recommendations were not implemented. Additionally, the audit identified serious weaknesses in DOB's internal controls and oversight of the implementation process for the HRCO Report recommendations, including DOB's lack of a single point of responsibility.

The audit also identified weaknesses in DOB's oversight of the Implementation Contract it entered into with CTL and with CTL's performance. Under the Implementation Contract, CTL was responsible for producing a variety of deliverables to be used by DOB to implement the recommendations in the HRCO Report. However, the audit found deficiencies in the deliverables submitted to DOB. The auditors estimated that the value of the work not performed totals more than \$357,000, approximately 19 percent of the \$1.9 million contract. Also, DOB's documentation of the scoping and negotiation of the Implementation Contract was inadequate. Although the

auditors did not find any evidence of improprieties, the failure to document and justify decisions and negotiations leaves DOB vulnerable to fraud and abuse.

This report makes a total of 8 recommendations, including that DOB:

- Review the HRCO Report recommendations to ensure they are still pertinent to DOB's goals and current construction practices and environment.
- Develop formal tracking and reporting requirements for recommendation implementation.
- Create a project management team responsible for independently verifying recommendation implementation status as well as performing the tracking and reporting function.
- Ensure that all actions (e.g., reviews, analyses, meetings, etc.) are formally and properly documented.
- Maintain appropriate files of deliverables, meeting minutes, communications with industry and CTL, training session attendance sheets, etc.
- Adequately monitor consultant contracts to ensure that all tasks are completed and completed in a way that provides value to the agency.
- Ensure that all contracts specify when a consultant's work product is the property of the agency and that this be required in all contracts, except for documented extraordinary circumstances.
- Ensure that significant actions and decisions connected to establishing the scope of a contract, along with their justifications and/or authorizations when required, are formally and properly documented.

In their response, DOB officials stated, "While your input can help further our commitment to providing quality public service and maximizing our resources, we disagree with some of your findings and recommendations. In actuality, we find some of your conclusions to be very misleading and/or inaccurate. The audit did not properly reflect the overall outcome of the HRCO recommendations, and did not consider all the things that were accomplished by the Department of Buildings (the Department) based on this study."

DOB agreed with seven recommendations and partially agreed with one recommendation.

Audit Follow-up

DOB reported that seven recommendations have been implemented and the remaining recommendation to maintain appropriate files of deliverables, meeting minutes, communication with industry and the consultant, training session attendance sheets, etc. is no longer applicable because the consultant engagement is over.

OFFICE OF THE CHIEF MEDICAL EXAMINER

Letter Report on the New York City Office of the Chief Medical Examiner's Compliance with Local Law 36

Audit #7R14-117AL

Comptroller's Audit Library #8315

Issued: July 7, 2014

Monetary Effect: None

Introduction

This audit determined whether the New York City Office of the Chief Medical Examiner (OCME) is complying with Local Law 36, which governs waste prevention, reuse and recycling by City agencies. A Letter Report was submitted summarizing the audit findings regarding the compliance by OCME with Local Law 36, which is intended to make City agencies, and ultimately the City as a whole, more sustainable through efforts that promote a clean environment, conserve natural resources and manage waste in a cost-effective manner. In addition, the audit noted efforts made by OCME to follow additional recycling rules established by the Department of Sanitation for the City of New York (DSNY) pursuant to Local Law 36. The audit of OCME is one in a series of audits the Comptroller's Office is conducting of compliance with the local law.

In 1989, New York City established Local Law 19, codified as Administrative Code §§ 16-301, et seq., to establish an overarching "policy of the city to promote the recovery of materials from the New York City solid waste stream for the purpose of recycling such materials and returning them to the economy." The law mandates recycling in New York City by residents, agencies, institutions, and businesses, and includes a series of rules to guide implementation. Local Law 19 requires the City to establish environmental policies to conserve natural resources and manage waste in a sustainable and cost-effective manner.

In 2010, the City enacted Local Law 36 by which it amended the recycling provisions of Local Law 19 (Administrative Code § 16-307) to require each City agency to develop a waste prevention, reuse, and recycling plan and submit the plan to DSNY for approval by July 1, 2011, and each year after. Local Law 36 also requires each agency to designate a lead recycling or sustainability coordinator for the agency and, where the agency occupies more than one building, to designate an assistant coordinator for each building the agency occupies. By July 1, 2012, and in each year thereafter, the lead recycling coordinator for each agency is required to submit a report to the head of its agency and to DSNY "summarizing actions taken to implement the waste prevention, reuse, and recycling plan for the previous twelve-month reporting period, proposed actions to be taken to implement such plan, and updates or changes to any information included in such plan."

In addition, Local Law 36 requires the commissioner of DSNY to adopt, amend, and implement regulations governing recycling by City mayoral and non-mayoral agencies. DSNY is also responsible for consolidating the information contained in agency reports and including this information in the department's annual recycling report.

Results

The audit found that OCME generally complies with Local Law 36. However, the audit found that OCME did not submit a waste prevention, reuse and recycling plan until the fall of 2013, after this audit commenced, notwithstanding the Local Law 36 requirement that agencies submit such a plan by no later than July 1, 2011. Further, the audit found that OCME did not submit the required annual reports to its executive director or to DSNY. At the same time, the audit found that OCME

was in compliance with certain Local Law 36 requirements such as recycling designated materials.

In addition to these findings, auditors observed that OCME has made additional efforts to address waste prevention, reuse, and safe handling of hazardous waste such as participation in a City-wide contract and other programs, such as Call2Recycle, for the disposal of cell phones, rechargeable batteries/lead acid batteries, and other hazardous wastes. These measures were taken in accordance with DSNY's additional guidelines enacted pursuant to Local Law 36.

The audit recommended that OCME submit the required annual reports to its commissioner and DSNY by July 1st of each year as required by Local Law 36.

The agency agreed with the report and stated "we should submit the required annual reports to our agency head and DSNY by July 1st of each year as required by Local Law 36."

Audit Follow-up

OCME reported that the audit recommendation is being implemented.

OFFICE OF THE CHIEF MEDICAL EXAMINER

Audit Report on the Compliance of the New York City Office of Chief Medical Examiner with Executive Order 120 Regarding Limited English Proficiency

Audit #SZ15-108A

Comptroller's Audit Library #8381

Issued: June 23, 2015

Monetary Effect: None

Introduction

This audit examined whether the New York City Office of Chief Medical Examiner (OCME) complied with Executive Order 120 (EO 120), which requires that City agencies that provide direct services to the public create a language access implementation plan in order to ensure meaningful language access to their services. OCME is responsible for, among other things, investigating cases of persons who die in New York City from criminal violence, by accident, by suicide, suddenly when in apparent health, when unattended by a physician, in a correctional facility, or in any suspicious or unusual manner. OCME also approves all applications made by a funeral director or other appropriate person pursuant to law for a permit to cremate the body of a person.

Local Law 73 was enacted in 2003 for the purpose of enhancing the ability of City residents with Limited English Proficiency (LEP) to interact with City government and more specifically to obtain needed social services. The law applies to four social service agencies: the Human Resources Administration; the Department of Homeless Services; the Administration for Children's Services; and the Department of Health and Mental Hygiene. It requires that free language assistance services be provided for clients at job centers and food stamp offices, and when they seek to obtain other services from any of those four City agencies.

In July 2008, Mayor Bloomberg signed EO 120, which requires all City agencies to provide opportunities for limited English speakers to communicate with City agencies and receive public services. EO 120 specifically requires City agencies providing direct public services to ensure meaningful access to those services to LEP persons. To accomplish this, EO 120 requires these agencies to develop and implement agency-specific language assistance plans for LEP persons.

Results

The audit found that OCME generally complied with EO 120 and that it has made substantial progress in providing meaningful language access to the agency's services for LEP customers. However, OCME had a Language Access Policy and Implementation Plan that had not been updated since 2008.

The audit recommended that OCME update its Language Access Policy and Implementation Plan to ensure that it adequately meets the language needs of the communities it serves by taking advantage of the studies available since the plan was implemented in 2008. In addition, OCME should post its updated Language Access Policy and Implementation Plan and all subsequent updated plans on its website.

In their response, OCME agreed with the report and stated that "In accordance with the audit report's sole recommendation that OCME update its Language Access Policy and Implementation Plan and post the updated plan to our website, we completed this step on Wednesday June 17, 2015."

Audit Follow-up

The auditors found that the recommendation had been implemented when they received the response on June 19, 2015.

DEPARTMENT OF CITY PLANNING

Letter Report on the New York City Department of City Planning's Compliance with Local Law 36

Audit #7R14-103AL

Comptroller's Audit Library #8323

Issued: September 22, 2014

Monetary Effect: None

Introduction

This audit determined whether the New York City Department of City Planning (DCP) is complying with Local Law 36, which governs waste prevention, reuse and recycling by City agencies. A Letter Report was submitted summarizing the audit findings regarding the compliance by DCP with Local Law 36, which is intended to make City agencies, and ultimately the City as a whole, more sustainable through efforts that promote a clean environment, conserve natural resources, and manage waste in a cost-effective manner. In addition, the audit noted efforts made by DCP to follow additional recycling rules established by the Department of Sanitation for the City of New York (DSNY) pursuant to Local Law 36. The audit of DCP is one in a series of audits the Comptroller's Office is conducting of compliance with the local law.

In 1989, New York City established Local Law 19, codified as Administrative Code §§ 16-301, et seq., to establish an overarching "policy of the city to promote the recovery of materials from the New York City solid waste stream for the purpose of recycling such materials and returning them to the economy." The law mandates recycling in New York City by residents, agencies, institutions, and businesses, and includes a series of rules to guide implementation. Local Law 19 requires the City to establish environmental policies to conserve natural resources and manage waste in a sustainable and cost-effective manner.

In 2010, the City enacted Local Law 36 by which it amended the recycling provisions of Local Law 19 (Administrative Code § 16-307) to require each City agency to develop a waste prevention, reuse, and recycling plan and submit the plan to DSNY for approval by July 1, 2011, and each year after. Local Law 36 also requires each agency to designate a lead recycling or sustainability coordinator for the agency and, where the agency occupies more than one building, to designate an assistant coordinator for each building the agency occupies. By July 1, 2012, and in each year thereafter, the lead recycling coordinator for each agency is required to submit a report to the head of its agency and to DSNY "summarizing actions taken to implement the waste prevention, reuse, and recycling plan for the previous twelve-month reporting period, proposed actions to be taken to implement such plan, and updates or changes to any information included in such plan."

In addition, Local Law 36 requires the commissioner of DSNY to adopt, amend, and implement regulations governing recycling by City mayoral and non-mayoral agencies. DSNY is also responsible for consolidating the information contained in agency reports and including this information in the department's annual recycling report.

Results

The audit found that DCP did not comply with Local Law 36. Although DCP source separates its recyclable materials, the audit found that DCP did not establish a waste prevention, reuse and recycling plan. Further, the audit found that DCP did not designate any assistant coordinators for its occupied buildings as required by Local Law 36.

In addition to these findings, auditors observed that DCP has made additional efforts to address waste prevention, reuse, and safe handling of hazardous waste beyond the requirements of the local law. Specifically, DCP has set the office printers to duplex printing to reduce its paper usage.

DCP participates in a city operated program called “Materials for the Arts” by donating its unwanted office supplies, such as foam core presentation boards, for reuse. DCP also participates in a city-wide contract for the disposal of batteries and other hazardous wastes. These measures were taken in accordance with DSNY’s additional guidelines enacted pursuant to Local Law 36.

The audit recommended that DCP prepare its waste prevention, reuse and recycling plan as soon as practical and submit the required annual reports to its Director and DSNY by July 1st of each year. The audit also recommend that DCP designate additional assistant coordinators as required by Local Law 36.

DCP agreed with the recommendations and has taken steps during the course of the audit to implement them.

Audit Follow-up

DCP reported that both audit recommendations are being implemented.

DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES

Audit on the Department of Citywide Administrative Services Management of City Office Space

Audit # MD13-113A

Comptroller's Audit Library #8345

Issued: March 26, 2015

Monetary Effect: None

Introduction

This audit determined whether the New York City (City) Department of Citywide Administrative Services (DCAS) adequately accounted for and managed the inventory of City office space. DCAS is responsible for providing City agencies with the resources and support they need to provide the best possible services to the public. Pursuant to City Charter Chapter 35, §824(b), DCAS is authorized to assign and reallocate space and real property to City agencies that is owned and leased by the City.

City government offices occupy over 19 million square feet of space.¹ This includes 12.5 million square feet of space leased at a cost of roughly \$365 million a year and 6.5 million square feet of City-owned space which costs the City approximately \$70 million a year to operate and maintain. DCAS manages 51 City-owned buildings and two privately owned buildings located in the five boroughs, which contain over 11.9 million square feet. The audit focused on DCAS-managed office space only.

Results

DCAS does not adequately account for and manage the inventory of City office space. The agency does not have a reliable computer system or an effective tracking tool to assist it in processing moves and renovations, or with maintaining an inventory of all City office space. The audit found that DCAS does not have an accurate inventory listing of available office space and did not consistently follow its protocols for evaluating space requests. As a result, DCAS is hindered in its ability to track vacancies and is unable to maximize the efficient use of City resources, which could result in unnecessary and increased costs to the City. The audit also found that DCAS did not make the appropriate entries in the City's Financial Management System (FMS) regarding certain lease payments to one vendor that resulted in the underreporting of 1099 payments by \$4.2 million.

To address these issues, the audit made 10 recommendations to DCAS, including the following:

- DCAS should ensure that its real estate database and hard-copy space tracking system are regularly reconciled and updated so that an accurate and reliable inventory listing of office space and vacant space is established and maintained.
- DCAS should ensure that information entered in its real estate database and on the hard copy space tracking system such as square footage is accurate.
- DCAS should create a checklist for reviewers to follow and require a certification or supervisory review of the entire space request process to ensure that all required steps have been followed and documented.

¹ This figure does not include space used for court-related functions and non-office space such as police precincts, firehouses, schools, and garages.

- DCAS should document the reasons for any decision not to follow specific protocols in the office space request process.
- DCAS should contact the City's Financial Information Services Agency (FISA) for guidance and make the necessary changes to the accounting records in FMS pertaining to the vendor in question so that a corrected 1099 can be issued. In its response, DCAS disagreed with the audit findings, but generally agreed with all ten recommendations.

Audit Follow-up

DCAS reported that nine recommendations have been implemented and the remaining recommendation to contact FMS for advice and make the necessary changes in FMS so that a corrected 1099 can be issued has been partially implemented. DCAS stated that it has been informed that it is not possible to issue a corrected 1099 because the fiscal and calendar year are both closed.

CIVILIAN COMPLAINT REVIEW BOARD

Letter Report on the New York City Civilian Complaint Review Board's Compliance with Local Law 36

Audit #7R14-119AL

Comptroller's Audit Library #8325

Issued: September 22, 2014

Monetary Effect: None

Introduction

This audit determined whether the New York City Civilian Complaint Review Board (CCRB) is complying with Local Law 36, which governs waste prevention, reuse and recycling by City agencies. This brief summarizes the audit findings regarding the compliance by CCRB with Local Law 36, which is intended to make City agencies, and ultimately the City as a whole, more sustainable through efforts that promote a clean environment, conserve natural resources, and manage waste in a cost-effective manner. In addition, the audit noted efforts made by CCRB to follow additional recycling rules established by the Department of Sanitation for the City of New York (DSNY) pursuant to Local Law 36. The audit of CCRB is one in a series of audits the Comptroller's Office is conducting of compliance with the local law.

In 1989, New York City established Local Law 19, codified as Administrative Code §§ 16-301, et seq., to establish an overarching "policy of the city to promote the recovery of materials from the New York City solid waste stream for the purpose of recycling such materials and returning them to the economy." The law mandates recycling in New York City by residents, agencies, institutions, and businesses, and includes a series of rules to guide implementation. Local Law 19 requires the City to establish environmental policies to conserve natural resources and manage waste in a sustainable and cost-effective manner.

In 2010, the City enacted Local Law 36 by which it amended the recycling provisions of Local Law 19 (Administrative Code § 16-307) to require each City agency to develop a waste prevention, reuse, and recycling plan and submit the plan to DSNY for approval by July 1, 2011, and each year after. Local Law 36 also requires each agency to designate a lead recycling or sustainability coordinator for the agency and, where the agency occupies more than one building, to designate an assistant coordinator for each building the agency occupies. By July 1, 2012, and in each year thereafter, the lead recycling coordinator for each agency is required to submit a report to the head of its agency and to DSNY "summarizing actions taken to implement the waste prevention, reuse, and recycling plan for the previous twelve-month reporting period, proposed actions to be taken to implement such plan, and updates or changes to any information included in such plan."

In addition, Local Law 36 requires the commissioner of DSNY to adopt, amend, and implement regulations governing recycling by City mayoral and non-mayoral agencies. DSNY is also responsible for consolidating the information contained in agency reports and including this information in the department's annual recycling report.

Results

The audit found that CCRB generally did not comply with Local Law 36. CCRB did not establish a waste prevention, reuse and recycling plan and did not submit the required annual reports to its executive director or to DSNY as required by Local Law 36. Although CCRB recycles its office papers, such as copier papers and computer printouts, CCRB does not source separate other recyclables as designated by DSNY. These recyclables include metal, glass, plastics and beverage cartons.

In addition to these findings, auditors observed that CCRB has made additional efforts to address waste prevention, reuse and safe handling of hazardous waste beyond the requirements of the local law. Specifically, CCRB has set the office printers to duplex printing to reduce its paper usage. CCRB also follows city guidelines for the relinquishment and disposal of its unwanted computer monitors and other computer equipment. These measures were taken in accordance with DSNY's additional guidelines enacted pursuant to Local Law 36.

The audit recommended that CCRB prepare its waste prevention, reuse and recycling plan as soon as practical and submit the required annual reports to its executive director and DSNY by July 1st of each year as required by Local Law 36. The audit also recommended that CCRB set up additional receptacles in its office to collect different streams of recycled materials as required.

CCRB generally agreed with the recommendations and is in the process of developing a written recycling plan. It stated that "Our written recycling plan will detail much of the recycling efforts we have..." and "will be completed by the end of October 2014 and submitted to the Executive Director of the agency and to DSNY."

Audit Follow-up

CCRB did not provide follow-up information.

OFFICE OF COLLECTIVE BARGAINING

Letter Report on the New York City Office of Collective Bargaining's Compliance with Local Law 36

Audit # SZ15-113AL

Comptroller's Audit Library #8365

Issued: May 18, 2015

Monetary Effect: None

Introduction

This audit determined whether the New York City Office of Collective Bargaining's (OCB) complied with Local Law 36, which governs waste prevention, reuse and recycling by City agencies. The objective of this audit was to determine whether DEP is complying with the local law, which is intended to make City agencies, and ultimately the City as a whole, more sustainable through efforts that promote a clean environment, conserve natural resources and manage waste in a cost-effective manner. In addition, in audit noted efforts OCB made to follow additional recycling rules established by the New York City Department of Sanitation (DSNY) pursuant to Local Law 36. Our audit of OCB is one in a series of audits the Comptroller's Office is conducting of compliance with the local law.

In 1989, New York City established Local Law 19, codified as Administrative Code §§16-301, et seq., to establish an overarching "policy of the city to promote the recovery of materials from the New York City solid waste stream for the purpose of recycling such materials and returning them to the economy." The law mandates recycling in New York City by residents, agencies, institutions, and businesses, and includes a series of rules to guide implementation. Local Law 19 requires the City to establish environmental policies to conserve natural resources and manage waste in a sustainable and cost-effective manner.

In 2010, the City enacted Local Law 36 by which it amended the recycling provisions of Local Law 19 (Administrative Code §16-307) to require each City agency to develop a waste prevention, reuse, and recycling plan and submit the plan to DSNY for approval by July 1, 2011, and each year after. Local Law 36 also requires each agency to designate a lead recycling or sustainability coordinator for the agency and, where the agency occupies more than one building, to designate an assistant coordinator for each building the agency occupies. By July 1, 2012, and in each year thereafter, the lead recycling coordinator for each agency is required to submit a report to the head of its agency and to DSNY "summarizing actions taken to implement the waste prevention, reuse, and recycling plan for the previous twelve-month reporting period, proposed actions to be taken to implement such plan, and updates or changes to any information included in such plan."

In addition, Local Law 36 requires the DSNY Commissioner to adopt, amend, and implement regulations governing recycling by City mayoral and non-mayoral agencies. DSNY is also responsible for consolidating the information contained in agency reports and including this information in the Department's annual recycling report.

Results

The audit found that OCB did not comply with Local Law 36. Although OCB source-separates its recyclable materials and has designated a lead recycling/sustainability coordinator, the audit found that OCB did not establish an agency waste collection, reuse and recycling plan, and did not submit annual reports to its Chairperson/Director or DSNY as required.

In addition, auditors observed that OCB has established some waste prevention strategies in an effort to reduce its paper usage. For example, OCB limits its subscription to business publications

and periodicals to a single copy for office use. OCB also electronically stores its case documents and uses data management software to access and exchange information electronically among its employees and other agencies working on the same cases. Therefore, OCB minimizes the need to make unnecessary paper copies or print unnecessary documents.

Additionally, OCB follows the City's requirement for recycling electronic waste and bulk items. These measures were taken in accordance with DSNY's additional guidelines enacted pursuant to Local Law 36.

The agency agreed with the report and stated that DSNY accepted its 2015 Waste Prevention, Recycling and Re-Use Plan on April 29, 2015. OCB stated that "our Lead Recycling and Sustainability Coordinator is preparing a FY2015 Report giving a summary of actions taken to implement the waste prevention, reuse, and recycling plan for the previous twelve month reporting period, proposed actions to be taken to implement such plan and updates or changes to any information included in such plan. This Report will be presented to me [Chair] and to the Commissioner of DSNY."

Audit Follow-up

OCB reported that it has fully implemented the recommendations contained in the audit of its Compliance with Local Law 36.

STATEN ISLAND COMMUNITY BOARDS

Audit Report on the Office Equipment Inventory Practices at the Three Staten Island Community Boards

Audit #FM15-074A

Comptroller's Audit Library #8354

Issued: April 28, 2015

Monetary Effect: None

Introduction

This audit determined whether the three Staten Island Community Boards comply with the inventory requirements set forth in Comptroller's Directive #1, applicable inventory procedures for office equipment as set forth in DOI's *Standards for Inventory Control and Management*, and are maintaining effective internal controls over equipment.

New York City is divided into 59 administrative districts, each served by a Community Board, which is a local representative body authorized by the New York City Charter to advocate for the residents and needs of its district. Community Boards have various responsibilities which, in addition to assessing neighborhoods' needs and addressing community concerns, include vetting land use and zoning proposals. Each Board has up to 50 non-salaried members appointed by the Borough President of the borough in which the Community Board is located. Board members must reside, work, or have significant interests in the district they serve.

While Community Board members serve unpaid two-year terms, Community Boards' operations are paid for with City funds. With these funds, each Board hires a District Manager as its chief executive officer whose responsibilities include assisting the Board in the hiring of administrative staff, supervising the staff, and managing the daily operations of the district office. Each Borough President's Office also provides administrative assistance to the Community Boards.

Staten Island has three Community Boards, Community Boards 1, 2 and 3, which cover the entire borough. Each of the Staten Island Boards has a District Manager and at least one full-time clerical staff member. These salaries are covered by the Community Boards' Personal Services budget. In addition, the Community Boards are provided City funds to cover non-personal expenses, known as Other Than Personal Service.

The three Community Boards identified 141 items of office equipment (desktops, laptops, tablets, monitors, printers, scanners, fax machines, and televisions) on their inventory lists. According to the Comptroller's Directive #1, *Agency Evaluation of Internal Controls Checklist*, inventory items such as these require strong controls to ensure accurate recordkeeping and good security. Further, the Department of Investigation's (DOI) *Standards for Inventory Control and Management* establishes the controls the Boards must follow.

Results

The audit found that the three Staten Island Community Boards (Boards) could account for all Fiscal Year 2013 and 2014 purchases and ensured that the 141 equipment items that were on their inventory lists were on hand. However, with regard to maintaining complete and accurate inventory lists, the Boards generally did not adhere to DOI's *Standards for Inventory Control and Management* or follow the guidance provided by Comptroller's Directive #1. Based on the results of our review, the audit concluded that compliance with required inventory controls needs improvement to avoid potential risks of loss, misappropriation or theft.

The audit made three recommendations, including that the Boards should:

- Ensure they maintain complete and accurate records of all office equipment in accordance with DOI's Standards for Inventory Control and Management and Comptroller's Directive #1.
- Correct the errors and omissions on their inventory lists that are cited in the report.
- Provide sequential agency control numbers to 10 items with missing control numbers on their agency identification tags and add them to the inventory logs.

In their responses, the three Boards did not dispute the report's recommendations and described the steps they have taken to implement the report's recommendations.

Audit Follow-up

Staten Island Community Board 1 reported that the audit recommendations have been implemented.

Staten Island Community Board 2 reported that the items cited in the audit are now included on the inventory list with the correct agency tags.

Staten Island Community Board 3 reported that it is in compliance with all of the audit recommendations.

NEW YORK CITY COMPTROLLER'S OFFICE

Cost Allocation Plan Fiscal Year 2014

Report: #SR15-090S

Comptroller's Audit Library # N/A

Issued: November 13, 2014

Monetary Effect: None

Introduction

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

The New York City Comptroller's Office review of its own costs resulted in a summary schedule that was sent to the Office of Management and Budget (OMB) for inclusion in the City's Cost Allocation Plan. The schedule indicated, by bureau, the staff time spent providing services to various City agencies during Fiscal Year 2014.

Results

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

DEPARTMENT OF CORRECTION

Audit Report on the Department of Correction Engineering Audit Office's Compliance with Comptroller's Directive #7

Audit #7E14-063A

Comptroller's Audit Library #8352

Issued: April 24, 2015

Potential Monetary Effect: None

Introduction

This audit determined whether the New York City Department of Correction (DOC)'s Engineering complying with the provisions of Comptroller's Directive #7.

The New York City Department of Correction (DOC) provides for the care, custody, and control of individuals charged with crimes in New York City and detainees awaiting the disposition of their case or convicted of a crime and sentenced to one year or less. These individuals are housed in various jails and detention centers and an infirmary on Rikers Island, four borough facilities, and in prison wards in two City hospitals. Various units within DOC manage construction, maintenance, and service projects for these facilities. These DOC units submit to the Engineering Audit Office (EAO) payment requests associated with construction, maintenance, and service projects which are, among other things, reviewed and approved by an engineering audit officer.

New York City Comptroller's Directive #7, entitled "Audit of Requests for Payment Received Under Contracts for Construction, Equipment, and Construction-Related Services," provides agencies' Engineering Audit Officers with guidelines for independently auditing payment requisitions for construction, equipment and related consultant service contracts to ensure that contractors or vendors fulfilled their contractual obligations to the City. In this capacity, the EAO conducts reviews to ascertain the accuracy of payment amounts including prices, quantities and calculations, performs field visits to physically verify work progress, and determines whether completed work is in accordance with plans and specifications and the City has received appropriate value. Based on the results of reviews, the EAO either approves or revises requested payment amounts.

According to DOC records, a total of 391 payment vouchers in the amount of \$162.7 million were approved in Fiscal Year 2012, and 502 payment vouchers totaling \$100.8 million were approved in Fiscal Year 2013.

Results

The audit found that the EAO in the Department of Correction did not always follow appropriate audit procedures to ensure compliance with Directive #7. According to Directive #7, the EAO's primary function is to audit contractor, vendor, and consultant payment requests prior to payment approval. However, the review found that the EAO approved a total of \$35.58 million in payment vouchers, but did not maintain adequate documentation to support that approvals were justified as is required by Directive #7. While it is possible that this work was completed, the EAO files did not adequately document the work, thereby failing to fulfill a basic requirement of the EAO function. In addition, the EAO's files did not contain evidence that a review was conducted to verify that the amounts paid were accurate and appropriate.

Overall, the following problems were identified in the review of 49 sampled vouchers selected from the Fiscal Years 2012 and 2013 vouchers:

- 28 vouchers lacked evidence of required field inspections;

- 4 vouchers reflected amounts approved that were not consistent with supporting documentation;
- 5 vouchers reflected amounts that were reduced without supporting documentation;
- 2 vouchers lacked all certified payrolls and sign-in sheets necessary to comply with prevailing wage requirements; and
- 3 vouchers reflected payments made for equipment purchases prior to delivery.

Further, in several instances auditors found no evidence that the EAO reviewed the cost reasonableness and classification of the change orders it approved and that change orders were submitted to the Comptroller's Office for registration.

In addition, the audit found internal control deficiencies such as failure to properly segregate duties which impairs the EAO's ability to maintain independence. Such segregation of duties is an important internal control to ensure that audits are properly conducted and serves as a safeguard to prevent fraud.

This report makes a total of 8 recommendations.

- To comply with Directive #7, DOC should:
 - Conduct field visits to physically verify requested payment amounts.
 - Record reasons why field audits were not conducted in the cases when payments were authorized based solely on desk audits and then field audits must subsequently be conducted.
 - Retain all notes, documents, reports, and recommendations.
 - Ensure that retained documentation is sufficient to support EAO audit findings, payment certifications, disputed payments, or any other actions taken.
 - Conduct tests to ensure that contractors are compliant with prevailing wage requirements.
 - Ensure that equipment is delivered, accepted, and inspected before approving payment requests unless otherwise provided for in the contract.
 - Maintain complete and accurate payment log and payment reviews.

DOC should also:

- Ensure that the EAO reviews and adequately documents change orders for cost reasonableness and classification.
- Submit to the General Counsel change orders that are classified as design errors or design omissions for possible recoupment.
- Only authorize change order payments for change orders that have been registered with the Comptroller's Office.
- Immediately submit for registration the change orders cited in this report that are still not registered.
- Ensure that the EAO reports to the agency head and, alternatively, if the EAO reports to a designated agency official, that official should not be responsible for the agency's design or construction functions.
- Segregate audit review and approval tasks.

- Evaluate the necessity for the EAO to audit payment requisitions that do not fall under the scope of Directive #7.

In its response, DOC stated that “the agency believes in strengthening its auditing capabilities and efforts, is making improvements to its staffing levels, and updating its manuals and training to ensure alignment with latest policies and best practices.” In addition, DOC stated that “[o]ur agency is continuing its restructuring by initiating improvements across all departments in order to optimize operations and efficiency, resolve existing problems and prevent the occurrence of new ones.” Although DOC did not respond directly to our recommendations, the agency indicated that it would be implementing various actions that coincide with many of our recommendations.

Audit Follow-up

DOC reported that all of the audit recommendations have either been implemented or are in the process of being implemented.

DEPARTMENT OF DESIGN AND CONSTRUCTION

Letter Report on the New York City Department of Design and Construction's Compliance with Local Law 36

Audit #7R14-118AL

Comptroller's Audit Library #8327

Issued: October 10, 2014

Monetary Effect: None

Introduction

This audit determined whether the New York City Department of Design and Construction (DDC) complied with Local Law 36, which governs waste prevention, reuse and recycling by City agencies. A Letter Report was submitted summarizing the audit findings regarding the compliance by DDC with Local Law 36, which is intended to make City agencies, and ultimately the City as a whole, more sustainable through efforts that promote a clean environment, conserve natural resources, and manage waste in a cost-effective manner. In addition, in the audit noted efforts made by DDC to follow additional recycling rules established by the Department of Sanitation for the City of New York (DSNY) pursuant to Local Law 36. The audit of DDC is one in a series of audits the Comptroller's Office is conducting of compliance with the local law.

In 1989, New York City established Local Law 19, codified as Administrative Code §§ 16-301, et seq., to establish an overarching "policy of the city to promote the recovery of materials from the New York City solid waste stream for the purpose of recycling such materials and returning them to the economy." The law mandates recycling in New York City by residents, agencies, institutions, and businesses, and includes a series of rules to guide implementation. Local Law 19 requires the City to establish environmental policies to conserve natural resources and manage waste in a sustainable and cost-effective manner.

In 2010, the City enacted Local Law 36 by which it amended the recycling provisions of Local Law 19 (Administrative Code § 16-307) to require each City agency to develop a waste prevention, reuse, and recycling plan and submit the plan to DSNY for approval by July 1, 2011, and each year after. Local Law 36 also requires each agency to designate a lead recycling or sustainability coordinator for the agency and, where the agency occupies more than one building, to designate an assistant coordinator for each building the agency occupies. By July 1, 2012, and in each year thereafter, the lead recycling coordinator for each agency is required to submit a report to the head of its agency and to DSNY "summarizing actions taken to implement the waste prevention, reuse, and recycling plan for the previous twelve-month reporting period, proposed actions to be taken to implement such plan, and updates or changes to any information included in such plan."

In addition, Local Law 36 requires the commissioner of DSNY to adopt, amend, and implement regulations governing recycling by City mayoral and non-mayoral agencies. DSNY is also responsible for consolidating the information contained in agency reports and including this information in the department's annual recycling report.

Results

The audit found that DDC generally complies with Local Law 36. DDC source separates its recyclable materials, and has designated a lead recycling/sustainability coordinator and assistant coordinator. DDC has established an agency waste collection, reuse, and recycling plan in December 2011 but the plan did not include information on waste prevention and reuse efforts. In addition, the audit found that DDC did not submit the annual reports to its Commissioner or to

DSNY as required. Further, the audit noted from one of the site observations that the recycling containers were missing proper signage and were collecting a mixture of waste materials.

In addition to these findings, the auditors observed that DDC has made additional efforts to address waste prevention, reuse and safe handling of hazardous waste beyond the requirements of the local law. Specifically, DDC participates in the citywide contract with an independent contractor for the disposal of hazardous waste. DDC also follow the City guidelines and participates in a public auction program for the disposal of its unused furniture and other surplus assets. These observations are based on DSNY's additional guidelines.

The audit recommended that DDC update its waste prevention, reuse and recycling plan and submit the required annual report to its Commissioner and DSNY by July 1st of each year. The audit also recommended that DDC label each recycling container to indicate what recyclable materials to recycle in the given container.

DDC is in agreement with the findings and agreed to comply with the recommendations. In addition, DDC expressed a concern that it did not have an opportunity to clear "up any confusion or misinformation" at an exit conference.

The auditors met with DDC's Recycling Officials on February 5, 2014 to discuss the audit findings. Again, on August 11, 2014, prior to the issuance of the draft report, an email was sent to DDC to reiterate the audit findings and to give DDC another opportunity to voice any concerns. Throughout the audit process, the auditors had an open and transparent dialogue with DDC officials.

Audit Follow-up

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

DEPARTMENT OF DESIGN AND CONSTRUCTION

Audit Report on New York City Department of Design and Construction's Oversight of Turner/STV Joint Venture's Construction Management Contract for the New Police Academy

Audit #FM14-056A

Comptroller's Audit Library #8321

Issued: August 21, 2014

Monetary Effect: Potential Savings: \$310,692

Introduction

The objective of this audit was to determine whether DDC maintained adequate controls over the payments made to Turner/STV for construction management services.

On August 28, 2009, the New York City Department of Design and Construction (DDC) awarded a contract to Turner/STV Joint Venture (Turner/STV) to construct a new police academy in College Point, Queens, for a total cost of \$656.1 million. The academy design includes instructional spaces, a library, administrative offices, fitness training facilities, a central mechanical plant, an outdoor track and multiple parking lots. Based on the contract, roughly \$570 million of the total contract amount is for the direct cost of construction and \$86.7 million is for the provision of construction management services. These services include inspection, supervision, management, coordination and administration of the project. Staffing expenses account for \$67.7 million of the construction management cost.

The focus of this audit was the \$67.7 million in construction management costs which, under the contract, are to be paid on a time and material basis. As of July 2013, Turner/STV had been paid approximately \$37.7 million of the \$67.7 million for construction management services.

Results

DDC did not have adequate internal control procedures to properly verify that construction management service invoices submitted on a time and material basis by Turner/STV were accurate. DDC's review of Turner/STV construction management service invoices consisted of verifying only that the hourly rates charged for each employee were accurate and that hours charged for each employee were reasonable (for example, not paid in excess of 40 hours per week). DDC did not review Turner/STV's daily construction site sign-in/out sheets to validate Turner/STV employees' timesheets. In addition, DDC did not require Turner/STV employees to include detailed information on their timesheets. If DDC had required specific tasks to be included on employees' timesheets, they would have been able to better validate the construction management services performed on a time and material basis.

Based on the review of the invoices for two payments, totaling \$2,467,181, submitted to DDC, the audit determined that DDC paid Turner/STV in excess of 2,855 hours of work totaling \$310,692 (12.6 percent of dollars reviewed) that were not substantiated by the daily construction site sign-in/out sheets.

The audit made the following four recommendations:

- DDC should seek reimbursement of \$310,692 in charges from Turner, \$80,705 for hours which the employees' daily site sign-in/out sheets indicated employees did not work and \$229,987 for questionable hours where project documentation does not justify payment.
- DDC should reconcile all previous Turner/STV timesheets to the daily site sign-in/out sheets to identify potential overpayments.

- DDC should enhance internal controls to ensure that services billed on an hourly rate are supported and validated.
- DDC should include language in all future contracts that would require timesheets to include a detailed description of work performed and time spent on each task.

In their response, DDC officials did not agree with the audit's findings and recommendations. Furthermore, they maintained that "the basic premise of this audit is based on assumptions made by the auditors that are not supported by the facts. DDC feels that this audit report does not identify any problematic agency practices requiring corrective action."

Audit Follow-up

DDC reported that it continues to disagree with and will not implement the audit recommendations.

ECONOMIC DEVELOPMENT CORPORATION

Letter Report on the New York City Economic Development Corporation's Compliance with Local Law 36

Audit #7R14-121AL
Comptroller's Audit Library #8324
Issued: September 22, 2014
Monetary Effect: None

Introduction

This audit determined whether the New York City Department of Economic Development Corporation (EDC) complied with Local Law 36, which governs waste prevention, reuse and recycling by City agencies. A Letter Report was submitted summarizing the audit findings regarding the compliance by EDC with Local Law 36, which is intended to make City agencies, and ultimately the City as a whole, more sustainable through efforts that promote a clean environment, conserve natural resources, and manage waste in a cost-effective manner. In addition, auditors noted efforts made by EDC to follow additional recycling rules established by the Department of Sanitation for the City of New York (DSNY) pursuant to Local Law 36. The audit of EDC is one in a series of audits the Comptroller's Office is conducting of compliance with the local law.

In 1989, New York City established Local Law 19, codified as Administrative Code §§ 16-301, et seq., to establish an overarching "policy of the city to promote the recovery of materials from the New York City solid waste stream for the purpose of recycling such materials and returning them to the economy." The law mandates recycling in New York City by residents, agencies, institutions, and businesses, and includes a series of rules to guide implementation. Local Law 19 requires the City to establish environmental policies to conserve natural resources and manage waste in a sustainable and cost-effective manner.

In 2010, the City enacted Local Law 36 by which it amended the recycling provisions of Local Law 19 (Administrative Code § 16-307) to require each City agency to develop a waste prevention, reuse, and recycling plan and submit the plan to DSNY for approval by July 1, 2011, and each year after. Local Law 36 also requires each agency to designate a lead recycling or sustainability coordinator for the agency and, where the agency occupies more than one building, to designate an assistant coordinator for each building the agency occupies. By July 1, 2012, and in each year thereafter, the lead recycling coordinator for each agency is required to submit a report to the head of its agency and to DSNY "summarizing actions taken to implement the waste prevention, reuse, and recycling plan for the previous twelve-month reporting period, proposed actions to be taken to implement such plan, and updates or changes to any information included in such plan."

In addition, Local Law 36 requires the commissioner of DSNY to adopt, amend, and implement regulations governing recycling by City mayoral and non-mayoral agencies. DSNY is also responsible for consolidating the information contained in agency reports and including this information in the department's annual recycling report.

Results

The audit found that that EDC generally complies with Local Law 36. EDC source separates its recyclable materials, and has designated a lead recycling/sustainability coordinator and assistant coordinators. However, the audit found that EDC did not establish a waste prevention, reuse and recycling plan until the fall of 2013, after this audit had commenced. The audit also found that

EDC did not submit the required annual report to its President or to DSNY for fiscal years 2012 and 2013.

In addition to these findings, auditors observed that EDC has made additional efforts to address waste prevention, reuse, and safe handling of hazardous waste beyond the requirements of the local law. Following the audit electronic survey, EDC has expanded its recycling efforts by adding additional recycling stations and establishing a waste prevention, reuse and recycling plan to bring the agency into compliance with Local Law 36. In addition, EDC coordinates with building management for the collection and proper disposal of its electronic waste, such as lighting and ballasts. These observations are based on DSNY's additional guidelines.

The audit recommended that EDC submit the required annual reports to its Commissioner and DSNY by July 1st of each year as required by Local Law 36.

EDC generally agreed and stated that "going forward we will ensure that an annual report is submitted to our agency head and to the DSNY Commissioner by July 1st of each year."

Audit Follow-up

EDC reported that the audit recommendation is being implemented.

DEPARTMENT OF EDUCATION

Audit Report on the New York City Department of Education Efforts to Alleviate Overcrowding in School Buildings

Audit #7E13-123A

Comptroller's Audit Library #8314

Issued: July 08, 2014

Monetary Effect: None

Introduction

The audit determined the effectiveness of the Department of Education's (DOE's) efforts in alleviating overcrowding in public school buildings. The audit focused on the efforts of DOE's Offices of Space Planning and Portfolio Management to alleviate conditions in school buildings identified as overcrowded in the "Enrollment, Capacity, and Utilization Report" also known as the "Blue Book."

DOE is responsible for providing primary and secondary education to more than one million students in over 1,800 schools located in approximately 1,400 buildings citywide. According to DOE's "Enrollment, Capacity, and Utilization Report" for 2010-2011 (also known as the "Blue Book"), 525 of 1,463 (36 percent) school buildings were over-utilized. For 2011-2012, that overall rate remained unchanged, with the Blue Book showing 520 of 1,454 (36 percent) buildings over-utilized. DOE data indicates that between Fiscal Years 2010 and 2012, the over-utilization rate for primary schools increased from 31 to 33 percent and for middle schools from 9 to 12 percent, while the high school over-utilization rate decreased from 37 percent to 32 percent.

During the period under review in the audit, DOE's Office of Portfolio Management and its Office of Space Planning had primary responsibility for assessing and providing recommendations to alleviate school building overcrowding. Among the measures that could be recommended were the conversions or reclassification of space determined to be "excess" for classroom use and rezoning school district lines or making significant changes to school buildings' utilization in accordance with DOE's Chancellor Regulations A-185 and A-190. When it was not possible to reduce overcrowding through such actions, the Office of Portfolio Management was authorized to recommend construction of new school facilities to accommodate additional students.

Results

The audit found significant weaknesses in the processes employed by DOE to alleviate overcrowding in its schools, including the failure of the Offices of Space Planning and Portfolio Management to maintain official written policies and procedures. In addition, the audit found that DOE failed to track whether recommendations were implemented and, where they were implemented, whether they were successful in alleviating overcrowding conditions. The audit further found that actions taken by the Offices of Portfolio Management and Space Planning to alleviate school building overcrowding were not adequately documented. Accordingly, the impact of whatever efforts that may have been taken during the audit period could not be assessed.

Finally, the audit also found that certain statistics reported in the Blue Book were misleading because they accounted for students who attend classes in Transportable Classroom Units (TCUs) separately from students in permanent school buildings. As a result, the utilization rates for school buildings with affiliated TCUs did not accurately reflect the actual amount of overcrowding in individual schools.

Based on the audit findings, the audit made the following recommendations:

- DOE should compile written policies and procedures detailing steps that the Office of Portfolio Management (or any successor thereto) and the Office of Space Planning are required to take to address overcrowding, prior to those required under Chancellor Regulations A-185 and A-190.
- DOE should ensure that the Office of Portfolio Management (or any successor thereto) and the Office of Space Planning carry out the required steps set forth in accordance with Recommendation 1 to alleviate overcrowding in school buildings and Transportable Classroom Units.
- DOE should maintain documentation on proposed recommendations and solutions to address overcrowded school buildings.
- DOE should implement a system to track over-utilized buildings and buildings for which overcrowding solutions were recommended and addressed.
- DOE should assess and monitor the effectiveness of recommendations that have been implemented to alleviate overcrowding and use that information to guide future action.
- DOE should request that the School Construction Authority report an additional set of combined utilization rates in the Blue Book for school buildings with associated Transportable Classroom Units.
- DOE should examine the feasibility of discontinuing the use of Transportable Classroom Units, particularly at the six schools identified in this report as under-utilized.

In their response, DOE officials stated, “While we are in agreement with most of the recommendations from the audit, we find the text of the audit deliberately misleading and demonstrating a clearly biased approach to the issue, particularly in describing the roles and responsibilities of the units interviewed. The report inaccurately describes the goals and responsibilities of the Office of Portfolio Management (OPM) as solely focused on and owning responsibility for resolving overcrowded conditions.” Furthermore, DOE stated, “As of March 2014, with the change in administration, the OPM is no longer operating as such. The Office of District Planning has been created with its own set of responsibilities, some of which overlap with those of the former Office of Portfolio Management.” Additionally, DOE stated, “The auditors also chose not to include the work of the School Construction Authority in the audit.”

Audit Follow-up

DOE reported it either implemented or is in the process of implementing six of the seven audit recommendations. Regarding the recommendation to report an additional set of combined utilization rates in the Blue Book for school buildings with associated transportable classroom units, DOE stated that “the SCA has rolled all of the seats contained in transportable classroom units (“TCU”) into the main building’s capacity, thereby alleviating the need for any additional reporting.”

DEPARTMENT OF EDUCATION

Audit Report on the Department of Education's Oversight of Computer Hardware Purchased through the Apple Inc. and Lenovo Inc. Contracts

Audit # FM14-057A

Comptroller's Audit Library # 8333

Issued: November 24, 2014

Monetary Effect: None

Introduction

This audit of the New York City Department of Education (DOE) focuses on the controls and management DOE has had over two contracts for the purchase of computer hardware for use by students, teachers, and administrative staff, one with Apple, Inc. (Apple) on September 1, 2009, and one with Lenovo, Inc. (Lenovo) on July 1, 2011. As of September 2014, DOE spent approximately \$197.1 million, which included \$96.8 million on the Apple contract and \$100.3 million on the Lenovo contract.

This audit determined whether the computers purchased through the Apple and Lenovo contracts were properly accounted for by DOE.

Results

DOE's controls and management over its computer hardware have been insufficient to ensure that it properly accounts for its computer hardware. DOE does not maintain a centralized inventory of computer hardware purchased from Apple and Lenovo. Further, DOE does not reconcile the individual DOE sites' inventory records with its Asset Management System (AMS), the database used by DOE to record computer hardware delivered to DOE. Consequently, information in AMS is unreliable and fails to properly identify where all of the computers paid for by DOE are located. In an initial reconciliation of two AMS lists of computers supposedly delivered to a single location, 1,044 items were listed in AMS as "Asset Location Unknown." An additional 46 items were unaccounted for entirely. Further, inventory counts at nine other sampled locations (eight schools and the administrative office at 52 Chambers Street) found that an additional 727 pieces of computer hardware were missing entirely from the locations in which AMS stated they were to be found. Finally, in inspections of the eight schools sampled, the audit also found that 394 pieces of computer hardware were still packed and unused.

Based on the audit findings, the audit made the following eight recommendations:

- DOE should have a centralized inventory system for computer hardware that includes purchase and delivery information as well as current location. DOE should explore using its existing AMS system for this purpose.
- DOE should revise its Standard Operating Procedures (SOP) to include the following:
 - Ensure that all computer hardware purchases, including tablets and netbooks, are included in AMS;
 - Require all schools and administrative sites to conduct annual inventory counts and submit the results of their annual inventory counts to a central administrative unit charged with tracking all computer inventory and maintaining a comprehensive and accurate inventory of all DOE computer hardware;
 - Reconcile the results of inventory counts with the information in AMS to ensure information in AMS is accurate and up to date; and

- Require all schools and administrative sites to include tablets and netbooks in the annual inventory count.
- DOE should routinely monitor recordkeeping procedures for computer hardware at DOE sites to ensure that accurate and complete inventories are maintained.
- DOE should determine the physical locations of the 1,817 computers (1,090 computers from discrepancies identified between AMS lists and the 727 computers) that could not be identified during our physical inventory counts.
- DOE should conduct a system-wide inventory count and reconciliation of DOE data to determine if other computers are not properly accounted for.
- DOE should refer evidence of misconduct in connection with the purchase, receipt and usage of computer equipment to appropriate authorities, including law enforcement in the case of evidence of potential criminal activity.
- DOE should instruct schools to identify unused computer hardware in their inventory records.
- DOE should transfer unused hardware to locations where it is needed.

DOE disagreed with the audit's findings and with 6 of the 8 recommendations. Furthermore, DOE maintains that "[T]he Comptroller did not investigate DOE's actual inventory process and as a result the audit provides an incomplete and uneven account of the location of equipment purchased by the DOE." DOE also questioned the auditors' methodology and asserted that "[a]n audit with the stated purpose of seeking all items listed in AMS is incomplete without reviewing the POs to identify the delivery location. This being said, the auditors audit testing methodology still relied on physically confirming the location of equipment based upon the location of the purchaser, instead of, say, delivery location, a more reasonable starting point. With this flawed methodology, the audit team faced a number of hurdles that led to incomplete information being included in the Report." Additionally, DOE stated that "[t]he DOE does not agree that a single centralized inventory system is cost effective or practical."

Audit Follow-up

DOE reported that it has taken steps to implement five audit recommendations concerning updating the DOE's SOP, improving inventory procedures, and locating some of the missing equipment. DOE will not implement the remaining three recommendations.

DEPARTMENT OF EDUCATION

Audit Report on the Department of Education's Adjudication of Alleged Teacher Misconduct and Incompetence Cases

Audit # ME13-109A

Comptroller's Audit Library #8338

Issued: January 6, 2015

Monetary Effect: None

Introduction

This audit determined whether the Department of Education's (DOE) Administrative Trials Unit (ATU) and Teacher Performance Unit (TPU) effectively tracked the teacher misconduct and incompetence case referrals they received and whether the misconduct and incompetence charges served on tenured teachers were adjudicated within the required timeframes. The primary scope of the audit was referrals received and charges filed against tenured teachers during School Year 2011-2012.

As the largest public school system in the U.S., DOE serves roughly 1.1 million students in 1,800 schools, employs approximately 75,000 teachers, and has an annual budget of about \$24 billion.

On April 15, 2010, DOE and the United Federation of Teachers entered into an agreement intended to improve the timeliness of the investigation and adjudication of alleged teacher misconduct and incompetence cases. The agreement established new procedures for these cases which, in conjunction with New York State Education Law Article 61, §3020, Discipline of Teachers, and §3020-a, Disciplinary Procedures and Penalties, set a timeframe of 115 days to resolve these cases, starting from the day that misconduct or incompetence charges are filed against a tenured teacher and concluding on the day that the assigned arbitrator renders a decision. According to the 2010 agreement, teachers accused of misconduct or incompetence are generally assigned administrative work in DOE offices or non-classroom duties in their schools at full pay while their cases are being resolved.

DOE has two units that handle the adjudication of these cases: ATU, which handles teacher misconduct cases, and TPU, which handles incompetence cases. ATU's and TPU's records indicate that at least 187 tenured teachers were charged with misconduct and at least 91 tenured teachers were charged with incompetence during School Year 2011-2012. DOE maintains information on its ATU and TPU cases in Access databases.

Results

The audit identified weaknesses relating to DOE's handling of teacher misconduct and incompetence cases. In particular, the audit determined that ATU failed to track the teacher misconduct referrals it received. As a result, it was not possible for the auditors or DOE to determine whether ATU served charges for all of the misconduct referrals that it received or whether it prepared written case closure statements for all of those referrals for which it did not serve charges. In addition, the audit also found that DOE did not adequately track the ATU and TPU cases for which charges had been served to help ensure that these cases were adjudicated in a timely manner. Finally, the audit found that approximately 36 percent of the misconduct and incompetence cases filed in School Year 2011-2012 were not completed within the required timeframe of 115 days.

DOE provided documentation showing that it is in the process of developing computer-based case tracking applications for its ATU and TPU cases. DOE currently maintains information on its ATU and TPU cases in Access databases. The audit recommended that until the new case

tracking applications are available, DOE use its existing Access databases to track teacher misconduct referrals and to more effectively track its teacher misconduct and incompetence adjudications.

While the 115 day timeframe was not met in 36 percent of the cases, the audit found that most of the misconduct and incompetence charges that were filed against tenured teachers during School Year 2011-2012 were resolved by the end of the following school year. Specifically, by June 30, 2013, 178 (95 percent) of the 187 misconduct cases and 87 (96 percent) of the 91 incompetence cases had been resolved either through a settlement or an arbitrator's decision.

To address these issues, the audit recommended that:

- ATU track its handling of all of the teacher misconduct referrals that it receives to ensure that timely action is taken on each referral.
- For those referrals that do not lead to the ATU serving charges, ATU should ensure that written case closure statements are prepared.
- DOE actively monitor the overall timeliness of its adjudication of teacher misconduct and incompetence cases.
- DOE track the amount of time that occurs between key events (such as the time between the pre-hearing conference and the last hearing on a case) so that it is able to readily determine where delays in the adjudication process are occurring.

In their response, DOE officials disagreed with the main findings of the audit and claimed that they were already implementing two of the audit's recommendations and that they will be implementing the other two when the new case tracking system is complete.

Audit Follow-up

DOE reported that two of the audit recommendations were already being implemented and that the other two are in the process of being implemented.

DEPARTMENT OF EDUCATION

Audit Report on the Department of Education's Controls for Ensuring that Its High School Graduates Have Met Graduation Requirements

Audit # ME14-075A

Comptroller's Audit Library #8385

Issued: June 30, 2015

Monetary Effect: None

Introduction

The objective of this audit was to determine whether the New York City Department of Education (DOE) has adequate controls to ensure that its high school graduates have met graduation requirements.

DOE's mission is to help students meet grade-level standards in reading, writing, and mathematics and to graduate from high school prepared for careers or for college. About 58,400 students graduated from DOE high schools during the 2012-2013 school year. High school graduation requirements are set by the New York State Education Department (NYSED). These requirements are determined by the school year in which a student enters the ninth grade (also known as the cohort year), and a student must fulfill them to receive a diploma. DOE can set more rigorous academic expectations than NYSED, but it may not set lower standards.

Most students who entered ninth grade between September 2008 and September 2012 needed to earn a Regents diploma. For such students, Regents diplomas required 44 credits in designated subjects and scores of 65 or higher on five Regents exams in English, Mathematics, Science, United States History, and Global History. Local diplomas (an alternative to a Regents diploma) could be earned by students with Safety Net provisions, such as Individualized Education Programs or Section 504 Accommodation Plans. Local diplomas also required 44 credits in designated subjects, but students could earn lower scores on the Regents exams (i.e., 55 to 64).

DOE's Office of Academic Policy and Systems (OAPS), in the Division of Teaching and Learning, oversees the high school graduation process. OAPS is responsible for tracking and sharing New York State academic policies with schools. OAPS expects high school principals to maintain procedures and systems for certifying that students have met all graduation requirements and are eligible for diplomas.

DOE uses two computer systems to track students through the high school graduation process: (1) Automate the Schools (ATS)—a system that collects student demographic and biographical information, as well as final graduation data (e.g., graduation date, type of diploma); and (2) Student Transcript and Academic Reporting System (STARS)—a system that collects information on students' credits, grades, and Regents exam scores. STARS helps high schools monitor the status of a student's course credits and Regents exams.

Results

The audit found weaknesses in DOE's controls intended to ensure that its high school graduates have met graduation requirements. The audit also found that DOE has taken steps to improve its processes. Among those steps, DOE's central office has provided specific academic guidance to high schools in its February 2012 *High School Academic Policy Reference Guide*. In its March 26, 2012 *Course Code Directory – High School*, DOE clarified the appropriate course codes to use on students' transcripts. In addition, DOE has provided some evidence that it reviews

transcript updates and school graduation data, identifies concerns, and works with the schools to resolve them.

However, DOE still does not have sufficient controls to ensure that high school graduates have actually fulfilled all of the necessary requirements. The audit found transcripts for graduated students that failed to provide adequate information to establish the bases for the students having been allowed to graduate. In many instances, the audit found that schools applied override codes that permitted students to graduate, but provided little or no justification for their use of the overrides. Underlying these weaknesses, the audit found that DOE does not regularly review a sample of STARS transcripts to ensure that graduation requirements have been properly fulfilled; does not regularly review a sample of graduation status overrides in ATS to ensure that the overrides are appropriate; does not ensure that graduation status overrides and transcript updates are properly justified and approved; and does not effectively ensure that access to ATS and STARS is revoked for former school employees upon the termination of their employment.

To address these issues, this report made a total of 21 recommendations, including the following:

- DOE should regularly review samples of student transcripts and graduation status overrides to ensure that its schools are properly enforcing graduation requirements.
- DOE should require that a graduation status override entered in ATS be approved by a principal or assistant principal.
- DOE should modify STARS to require that transcript updates be approved by higher-level officials, such as an assistant principal or the principal of the school.
- DOE should ensure that the schools maintain sufficient documentation to support their transcript updates.
- DOE should ensure that the schools inform DOE central whenever individuals no longer require their current level of access or any access to ATS or STARS.
- DOE should require schools to periodically review the lists of active ATS and STARS users at their schools to determine whether the lists are accurate.

In their response, DOE officials agreed with 17 recommendations, asked for clarification of one recommendation, and disagreed with the recommendations relating to 1) the provision of more detailed justifications for graduation status overrides, 2) the approval of transcript updates prepared by principals, and 3) the monitoring of user access to ATS and STARS.

Audit Follow-up

DOE reported that it has implemented or is in the process of implementing the 17 recommendations with which it agreed. DOE did not acknowledge that the requested clarification of one recommendation was, in fact, added to the final report.

DEPARTMENT OF EDUCATION

Audit Report on the Department of Education's Controls Over Non-Competitive and Limited-Competition Contracts

Audit #MG13-119A

Comptroller's Audit Library #8372

Issued: June 17, 2015

Monetary Effect: None

Introduction

This audit determined whether the Department of Education (DOE) has adequate controls over the awarding of contracts on a non-competitive and limited-competition basis and whether DOE adequately monitors and evaluates vendor performance on such contracts.

DOE is the largest school district in the United States, serving approximately 1.1 million students in over 1,800 schools throughout New York City (City). DOE contracts with outside vendors to acquire necessary goods and services including, but not limited to, student bus transportation, textbooks and computer software, and training and support programs for teachers.

According to DOE's Procurement Policies and Procedures (PPPs), the preferred method for awarding contracts is through a competitive process. When a fully competitive process is not feasible or appropriate and a procurement meets specified criteria, DOE may use non-competitive or limited-competition procurement methods. Non-competitive procurement methods include sole source, assignment, renewal, and extension. Limited-competition procurement methods include emergency purchase, listing application, and negotiated acquisition.

For non-competitive or limited competition contracts, the PPPs require written justification by a DOE contract manager, who is responsible for ensuring that the contract is administered in accordance with the terms of the contract and DOE's guidelines, explaining the reason that it was not feasible or appropriate to award the contract using a more competitive method. If the vendor already has another contract with DOE, the contract manager's justification must include the contract manager's assessment of the vendor's performance on that contract.

The primary scope of this audit covered non-competitive and limited-competition contracts awarded by DOE during Fiscal Year 2013. As recorded in the City's Financial Management System, DOE awarded 421 contracts valued at \$595,852,433 during Fiscal Year 2013 using non-competitive and limited-competition award methods and 663 contracts valued at \$2,607,073,476 using competitive award methods. Thus, nearly 19 percent of DOE's Fiscal Year 2013 contract award dollars were awarded through a non-competitive or limited competition process.

Results

A review of sampled contracts found that DOE's non-competitive and limited competition contract files generally contained written statements justifying the procurement process and evidence of the required authorizations, except in the case of assignments of existing contracts. With assignment contracts, the audit identified weaknesses in assessing vendor performance, justifications for assignments, and DOE's rationale for approving assignments.

With regard to DOE's controls over the monitoring and evaluation of non-competitive and limited-competition contracts, the audit found a number of weaknesses. Specifically, DOE has not: 1) strongly enforced the requirement that its contract managers formally monitor and evaluate the performance of vendors; 2) established minimum guidelines for monitoring contracts; and 3) developed a standard format with criteria for its contract managers to follow in conducting

performance evaluations. These weaknesses increase the risk that poorly performing contractors seeking extensions or renewal will receive them despite their performance.

Finally, DOE failed to consistently submit contracts to the Comptroller's Office for registration in a timely manner. This failure decreases the transparency and oversight of these DOE procurements.

The audit makes eight recommendations, including that DOE should:

- Ensure that the supporting documentation, including comprehensive checks, performance evaluations (when applicable), and justification for the assignment requests, is obtained and carefully reviewed before approving assignment requests.
- Develop and implement sufficiently detailed written procedures to detect the warning signs of possible collusion. The procedures should include, among other things: the different forms of collusion that could exist; conditions favorable to collusion; and the steps to be taken when the possibility of collusion has been identified (such as winning vendors requesting that their contracts be assigned to other vendors who bid on those contracts).
- Establish minimum guidelines for contract monitoring. Such guidelines should include, but not be limited to, a detailed description of the monitoring process, including frequency of contact with a vendor, documentation of monitoring efforts made, and the recommended actions where instances of vendor non-compliance are identified.
- Develop a standard format with standard criteria and ratings for evaluating vendor performance and establish a schedule indicating when such evaluations should be performed.
- Ensure that it submits contracts for registration to the Comptroller's Office in accordance with applicable time frames.

In its response, DOE officials generally agreed with five of the audit's eight recommendations, stating that they will implement three recommendations and claiming that they were already in compliance with two other recommendations. DOE partially agreed with one recommendation and did not agree to implement two recommendations.

Audit Follow-up

DOE reported that four recommendations are being implemented, plans to implement two recommendations, and will not implement the remaining two recommendations.

OFFICE OF EMERGENCY MANAGEMENT

Letter Report on the New York City Office of Emergency Management's Compliance with Local Law 36

Audit #7R14-095AL

Comptroller's Audit Library #8316

Issued: July 7, 2014

Monetary Effect: None

Introduction

This audit determined whether the New York City Office of Emergency Management (OEM) complied with Local Law 36, which governs waste prevention, reuse and recycling by City agencies. A Letter Report was submitted summarizing the audit findings regarding the compliance by OEM with Local Law 36, which is intended to make City agencies, and ultimately the City as a whole, more sustainable through efforts that promote a clean environment, conserve natural resources, and manage waste in a cost-effective manner. In addition, in the course of the audit, auditors noted efforts made by OEM to follow additional recycling rules established by the Department of Sanitation (DSNY) pursuant to Local Law 36.

In 1989, New York City established Local Law 19, codified as Administrative Code §§ 16-301, et seq., to establish an overarching "policy of the city to promote the recovery of materials from the New York City solid waste stream for the purpose of recycling such materials and returning them to the economy." The law mandates recycling in New York City by residents, agencies, institutions, and businesses, and includes a series of rules to guide implementation. Local Law 19 requires the City to establish environmental policies to conserve natural resources and manage waste in a sustainable and cost-effective manner.

In 2010, the City enacted Local Law 36 by which it amended the recycling provisions of Local Law 19 (Administrative Code § 16-307) to require each City agency to develop a waste prevention, reuse, and recycling plan and submit the plan to DSNY for approval by July 1, 2011, and each year after. Local Law 36 also requires each agency to designate a lead recycling or sustainability coordinator for the agency and, where the agency occupies more than one building, to designate an assistant coordinator for each building the agency occupies. By July 1, 2012, and in each year thereafter, the lead recycling coordinator for each agency is required to submit a report to the head of its agency and to DSNY "summarizing actions taken to implement the waste prevention, reuse, and recycling plan for the previous twelve-month reporting period, proposed actions to be taken to implement such plan, and updates or changes to any information included in such plan."

In addition, Local Law 36 requires the commissioner of DSNY to adopt, amend, and implement regulations governing recycling by City mayoral and non-mayoral agencies. DSNY is also responsible for consolidating the information contained in agency reports and including this information in the department's annual recycling report.

Results

The audit found that OEM generally complies with Local Law 36. However, the audit found that OEM did not submit its waste prevention, reuse and recycling plan to DSNY until the fall of 2013, after this audit had commenced, notwithstanding Local Law 36's requirement that such a plan be submitted to DSNY by no later than July 1, 2011. In addition, OEM did not submit its annual reports to its Executive Director and DSNY as required by the local law.

In addition to these findings, we observed that OEM has made additional efforts to address waste prevention, reuse, and safe handling of hazardous waste beyond the requirements of the Local

Law 36. Specifically, OEM participates in a City-wide contract for hazardous waste pickups by an independent contractor. OEM is also involved with a Waste Match program² where unused items can be better utilized and hence, reduces the waste stream. These measures were taken in accordance with DSNY's additional guidelines enacted pursuant to Local Law 36.

The audit recommended that OEM submit the required annual reports to its Commissioner and DSNY by July 1st of each year as required by Local Law 36.

The agency agreed with the report and stated it "will comply with the requirement."

Audit Follow-up

OEM reported that the audit recommendation has been implemented.

² OEM participates in DCAS' Waste Match program, a non-profit organization supported by DSNY that allows agencies to donate items no longer being used by the city.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

Audit Report on the Department of Environmental Protection's Procurement Practices and Payment Process for Professional Services

Audit #FN14-074A

Comptroller's Audit Library #8371

Issued: June 11, 2015

Monetary Effect: Potential Savings: \$8.2 million

Introduction

This audit was conducted to determine whether the Department of Environmental Protection (DEP) has made accurate and appropriate payments to professional service contractors; ensured compliance with the terms of its contracts and applicable City payment requirements; and complied with City requirements for procurement including the Procurement Policy Board Rules (PPB Rules) and applicable Comptrollers' Directives.

DEP is responsible for the management and conservation of the City's water supply, transmission, and distribution systems and for overseeing the capital construction programs for such systems. DEP distributes more than one billion gallons of clean drinking water each day to nine million New York City residents and collects and treats wastewater to protect the City's environment and harbor. DEP is also responsible for overseeing one of the City's largest capital construction programs, which includes complex billion dollar plus projects, such as the Croton Water Filtration Plant, City Water Tunnel No. 3, and the upgrade of the Newtown Creek Wastewater Treatment Plant.

DEP contracts with various companies for professional services such as engineering and architecture to assist it in overseeing its capital projects. When entering into these contracts, DEP is required to comply with the City's procurement guidelines as established in the City's PPB Rules. DEP is also required to comply with procurement and payment guidelines provided in Comptroller's Directive #2, "Procedures for the Audit of Payment Requests Submitted Under Cost Reimbursable Contracts," Directive #7, "Audit of Requests for Payment Received Under Contracts for Construction, Equipment and Construction Related Services," and Directive #24, "Agency Purchasing Procedures and Controls."

For Fiscal Years 2012 and 2013, DEP reported 521 active professional service contracts, for which it made approximately \$1.8 billion in payments.

Results

The audit found that although DEP is generally in compliance with the procurement practice requirements, it does not have adequate controls over its contract payment process. Specifically the audit found that DEP did not effectively review contractors' invoices to ensure that requested payments were accurate, appropriate, and adequately documented. As a result, among the contracts sampled, DEP processed questionable payments of \$7.9 million for titles that were not listed on the contracts and processed excess payments of \$364,834 using incorrect title and overhead rates. With regards to the procurement process, the audit found DEP did not adequately document certain aspects of the procurement process. Some contract files were missing the conflict of interest statements signed by contract proposal evaluators, Notices of Vendor Selection, and statements entitled Intent to Enter into Contract for awards over \$100,000. Further, the audit found that DEP did not follow the approval procedures for awarding or registering emergency contracts as required by PPB rules.

The audit report made 12 recommendations, including that DEP:

- Recoup the \$364,834 in overpayments from its contractors.
- Conduct a review of the \$7.9 million in questionable payments identified in this audit report and determine whether the contractors billed the City appropriately and/or whether any overpayments were adjusted in subsequent payment requests or at contract close-out.
- Ensure that all statements regarding potential conflicts of interest are signed and on file before proceeding with ranking each contract proposal.
- Obtain the required approvals and registration for emergency contracts with the Comptroller's Office in a timely manner.

In its response, DEP generally disagreed with the report findings, and stated that "All DEP payments are reviewed and approved in accordance with all applicable Comptroller's Directives: numbers 2, 7, and 24. Individual payments are reviewed and approved by Project Managers as well as by the Office of Engineering Audit (OEA). OEA is an office independent of, and not subject to, the control of the project management teams. DEP staff reviewed all of the payments in question and found that none were made in error." Despite DEP's disagreement over the audit findings, DEP officials agree with 9 of the 12 recommendations in this report.

Audit Follow-up

DEP reported that it has strengthened its internal control over the payment process and is in compliance with the nine recommendations that DEP agreed with and continues to disagree with and will not implement the remaining three recommendations concerning recouping excess or questionable payments to contractors.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

Letter Report on The New York City Department of Environmental Protection's Compliance with Local Law 36

Audit # SZ15-106AL

Comptroller's Audit Library #8361

Issued: May 12, 2015

Monetary Effect: None

Introduction

This audit determined whether the New York City Department of Environmental Protection (DEP) complied with Local Law 36, which governs waste prevention, reuse and recycling by City agencies. This summary covers the audit findings regarding the compliance DEP with Local Law 36, which is intended to make City agencies, and ultimately the City as a whole, more sustainable through efforts that promote a clean environment, conserve natural resources and manage waste in a cost-effective manner. In addition, auditors noted efforts DEP made to follow additional recycling rules established by the New York City Department of Sanitation (DSNY) pursuant to Local Law 36. The audit of DEP is one in a series of audits the Comptroller's Office is conducting of compliance with the local law.

In 1989, New York City established Local Law 19, codified as Administrative Code §§16-301, *et seq.*, to establish an overarching "policy of the city to promote the recovery of materials from the New York City solid waste stream for the purpose of recycling such materials and returning them to the economy." The law mandates recycling in New York City by residents, agencies, institutions, and businesses, and includes a series of rules to guide implementation. Local Law 19 requires the City to establish environmental policies to conserve natural resources and manage waste in a sustainable and cost-effective manner.

In 2010, the City enacted Local Law 36 by which it amended the recycling provisions of Local Law 19 (Administrative Code §16-307) to require each City agency to develop a waste prevention, reuse, and recycling plan and submit the plan to DSNY for approval by July 1, 2011, and each year after. Local Law 36 also requires each agency to designate a lead recycling or sustainability coordinator for the agency and, where the agency occupies more than one building, to designate an assistant coordinator for each building the agency occupies. By July 1, 2012, and in each year thereafter, the lead recycling coordinator for each agency is required to submit a report to the head of its agency and to DSNY "summarizing actions taken to implement the waste prevention, reuse, and recycling plan for the previous twelve-month reporting period, proposed actions to be taken to implement such plan, and updates or changes to any information included in such plan."

In addition, Local Law 36 requires the DSNY Commissioner to adopt, amend, and implement regulations governing recycling by City mayoral and non-mayoral agencies. DSNY is also responsible for consolidating the information contained in agency reports and including this information in the Department's annual recycling report.

Results

The audit found that DEP fully complies with Local Law 36. DEP source-separates its recyclable materials, has designated a lead recycling/sustainability coordinator and assistant coordinators, and has established an agency waste prevention, reuse and recycling plan which is updated and reported annually.

In addition to these findings, auditors observed that DEP has made additional efforts to address waste prevention, reuse, and safe handling of hazardous waste beyond the requirements of the

local law. Specifically, DEP has a Recycling Team that focuses on ways to make recycling more accessible and uses its intranet and SharePoint communication systems to share this information and ideas with its employees. In addition, DEP has integrated its recycling plan into the Agency Recycling and Pollution Prevention Policy to facilitate the recycling process at all of DEP's facilities. DEP has also assembled a recycling committee to oversee the strategic implementation of its recycling plan. Furthermore, DEP's Audit Department conducts periodic audits and on-site observations to assess compliance with Local Law 36 at each facility. These measures were taken in accordance with DSNY's additional guidelines enacted pursuant to Local Law 36.

The agency agreed with the report and stated that it will continue to improve its waste prevention initiative.

Audit Follow-up

DEP reported that its efforts go beyond full compliance with Local Law 36 and DEP's Recycling Committee strives to maintain continuous improvements.

DEPARTMENT OF FINANCE

Letter Report on the Follow-up Audit of the Implementation of the 18-B Web System Administered by the Department of Finance

Audit # 7F14-081AL

Comptroller's Audit Library #8364

Issued: May 15, 2015

Monetary Effect: None

Introduction

The objectives of this audit were to determine whether the 17 recommendations made in an earlier audit, *Audit of Controls Over Billings and Payments for Work by Panel Members in the Assigned Counsel Plan* (Audit Number 7A08-085, issued February 2, 2009), were implemented and if the 18-B Web system contains adequate system controls to ensure accurate billings and payments.

The prior audit disclosed process and user control weaknesses that had not been corrected in the conversion from the legacy FoxPro system to the 18-B Web system. At the time of our original audit, the 18-B Web system and the legacy FoxPro system were the responsibility of the Office of the Criminal Justice Coordinator (CJC). The 18-B Web system is now the responsibility of the Department of Finance (DOF).

The New York City Assigned Counsel Plan (ACP) is a panel of court-approved attorneys who, among other things, provide representation to indigent persons charged with crimes in New York City and those who fall under §262 or §1120 of the New York State Family Court Act. ACP is authorized by Article 18-B of the New York State County Law and funded by New York City. It initially reported to CJC, which was responsible for managing the program. However, in a 2009 Memorandum of Understanding between the Mayor's Office and DOF, the responsibilities for oversight for the 18-B Web system, including the payment voucher process, were transferred from CJC to DOF.

Article 18-B outlines fees for attorneys, court reporters and expert witnesses who may be used in the course of a representation. In 2003, ACP developed an in-house computer system, the 18-B Web system, to replace a legacy computer system, known as FoxPro. The 18-B Web system was designed to improve the process of assigning attorneys, streamline the payment voucher submission process and improve the system's ability to prevent fraudulent claims from being submitted and paid.

The Comptroller's prior audit found certain control weaknesses within both the legacy FoxPro system and the 18-B Web system. Among other things, we found that the 18-B Web system allowed attorneys to enter future activities and allowed certain mandatory data fields to remain blank. At the time of our prior audit, the FoxPro system was being integrated into the 18-B Web system. Our audit found that the 18-B Web system was not designed to allow the user to enter the specific date and time information recorded in some vouchers. These design problems identified in the prior audit were expected to be corrected when the 18-B Web system was fully implemented. Without detailed date and time information, it was not possible to determine whether attorneys overbilled or double-billed for their services.

The prior audit also found that ACP did not develop a data purification plan to ensure that only correct and corrected data was migrated into 18-B Web and did not have overall policies and procedures for the data migration of FoxPro data into the 18-B Web system. In addition, ACP did not have a formal disaster recovery plan for both systems.

Results

The review of the implementation status of the 17 previous audit recommendations made in a prior audit determined that 12 recommendations have been fully implemented, one partially implemented, and two were not implemented at all. The remaining two recommendations were no longer applicable. The review and tests found that the 18-B Web system has controls to detect overbillings and double billings. Based on our review and sample tests, we found that the 18-B Web system corrected internal control and user control weaknesses found in the FoxPro system. Control issues such as blank mandatory fields and the inability to record detail activities. The audit also confirmed that the 18-B Web system requires attorneys to fill in daily and hourly activities and will reject vouchers with future dates. In addition, the 18-B Web system enforces the ACP's hourly business rules, identifies overlapping and over billings, and rejects vouchers from being submitted after 45 days.

The 18-B Web system has the control to identify and stop the submission of individual vouchers over the maximum limit per case. However, the system control lacks the capability to identify cases with multiple vouchers with an aggregate total exceeding the amount required for a judge's approval. In addition, the audit found that DOF does not have a formal disaster recovery plan for the 18-B Web system. Currently, DOF's ACP internal audit unit only audits the top ten attorney earners. The unit should conduct an audit on all attorneys who exceeded 2,300 hours yearly.

In their written response, DOF officials did not dispute the letter report's findings and recommendations and described the steps they have taken to implement the report's recommendations.

Audit Follow-up

DOF reported that all the recommendations have either been implemented or are in the process of being implemented.

DEPARTMENT OF FINANCE

Audit Report on the New York City Department of Finance's Administration of the Disabled Homeowners' Exemption Program

Audit # FM14-110A

Comptroller's Audit Library #8349

Issued: April 14, 2015

Monetary Effect: None

Introduction

This audit was conducted to determine whether the New York City Department of Finance (DOF) ensures that New York State Disabled Homeowners' Exemption (DHE) recipients meet the eligibility requirements of the program. The DHE program is governed by the New York State Real Property Tax Law (RPTL) and administered by the DOF. The DHE program provides property tax exemptions to qualified disabled homeowners. As of June 30, 2014, there were 5,308 homeowners receiving the DHE.

Results

DOF does not verify that homeowners who were initially granted a DHE remain eligible for the DHE program as required by law. The 51 DHE case files sampled in connection with this audit showed that none of those homeowners had submitted annual applications certifying that they still qualified for the DHE, notwithstanding a statutory requirement that they do so. DOF also did not maintain sufficient documentation to establish that every homeowner currently granted a DHE was ever eligible for the DHE. Additionally, the audit found at least three of the sampled property owners were deceased and that there was no evidence in the files to indicate that the surviving homeowners were entitled to the DHE. The lack of homeowners' recertification information, as well as DOF's failure to enforce the statutory annual filing requirement and to take action against those non-filers, may have resulted in improper exemptions being granted by DOF.

Based on the audit's analysis of the property tax bills issued for Fiscal Year 2014 (July 1, 2013 through June 30, 2014), auditors calculated that the 51 homeowners sampled received exemptions resulting in actual tax savings to these homeowners of just over \$100,000, or an average homeowner tax savings of \$2,078.

During the course of the audit, auditors informed DOF officials of their concerns regarding the possibility that three disabled homeowners may have died and the surviving homeowners may be improperly receiving the DHE benefit. Subsequent to the March 12, 2015, exit conference, DOF provided documentation that the DHE benefits were removed from the three properties retroactively to the date of death of the disabled homeowner.

The audit makes the following four recommendations:

- DOF should send the annual notice of renewal required by the RPTL to all homeowners who have been granted a DHE with a reminder that they must file annually to be entitled to an exemption.
- DOF should not grant a DHE or allow anyone to take a DHE who does not annually file an application for an exemption and meet all of the requirements for the exemption.
- DOF should maintain complete case files by scanning and retaining new applications, renewal applications and supporting documentation.

- DOF should revise the exemption applications to inform the applicants that they are required to file for a DHE for each year that they claim it.

In its response, DOF agreed with the audit's four recommendations and stated that it "is already in the process of undertaking the steps recommended to ensure renewals are being completed and case files are being maintained." DOF "will continue to diligently review applications and supporting documents to ensure applicant eligibility."

Audit Follow-up

DOF reported that it has either implemented or is in the process of implementing the audit recommendations.

DEPARTMENT OF FINANCE

Audit Report on the New York City Department of Finance's Administration of the School Tax Relief Program

Audit # FM15-070A

Comptroller's Audit Library #8373

Issued: June 17, 2015

Monetary Effect: Potential Revenue \$422,520

Introduction

This audit was conducted to determine whether the New York City Department of Finance (DOF) ensures that recipients of the Basic School Tax Relief exemption (STAR), or Enhanced School Tax Relief exemption (ESTAR) meet the eligibility requirements of the program. DOF is responsible for implementing and monitoring tax benefits granted under the New York State School Tax Relief Program, which provides a partial exemption from school taxes for owner-occupied primary residences. As of July 1, 2014, there were 491,149 homeowners who received either the STAR or ESTAR exemption.

Results

DOF allowed owners of at least 1,500 properties to receive STAR or ESTAR exemptions for which they were not eligible. Specifically, DOF failed to remove exemptions from at least 1,355 properties when ownerships were transferred to a corporation or limited liability company (LLC). In addition, 154 properties that are not classified by DOF for residential use received exemptions. Consequently, these 1,509 property owners may have received tax reductions to which they were not entitled and as a result, the government may have been deprived of \$422,520 in property tax revenue during Fiscal Year 2015 to which it was entitled. Moreover, these property owners could have received additional tax reductions from the STAR exemptions for years prior to Fiscal Year 2015.

Further, DOF failed to properly maintain the STAR exemption application and supporting documentation for 26 (52%) of the 50 sampled cases. DOF's failure to enforce the eligibility requirements and to maintain the initial application and supporting documentation may have resulted in improper exemptions being applied.

The audit made six recommendations, including that DOF should:

- Verify the ownership of the 1,355 properties cited in our report and remove the STAR or ESTAR exemptions from those properties that are determined to be owned by a corporation or an LLC.
- Review all properties with a non-residential building class that are currently receiving STAR or ESTAR exemptions to ensure those properties are qualified for the exemption.
- Request updated information from the owners of the properties identified in this report as missing documentation and review their eligibility for the STAR and ESTAR exemptions they have been receiving.
- Ensure that all future applications are properly stored in DOF's data management system.

In its response, DOF officials agreed with the audit's recommendations and stated, "DOF is committed to having cost-effective controls and procedures in place to ensure that recipients meet the eligibility requirements of the benefit programs. DOF is already in the process of undertaking the steps recommended to ensure renewals are being completed and case files are being

maintained. We will continue to diligently review applications and supporting documents to ensure applicant eligibility.”

Audit Follow-up

DOF reported that the six recommendations have either been implemented or are in the process of being implemented. DOF stated that it will consider implementing a business rule in its new Property Tax System that prevents approval of STAR for a property owned by a business entity.

HEALTH AND HOSPITALS CORPORATION

Audit Report on the Evaluation of the Efforts to Manage Emergency Department Wait Times by Kings County, Lincoln, and Elmhurst Hospitals

Audit # MD13-112A

Comptroller's Audit Library #8322

Issued: September 18, 2014

Monetary Effect: None

Introduction

The audit determined whether the New York City Health and Hospitals Corporation (HHC) had controls in place to evaluate the efforts made in reducing Emergency Department (ED) wait times.

Between 1999 and 2009, ED visits nationwide increased 32 percent, resulting in ED overcrowding and increased wait times in some hospitals, according to the Center for Disease Control. The average ED wait time in New York State of 6.1 hours is the fourth-longest in the nation.

HHC's 11 acute care hospitals reported 1,190,413 ED visits in 2012. Since 2007, HHC hospitals have been using an approach called Breakthrough, based on an efficiency process developed by Toyota, to address ED wait time delays as well as to identify inefficient processes, improve patient care, and generate savings and new revenue.

Results

The audit found that Kings County, Lincoln, and Elmhurst hospitals failed to provide sufficient evidence to support their claims of reductions in ED wait times. The facilities provided limited documentation that generally did not reflect changes before and after the initiatives to reduce ED wait times were implemented. As a result, the audit was unable to determine the extent to which these hospitals formally evaluated and measured their wait time reduction efforts.

To address this issue, the audit recommended that HHC should assess the effect of initiatives undertaken to reduce ED wait times by collecting adequate supporting documentation and engaging in a thorough and comprehensive evaluation to determine whether goals are being met and resources are being efficiently allocated.

HHC officials generally agreed with the audit's recommendation.

Audit Follow-up

HHC reported that the audit recommendation is in process.

HEALTH AND HOSPITALS CORPORATION

Audit Report on Lincoln Medical Center and Mental Health Center's Affiliation Agreement with the Physician Affiliate Group of New York

Audit # MH13-130A

Comptroller's Audit Library #8375

Issued: June 19, 2015

Monetary Effect: None

Introduction

This audit was conducted to determine whether the Physician Affiliate Group of New York (PAGNY) is complying with the terms of its affiliation agreement with the New York City Health and Hospitals Corporation (HHC) for providing services at the Lincoln Medical and Mental Health Center (Lincoln Hospital).

HHC is a public benefit corporation created in 1969 by the New York State Legislature to operate the City's municipal hospitals. To provide care and manage its medical staff and medical support services at its facilities, HHC has entered into contracts, known as "affiliation agreements," with medical schools, teaching hospitals, and physician-owned professional corporations (PCs), known as "affiliates."

In 2000, HHC entered into an affiliation agreement with Downtown Bronx Medical Associates (DBMA), a not-for-profit PC created by physicians who work at one HHC facility, Lincoln Hospital, to provide and manage the medical staff and medical support services at Lincoln Hospital. In an effort to consolidate a number of affiliation agreements, improve efficiencies, and ease negotiations, HHC solicited DBMA to create PAGNY in 2010 to function as an HHC affiliate in additional hospitals beyond Lincoln. Subsequently, in November 2011, HHC assigned to PAGNY its DBMA affiliation agreement for Lincoln Hospital. PAGNY took over providing and managing physician and support services to the hospital as well as performing payroll and timekeeping functions. However, DBMA remained a separate entity and retained responsibility for billing for physician services under the Faculty Practice Plan (FPP).

According to the affiliation agreement, for Fiscal Years 2013, 2014, and 2015, HHC was required to pay approximately \$80 million annually to PAGNY for its management and operations responsibilities at Lincoln Hospital and PAGNY was required to contribute \$17 million annually toward the medical service providers' salaries, which was to be collected by DBMA through the FPP billings. In addition to its responsibilities for employing in-house medical staff at Lincoln Hospital, PAGNY has arranged with subcontractors to provide medically-needed professional specialty services, such as orthopedic surgical services and neurosurgical services. In Fiscal Year 2014, PAGNY paid \$8,821,432 for these medical services. These funds come from HHC's annual payments of \$80 million to PAGNY.

HHC provides semi-monthly payments to PAGNY to cover most of the services required by the affiliation agreement. Following the end of each fiscal year, PAGNY is required to submit a *Recalculation of Affiliate Payment* document (Recalculation) to HHC that records the difference between services budgeted and delivered and how much either PAGNY or HHC owe based on those revisions. HHC uses the Recalculations to establish future budgets and the semi-monthly payments that HHC provides to PAGNY to cover contract services at the hospital.

Results

PAGNY generally complied with its HHC affiliation agreement to provide services at Lincoln Hospital. However, the audit found certain financial control weaknesses in subcontractor

payments and services. Specifically, the audit found that over one fourth of subcontractor payments during Fiscal Year 2014 lacked sufficient documentation to support the appropriateness of those payments. In addition, five of the 30 subcontractors paid for services in Fiscal Year 2014 did not have current service agreements in place.

The audit also found a number of other weaknesses. Specifically, PAGNY did not have a formal agreement in place to cover the change in the timing of the transfer of net FPP collections from DBMA's bank account to PAGNY's account; PAGNY did not ensure that financial statements for Fiscal Years 2012 and 2013 were audited in a timely manner; PAGNY and HHC took more than a year to complete the Recalculations for Fiscal Years 2012 and 2013; and PAGNY made some payments to a number of physicians for extra work performed that were not in accordance with the established collective bargaining agreement.

The audit made six recommendations to PAGNY, including that:

- PAGNY should ensure that its payments to subcontractors are made in accordance with existing written agreements and that any amendments to those contracts are made in writing.
- PAGNY should ensure that all subcontractor invoices have the documentation to support payments made.
- PAGNY should ensure that all subcontractors have a service agreement as required by the affiliation agreement to ensure that the responsibilities for both PAGNY and its subcontractors regarding the provision of needed contracted services are clearly defined.

The audit also made four recommendations to HHC, including that:

- HHC should ensure that DBMA and PAGNY formalize a regular schedule for DBMA's transfer of net FPP collections to PAGNY.
- HHC should ensure PAGNY maintains a separate FPP Lincoln bank account as stipulated by the assignment agreement.
- HHC should ensure that PAGNY and HHC continue finalizing the Recalculations in a timelier manner and that audited financial statements be issued within 120 days.

HHC and PAGNY did not dispute the audit's findings and generally agreed with all ten audit recommendations.

Audit Follow-up

PAGNY reported that all six recommendations addressed to PAGNY have either been implemented or are in the process of being implemented.

HHC reported that all four recommendations addressed to HHC have either been implemented or are in the process of being implemented.

DEPARTMENT OF HEALTH AND MENTAL HYGIENE

Letter Report on the Reliability and Accuracy of the Community Health Survey Administered by the New York City Department of Health and Mental Hygiene

Audit #7114-061AL

Comptroller's Audit Library #8341

Issued: February 9, 2015

Monetary Effect: None

Introduction

The objectives of this audit were to determine whether the Department of Health and Mental Hygiene (DOHMH) ensures that the Community Health Survey (CHS) contract deliverables have been achieved; CHS data exists in a secure environment; and CHS data contains accurate information and was sufficiently reliable for health program decisions.

DOHMH protects and promotes the health and mental well being of all New Yorkers. On July 1, 2008, DOHMH entered a six-year contract with Abt-SRBI to conduct the CHS to provide information on health risk factors in the City. The cost of the initial contract was \$8.3 million. Later DOHMH extended the contract to December 31, 2014, with an increase in total value to approximately \$10.7 million. DOHMH uses the CHS data to assess the population's health status, track prevalence of diseases, and monitor health trends.

Abt-SRBI uses a computer-assisted telephone interviewing (CATI) system to collect survey data. Surveys are recorded and monitored by Abt-SRBI. CHS is a multiple-choice survey that is conducted in English, Spanish, Russian, and Chinese. Survey questions are translated and reviewed for language accuracy by native speaker employees. Native speaker interviewers use the translated materials to conduct the surveys; the interviewees' answers are input by the interviewer into CATI. Abt-SRBI supervisors monitor approximately 15 percent of the live phone interviews and oversee the data entries to ensure that the answers have been input correctly into CATI. Feedback to interviewers is provided on a continual basis to improve performance.

In 2008, Abt-SRBI conducted the CHS with 7,560 landline respondents and obtained a response rate of 33.3 percent. In 2009, DOHMH began including cell phone respondents in the survey in response to the increasing number of people using only cell phones. In 2013, the CHS survey identified 3,920 cell phone respondents and 4,580 landline respondents. The number of questions for the CHS varies each year. The questions cover a range of topics that include general health and mental health status; diabetes; asthma; smoking; sexual behavior; alcohol consumption; cancer screening; and other health topics.

In order to group and better represent survey results, DOHMH assigned neighborhoods for the CHS based on the zip codes and boroughs provided by respondents. DOHMH breaks down data by these neighborhoods to provide CHS statistical information and graphics on its website. On the DOHMH website, for instance, CHS data appears in bar charts and neighborhood maps.

Results

The audit found that contract deliverables for CHS data were achieved. The audit review verified that the vendor Abt-SRBI conducted the required surveys and performed the necessary purification on the CHS data. In addition, we reviewed the system security plans and found that the CHS data exists in a secure environment. The auditors also tested the password management controls and reviewed the information system contingency plan. DOHMH has adequate access controls and contingency planning policy over its CHS data.

The auditors tested the 2010, 2011 and 2012 CHS data files as well for blank and invalid data to determine whether critical data elements were missing. The audit also reviewed the data cleaning and analytic reports to ensure DOHMH performs data cleaning and checks for duplicates. Based on the tests, the CHS data is generally accurate and sufficiently reliable for DOHMH to support its health program decisions. However, the audit found that DOHMH did not always use the proper neighborhood codes in the CHS. The audit found that when respondents' neighborhoods are missing, DOHMH assigns neighborhood codes. Although the small percent of missing neighborhoods did not significantly affect the data analysis, greater accuracy in the CHS data will help better track public health throughout the City.

The audit recommends that DOHMH reviews the assignment of neighborhood codes to determine whether CHS data with missing codes can be assigned more accurately to increase reliability of CHS analysis.

DOHMH officials disagreed with the recommendation and stated that DOHMH staff already regularly reviews the assignment of neighborhood codes and continue to work closely with the vendor to identify and develop new methods for assigning neighborhood codes.

During the audit, auditors found that five percent of the cell phone survey had missing neighborhood codes. In those instances, either the respondent's zip code was not a valid residential zip code, the respondent's zip code was outside of New York City, or the respondents refused to provide their zip codes. Although DOHMH regularly reviews and develops methods for assigning neighborhood codes, DOHMH still could not ensure that the neighborhood codes assigned to those five percent are accurate. Greater accuracy in the CHS data will help better track public health throughout the City.

Audit Follow-up

DOHMH reported that it continues to disagree and will not implement the audit recommendation.

DEPARTMENT OF HEALTH AND MENTAL HYGIENE

Audit Report on Animal Care and Control of New York City, Inc.'s Financial and Operating Practices

Audit # FM14-089A

Comptroller's Audit Library #8350

Issued: April 17, 2015

Monetary Effect: None

Introduction

This audit's objectives were to determine whether Animal Care and Control of New York City, Inc. (AC&C) has adequate controls to ensure proper operational and financial accountability in key areas. We examined whether controlled substances are adequately safeguarded and maintained in compliance with applicable laws and regulations; if AC&C complies with major non-revenue requirements of its contract with the Department of Health and Mental Hygiene (DOHMH), specifically, the adequacy of its maintenance of its facilities, and its insurance coverage; and whether revenue and expenses are properly recorded and reported.

AC&C is a non-profit corporation that operates New York City's municipal animal shelter system under a five-year, \$51.9 million contract with DOHMH. AC&C's contract requires it to rescue homeless and abandoned animals in New York City and to provide shelter, examine, test, treat, spay, neuter, and assure humane care and disposition of animals seized because they are deemed a threat to public health or they are accepted for care. AC&C operates five locations throughout the City: three full-service animal shelters in Manhattan, Brooklyn, and Staten Island; and two receiving centers, one in the Bronx and one in Queens.

AC&C provides shelter to approximately 30,000 animals each year. According to AC&C's certified financial statements for Fiscal Year 2013, AC&C reported total revenue of \$13.7 million and total expenses of approximately \$13.3 million. The scope of this audit covered Fiscal Year 2013 (July 1, 2012, to June 30, 2013) but was expanded to include additional tests of certain areas based on our observations during the course of the audit.

Results

The review found that AC&C lacks effective oversight and controls over its inventory of controlled substances and does not maintain a computerized inventory system of controlled substances as required by its contract. The audit identified numerous irreconcilable discrepancies in AC&C's controlled substance records which stem from these control failures. The audit also found controlled substances used after their expiration dates and vaccines improperly stored, which raised concern about animal safety. Further, the audit found physical conditions in the shelters that needed to be addressed. With regard to fiscal management, the audit found that AC&C generally recorded and reported its revenue and expenses appropriately and maintained the required insurance. However, the audit found financial control weaknesses that led to a relatively small number of questionable payments.

The audit made 18 recommendations, 15 to AC&C and three to DOHMH, including the following:

AC&C should:

- Ensure that the duties of requesting, receiving, and recording controlled substances are segregated among different individuals.
- Implement a computerized inventory system to accurately account for all controlled substances and monitor expiration dates.

- Establish formal policies to ensure that all controlled substances are handled and accounted for in accordance with DEA guidelines and other applicable requirements.
- Ensure that expenses are supported by sufficient reliable documentation, for legitimate business-related purposes and that appropriate and accurate purchasing documents are provided and maintained.
- Establish policies whereby all credit card purchases by the Executive Director are required to be authorized by AC&C's Board of Directors, President or Treasurer.
- Review the \$11,715 in questionable payments identified in this audit and determine if all the payments were for appropriate AC&C purposes and if not, whether any payments should be recouped and/or other action taken.
- Ensure that all employees utilize the electronic timekeeping system.
- Conduct a cost benefit and feasibility assessment to determine the benefits and liabilities of maintaining office space in Manhattan and expand AC&C's efforts in locating a lower cost alternative, including seeking office space in the outer boroughs.

DOHMH should:

- Incorporate into its contract a requirement for AC&C to implement a system of internal controls that includes formal policies and procedures for its operation.
- Ensure that AC&C complies with all of the recommendations in this report.

In its response to the draft audit report, with one exception, AC&C generally agreed with the report's findings and 15 recommendations. In its response, it described the numerous actions it had taken and that it intended to take to address the findings in the audit report. In addition, DOHMH largely agreed with the three recommendations directed to it in its response.

Audit Follow-up

AC&C reported that 13 of the 15 recommendations have either been implemented or are in the process of being implemented. The remaining two recommendations concerning reviewing the \$11,715 in questionable payments and to conduct a cost benefit and feasibility study regarding maintaining office space in Manhattan have not been implemented.

DOHMH reported that it is in the process of implementing the three audit recommendations directed to it.

DEPARTMENT OF HEALTH AND MENTAL HYGIENE

Audit Report on the Department of Health and Mental Hygiene's Response and Follow-up to Pest Control Complaints

Audit # MD13-101A

Comptroller's Audit Library #8326

Issued: October 10, 2014

Monetary Effect: None

Introduction

The audit determined whether the Department of Health and Mental Hygiene (DOHMH) adequately responded to and followed-up on pest control complaints. DOHMH's Pest Control Services (PCS) receive rodent complaints via NYC 311. Upon receipt of a complaint, PCS inspectors are required to attempt an initial inspection within 10 business days. If rodent conditions are present, DOHMH mails a Commissioner's Order to Abate (COTA) to the property owner to notify the owner that s/he must correct the conditions within 5 days. Afterwards, PCS is required to perform a compliance inspection to determine whether the conditions identified in the COTA have been corrected. If the conditions are corrected, the complaint is closed. If not, DOHMH issues a Notice of Violation (NOV) to the property owner. If conditions on the property are severe, the agency will perform the extermination and/or clean-up services itself. In Fiscal Year 2013, PCS received 24,586 pest control complaints.

Results

The audit found that DOHMH did not adequately follow its procedures for addressing pest control complaints. Specifically, the audit found that: PCS did not perform initial and compliance inspections in a timely manner; PCS inspectors generally did not use their handhelds in the field, leading to discrepancies between the observations of auditors accompanying the inspectors and the results recorded by those inspectors in DOHMH's database; and PCS prematurely closed complaints without making the required number of inspection attempts. In addition, the audit found that only 1.4 percent of the inspections performed during the audit review period received supervisory checks—far fewer than the agency's goal of 5 percent—and there was no indication that senior crew chiefs performed the required assessments in 44 percent of the instances where inspectors requested clean-up services. Finally, the audit found that DOHMH had no timeframe goals for exterminations, clean-up assessments, or property clean-ups nor did it conduct follow-up for failed inspections of properties with an "unknown" address recorded in the database.

To address these issues, the audit made 12 recommendations to DOHMH, including:

- DOHMH should periodically generate aging reports to identify complaints that are pending too long to help ensure that initial and compliance inspections are performed in a more timely manner.
- DOHMH should establish timeliness measures for conducting exterminations, clean-ups, and assessments.
- DOHMH should ensure that all inspectors use the handhelds to enter results in real time while conducting the inspections to improve the reliability of the information entered into their database and to accurately account for their time.
- DOHMH should modify its process to ensure that complaints are not closed after only 1 "no access" attempt, since the procedures require making 2 attempts.

- DOHMH should ensure that COTAs are issued for properties that failed inspections where addresses in their database were recorded as “unknown.”
- DOHMH should strengthen its supervisory review process to ensure that the supervisory checks are conducted for inspections at or above the percentage specified in its procedures.
- DOHMH should ensure that assessments are conducted when clean-ups are requested in order to determine whether clean-up is necessary.

In its response, DOHMH agreed with three recommendations, partially agreed with four recommendations, and disagreed with five recommendations. However, DOHMH's basis for disagreeing with 4 of the recommendations is that it claims to have already implemented them prior to the audit. Consequently, DOHMH generally agreed in principle with all but 1 of the audit's 12 recommendations.

Audit Follow-up

DOHMH reported that seven recommendations have either been implemented or are in the process of being implemented and it disagreed with the remaining five recommendations and has not implemented them.

DEPARTMENT OF HEALTH AND MENTAL HYGIENE

Audit Report on the Department of Health and Mental Hygiene's Follow-up Efforts on the Provision of Mental Health Services to Discharged Inmates

Audit # MG13-096A

Comptroller's Audit Library #8332

Issued: November 20, 2014

Monetary Effect: None

Introduction

This audit determined whether the Department of Health and Mental Hygiene (DOHMH) made adequate follow-up efforts in connection with the mental health treatment of discharged inmates designated as class members under a 2003 settlement agreement, known as *Brad H. v. City of New York* (the Brad H. Settlement).

Pursuant to the Brad H. Settlement, DOHMH must provide discharge planning services to those inmates in New York City jails who are deemed or designated to be plaintiff class members. Discharge planning services include an assessment of inmates' need for ongoing mental health treatment and, based upon the needs identified by DOHMH mental health staff, the creation of an individual plan of care for all class members.

According to the terms of the Brad H. Settlement, DOHMH must maintain contact with discharged inmates categorized as Severely and Persistently Mentally Ill (SPMI) for up to 30 days following their release from jail. The Brad H. Settlement does not explicitly require follow-up with discharged individuals who are not categorized as SPMI. However, DOHMH is not precluded by the Brad H. Settlement from performing any other follow-up that the agency deems appropriate in its implementation of the discharge planning program.

Results

DOHMH should improve the mandated follow-up it performs under the Brad H. Settlement. In addition, it should consider leveraging the money and resources it has devoted to complying with the Brad H. Settlement to expand its follow-up to include all class members (both SPMI and non-SPMI inmates) for whom discharge plans are created so that the agency can better evaluate the program's effectiveness.

As reflected in DOHMH's Brad H. tracking database, DOHMH did not conduct the required follow-up for 11 percent of the SPMI inmates discharged during the audit's review period regarding the status of their mental health appointments. As also reflected in the database, DOHMH conducted no follow-up for 82 percent of the non-SPMI inmates discharged during the same period. Although the Brad H. Settlement does not require DOHMH to monitor discharged non-SPMI inmates' participation in their treatment plans, follow-up efforts would allow the agency to determine the degree of participation by discharged inmates, as well as the impact that the program has on recidivism. DOHMH, despite spending nearly \$10 million on the creation of discharge plans over a three-year period, has limited assurance that the discharged inmates with mental health treatment plans actually obtain the services outlined in those plans. Without this information, DOHMH cannot adequately assess the program's success.

To address these issues, the audit made four recommendations. DOHMH should:

- Ensure that it maintains contact with all discharged SPMI inmates within 30 days of their release and that it documents the results of these attempts.

- Consider reallocating its resources to expand its follow-up efforts beyond the current requirements of the Brad H. Settlement.
- Consider following up with all discharged inmates for whom Comprehensive Treatment Discharge Plans have been created, both SPMI and non-SPMI, to identify those who follow and complete their treatment plans (rather than only determining whether discharged SPMI individuals attend an initial treatment session).
- Consider analyzing the impact that the provision of mental health services to discharged inmates has on recidivism rates for released inmates in need of such services.

DOHMH officials disagreed with all four audit recommendations offered in the report, stating that they were already in compliance with the Brad H. Settlement.

Audit Follow-up

DOHMH reported that effective August 10, 2015, the Mayor's Office has transferred the management of correctional health services from DOHMH to the Health and Hospitals Corporation (HHC).

DEPARTMENT OF HEALTH AND MENTAL HYGIENE

Audit Report on the Department of Health and Mental Hygiene's Monitoring of the Local Assisted Outpatient Treatment Program

Audit # MH12-138A

Comptroller's Audit Library #8331

Issued: November 12, 2014

Monetary Effect: None

Introduction

The audit determined whether the Department of Health and Mental Hygiene (DOHMH) is adequately monitoring the assisted outpatient treatment (AOT) program to ensure the proper administration of court-ordered mental health treatment plans.

In 1999, New York State enacted Kendra's Law (New York Mental Hygiene Law § 9.60), named after Kendra Webdale, a young woman who died in January 1999 after being pushed in front of a New York City subway train by a person who had a long history of mental illness but who was not receiving treatment at the time of the incident. The law provides for court-ordered AOT for certain individuals who, in view of their treatment history and circumstances, are determined by the court to be unlikely to live safely in the community without supervision. The AOT process is initiated when a correctional facility, a treatment facility, or a member of the community (which may include a family member, friend, or neighbor) refers an individual to the program. DOHMH, through its Division of Mental Hygiene, is responsible for implementing the law in the five boroughs.

Upon the issuance of a court order, individuals accepted to the program (referred to as "consumers") are required to follow the treatment plan promulgated by the court. Responsibility for directly monitoring the consumers' progress and for coordinating the mandated services rests with care coordinators employed by privately operated care providers contracted by the City and State. DOHMH AOT case monitors and care coordinators are required to maintain communication with each other on a regular basis to ensure consumers are receiving all the mandated services.

The original audit scope period was Fiscal Year 2012. However, the scope was expanded to July 1, 2013, through October 31, 2013, to review the results of more recently implemented monitoring procedures.

Results

Because of scope limitations that restricted the type of information that auditors could independently retrieve and review, auditors were unable to obtain sufficient, appropriate evidence to determine whether DOHMH is adequately monitoring the local AOT program in order to ensure that court-ordered mental health treatment plans are being properly administered. The audit found that DOHMH has taken a proactive approach in identifying weaknesses in its program and has reportedly implemented control procedures to improve its administration of the program. Through limited testing of a selected sample, results indicate that these control procedures may have effectively addressed some of those weaknesses. However, the audit concluded that DOHMH does not track or follow up on incoming community referrals to make certain that consumers who might benefit from the AOT program are considered for eligibility.

The audit recommended that DOHMH require logging, tracking, and follow-up on application forms sent to community members attempting to make a referral to AOT.

In their response, DOHMH officials agreed with the audit recommendation, stating that it has “policy and procedures [in place] to track and follow-up on incoming referrals, which are distinguishable from telephone calls seeking information from the program.” With regard to following up on applications forms sent to individuals in the community who have called to inquire about the program, DOHMH stated that they “will further explore the feasibility of tracking and following up on application forms sent to individuals in the community who have called us to inquire about the program.”

Audit Follow-up

DOHMH reported it has completed a three month pilot program and that the audit recommendation is being implemented.

DEPARTMENT OF HEALTH AND MENTAL HYGIENE

Audit Report on the New York City Department of Health and Mental Hygiene's Follow-up on Health Code Violations at Restaurants

Audit # MJ14-058A

Comptroller's Audit Library #8384

Issued: June 29, 2015

Monetary Effect: None

Introduction

This audit was conducted to determine whether the Department of Health and Mental Hygiene (DOHMH) has adequate controls to ensure that food service establishments resolve health code violations in a timely manner. DOHMH's Bureau of Food Safety and Community Sanitation (BFSCS) is directly responsible for enforcing the New York State Public Health Law and Sanitary Code, the New York City Health Code, and related rules governing food service and handling. Accordingly, DOHMH inspects approximately 25,000 food service establishments (FSEs, also referred to as restaurants in this report) each year to monitor compliance with food safety regulations.

City rules require each FSE to undergo at least one unannounced sanitary inspection by a BFSCS inspector each inspection cycle. The inspection cycle represents a period of up to approximately one year in which a series of related inspections consisting of at least one initial inspection and, if necessary, subsequent inspections within that cycle, including re-inspections and compliance inspections takes place. A numeric point value is assigned to each violation observed during an inspection. The point value represents the seriousness of each violation—the higher the point value, the more serious the violation.

The FSE point and grade parameters are as follows: 0–13 violation points result in an “A” grade; 14–27 violation points results in a “B” grade; and 28 or more violation points results in a “C” grade. If 14 or more violation points are assessed at the time of the initial inspection, the FSE is given the opportunity to improve its sanitary conditions and will be re-inspected in no less than 7 days.

If at the time of an initial or re-inspection the inspector observes one or more violations that represent an imminent (public health) hazard that cannot be corrected by the end of the inspection, DOHMH may order the restaurant to temporarily close to correct those violations. If an FSE is closed, DOHMH may conduct monitoring visits to ensure that establishment remains closed until authorized to reopen.

Results

The audit concluded that DOHMH needs to strengthen its controls to ensure that FSEs resolve health code violations in a timely manner. DOHMH has established controls designed to foster the timely scheduling of follow-up health inspections and the resolution of rules violations; however, those controls are weakened because DOHMH's inspection attempts are not consistently conducted in accordance with established time standards. For the period of March 2013 through June 2014, DOHMH did not consistently attempt follow-up inspections in a timely manner, and exceeded the agency's informal 30-day target more than a quarter of the time. For establishments that received a score of 14 or more violation points during an initial inspection, DOHMH exceeded the mandated time requirements for beginning the next inspection cycle approximately 50 percent of the time.

The audit also found that during Fiscal Years 2013 and 2014, BFSCS supervisors failed to consistently perform supervisory field inspections at the level established by inspection

procedures. Further, the audit found that DOHMH does not require documentation of the justifications for allowing restaurants with repeated poor inspection results to continue to remain open—even though inspectors had recommended closure. Such a control would enhance DOHMH's efforts to deter fraud and corruption in the inspection process.

To address these issues, this report makes the following four recommendations:

- DOHMH management should review its current productivity requirements and resource estimates to assess the optimum number of inspectors required to complete inspections on-time within normal working hours. In performing its assessment, management should account for and strategically plan to address those issues it attributes to the delays in performing inspections, e.g., employee turnover and time allocated to training.
- Based on its analysis, management should consider either expanding or reassigning inspection staff wherever possible to cover the backlog of past due required inspections and to improve its on-time performance of inspections.
- DOHMH should ensure that each inspection supervisor conducts field inspections of at least five percent of the inspections performed each month by each public health sanitarian or inspector under their supervision, in accordance with BFSCS supervisory inspection and review procedures.
- DOHMH should ensure that the reasons for not closing an FSE with poor inspection results following an inspector's recommendation that it be closed are appropriately documented in the Food and Safety & Community Sanitation Tracking System II (FACTS II).

DOHMH misunderstood the audit objective and misinterpreted the audit findings. Consequently, in their response, DOHMH officials disagreed with the audit's findings and disagreed with three of the four audit recommendations. Officials did, however, agree with the recommendation that it document the basis for not closing restaurants with poor inspection results following an inspector's recommendation that it be closed.

Audit Follow-up

DOHMH reported that it is in the process of implementing the one recommendation to document the reasons for keeping restaurants with poor evaluations open; however, it continues to disagree with the remaining three recommendations.

DEPARTMENT OF HOMELESS SERVICES

Letter Report on the Development and Implementation of the Client Assistance Re-housing Enterprise System Administered by the New York City Department of Homeless Services

Audit # 7114-062AL

Comptroller's Audit Library #8358

Issued: May 7, 2015

Monetary Effect: None

Introduction

This audit's objectives were to determine whether the Department of Homeless Services' (DHS') Client Assistance Re-housing Enterprise System (CARES) fulfilled its contracted purpose of consolidating two legacy computer systems and automating shelter processes; whether CARES fulfilled its deliverables as stated in its functional system specifications; and whether the system has adequate functions to ensure the information process is reliable.

DHS is responsible for providing temporary emergency shelter and social services to eligible clients (single and family) who have no other housing options available in New York City. In 2009, DHS initiated multiple task orders under an existing Citywide contract with Accenture LLP to consolidate two legacy systems and enhance existing business functions into a new electronic case management system—CARES.

CARES is an integrated case management system intended to give DHS and its providers the ability to serve and track clients from initial intake to shelter placement, and through their return to the community. An intake worker uses CARES as the single source of client data for processing shelter applications. Once a client arrives at an intake office, the client is interviewed by a caseworker who uses CARES to initiate the application process for temporary housing. Daily paper attendance records are maintained by shelter providers and later updated in CARES. Once a client is placed in permanent housing and exits the shelter, DHS staff will update the client information in CARES. The system also interfaces with key partner agencies such as the New York City Human Resources Administration and Administration for Children's Services, and the New York State Division of Parole to assist DHS in making shelter eligibility decisions.

CARES is intended to integrate shelter processes into one system and consolidate the two existing legacy systems, while supporting the shelter information management process with various reporting options. CARES permits case workers to electronically enter information, to scan in necessary documents, and permits supervisors and other authorized staff to generate standardized reports that extract information from CARES. DHS implemented CARES in December 2011. It is currently in the process of adding more reporting features to the system, which are expected online by July 2015.

Results

The audit determined that CARES generally fulfilled its contracted purpose of consolidating two legacy computer systems and automating shelter processes; that it fulfilled its deliverables as stated in its functional system specifications; and that it has adequate functions to ensure the information process is reliable. Additionally, the audit reviewed and analyzed CARES' disaster recovery documentation and found that DHS has a contingency plan in place in case of an emergency and back-up policies and procedures to protect its data in the event of a disaster.

DHS officials acknowledged the thoroughness of the auditors work on the audit and were satisfied with the report's conclusions.

DEPARTMENT OF HOMELESS SERVICES

Letter Report on the Department of Homeless Services' Controls over Its Count of Unsheltered Homeless Youths

Audit # MG14-065SL

Comptroller's Audit Library #8339

Issued: January 5, 2015

Monetary Effect: None

Introduction

This audit determined whether the Department of Homeless Services (DHS) had adequate controls to ensure that its count of unsheltered homeless youths was reasonably accurate. However, the audit was closed because in the course of assessing the controls, the audit found that DHS' count methodology may have increased the risk of significantly underreporting the number of unsheltered homeless youths. Thus, there was limited value in an assessment of DHS' controls over the count.

In 2012, the U.S. Interagency Council on Homelessness (USICH), in collaboration with the U.S. Departments of Housing and Urban Development (HUD), Health and Human Services (HHS), and Education (ED), launched Youth Count! (Youth Count), an interagency initiative designed to develop strategies for counting unaccompanied homeless youths (both sheltered and unsheltered) up to 24 years of age. New York City was one of the nine communities asked to participate in the pilot program.

DHS utilizes its Homeless Outreach Population Estimate (HOPE) to arrive at the number of unsheltered homeless individuals in the City it reports to HUD. The 2013 HOPE count was conducted on January 28, 2013. DHS reported to HUD that an estimated 128 homeless youths in the City were unsheltered on that night. Homeless advocacy groups have publicly expressed concerns that the count underreported the number of unsheltered homeless youths, estimating that number to be 3,800—significantly higher.

Results

The methodology used by DHS for its count increased the risk of significantly underreporting the number of unsheltered homeless youths. For the HOPE count, DHS instructed its volunteers to count homeless persons (including youths) who were congregated in public areas, such as sidewalks, parks, and subway stations. Because DHS does not have the capacity to survey all of these areas, it applies a statistical formula to the actual count results to estimate the number of homeless individuals in the City who are at these locations at that point in time.

In addition to these public areas, there are other popular areas where youths may congregate, including abandoned buildings, shopping malls, laundromats, all-night movie theaters, ATM vestibules, cars, and fast-food restaurants. Nevertheless, DHS restricts its count to the public areas noted in the paragraph above and does not include in its estimate to HUD the unsheltered youths who may be congregating in other areas. The statistical formula used by DHS to estimate the number of homeless youths does not project or account for those youths who may be residing in non-public areas who are not canvassed on the night of the count.

The letter report recommends that DHS consider modifying its methodology to include more areas known to be locations where unsheltered homeless individuals congregate. Doing so would allow DHS to obtain a more accurate representation of the number of unsheltered homeless youths in

the City and would also help in its efforts to project service needs and allocate resources where the needs are greatest.

DHS disagreed with the letter report's recommendation that it modify its methodology for counting unsheltered youth.

Audit Follow-up

DHS reported that it will be releasing its HOPE methodology early next year.

DEPARTMENT OF HOMELESS SERVICES

Audit Report on the Department of Homeless Services' Oversight of Contractors Hired to Assist Individuals and Families Displaced by Hurricane Sandy

Audit # MJ13-117A

Comptroller's Audit Library #8317

Issued: July 16, 2014

Monetary Effect: None

Introduction

This audit determined whether the Department of Homeless Services (DHS) established and maintained adequate internal controls to enable it to oversee and monitor the contractors hired on an emergency basis following Hurricane Sandy so that the agency could ensure that the contracted services were provided and that the contractors complied with applicable laws and regulations.

DHS is responsible for providing short-term, emergency shelter for individuals and families who have no other housing options available and for assisting those residing in shelters to transition into permanent housing. On October 29, 2012, Hurricane Sandy displaced thousands of individuals and families throughout New York City and left them without a place to live because their homes were destroyed or left uninhabitable after the storm. DHS entered into 20 emergency contracts, totaling \$19.9 million, with various human service organizations to provide shelter and other services on an emergency basis. The City obtained disaster-relief grants and sought reimbursement from the Federal Emergency Management Agency (FEMA) for expenses incurred in the aftermath of Hurricane Sandy. To receive FEMA reimbursement, City agencies must comply with federal reimbursement requirements and so must have adequate internal controls in place to ensure that those requirements are met.

Results

This audit disclosed weaknesses in DHS' oversight and controls over its emergency contracts. DHS did not have formal procedures for the oversight and monitoring of emergency contracts nor did it have sufficient evidence of its oversight and monitoring activities for the contracts that were the subject of the audit. In addition, DHS personnel did not adequately review or check invoices and supporting documentation for accuracy prior to payment. Finally, emergency contract managers did not perform satisfaction assessments of shelter clients as required by the City's Procurement Policy Board Rules Chapter 4, §4-01(e).

To address these weaknesses, the audit made the following six recommendations:

- DHS should ensure that it has clearly defined policies and operating procedures in place to address the oversight and monitoring of emergency contracts. These policies and operating procedures should establish at least a minimum acceptable set of requirements that are aligned with and incorporate the minimum requirements established by the PPB Rules, Comptroller's Directives, FEMA requirements, and other applicable regulatory requirements.
- DHS should include the emergency contract monitoring procedures described above in its contingency planning documents and ensure that all necessary parties are aware of them.
- DHS should establish standardized, minimum requirements for emergency contract managers to document and log their monitoring activities. These records should be maintained in an organized manner to allow for easy access and retrieval.

- DHS should ensure that those persons assigned the responsibility of certifying vendor invoices have taken the necessary steps to verify that goods and services have been provided as stated on the invoices.
- If it is not feasible for contract managers to perform this verification on a monthly basis before authorizing payments to vendors, DHS should: 1) modify the certification statement signed by contract managers to reflect this circumstance; and 2) develop an alternate procedure whereby such a verification is conducted periodically (e.g., quarterly).
- DHS should ensure that it requires contract managers to periodically interview or survey clients or their families to assess their satisfaction with services provided by the vendors of emergency contracts

DHS officials agreed with five of the six audit recommendations, but did not respond to Recommendation 4, which addressed DHS' lack of assurance that persons assigned the responsibility of certifying vendor invoices take the necessary steps to verify the accuracy of those invoices and the goods and services provided.

Audit Follow-up

DHS reported that it is in the process of developing plans and policies to incorporate into its emergency management plans.

DEPARTMENT OF HOMELESS SERVICES

Letter Report on the Department of Homeless Services' Monitoring of Their Employees Who Drive City-Owned or Personally-Owned Vehicles on City Business

Audit # SZ15-066AL

Comptroller's Audit Library #8342

Issued: March 2, 2015

Monetary Effect: None

Introduction

The objective of this audit was to determine if the Department of Homeless Services (DHS) is effectively monitoring its employees who drive City-owned or personally-owned vehicles on City business.

New York City requires that only those employees who exercise reasonable care in operating City-owned or personally-owned vehicles be allowed to use them to conduct City business. This requirement is outlined in the City of New York's "City Vehicle Driver Handbook" (the Handbook). Agency heads, through their agency's Agency Transportation Coordinator (ATC), must ensure that all employees assigned a City-owned vehicle either for full-time use or temporary use have been authorized to drive. It is also the ATC's responsibility to ensure that each driver has a valid license. An employee's driver's license must be issued by New York State unless the employee is exempt from City residency requirements. In that case, the authorized driver must have a valid license from the state where he/she resides and must have the appropriate classification for the vehicle which he/she is driving on City business. The Handbook further specifies that City agencies must establish programs that promote safety along with proper training in the use of motor vehicles.

City agencies participating in the New York State Department of Motor Vehicles (DMV) License Event Notification System (LENS) program are required to monitor the driving behavior of their employees. The LENS program is designed to notify an ATC of any event that affects the driver's license, such as an expired license, the accumulation of points, an accident, and charges against the driver for driving while impaired or driving under the influence. This enables the ATC to ensure that only employees with valid licenses are driving on City business.

In January 2014, the City launched the Vision Zero Action Plan (Plan), a comprehensive initiative to reduce driver, bicyclist, and pedestrian injuries and fatalities in New York City. The Plan details steps to improve street safety, including lowering the speed limit from 30 miles per hour to 25 miles per hour and increasing the penalties for driving with a suspended license and leaving the scene of an accident. The Plan also proposes increasing the number of red light cameras and installing additional traffic devices to control speeding. With respect to City employees, the Plan includes implementing a citywide defensive driving program and adding safety-related equipment and devices to City vehicles.

Results

The audit found that DHS effectively monitors the driving behavior of its authorized drivers. DHS subscribes to the DMV's LENS program, receives its updates, and revokes the privileges of drivers who have suspended or revoked licenses in a timely manner as prescribed by regulations. In addition, DHS provided its employees with a required safety awareness program. The audit found one DHS employee who circumvented DMV regulations in both Florida and New York. However, since this employee's behavior was an exception rather than the rule among the agency's drivers, the audit conclusion that DHS effectively monitors its employees is still

appropriate. The issues concerning this employee's behavior will be discussed in a separate report.

In its response, DHS stated that it "is pleased that there were no findings against our Agency.... As per its practice, DHS will continue to review and strengthen our internal controls to ensure that the Agency follows all applicable laws, policies and procedures, rules and regulations."

DEPARTMENT OF HOMELESS SERVICES

Audit Report on the Department of Homeless Services' Monitoring of Its Employees Who Use E-ZPasses and Parking Permits While Driving City-Owned or Personally-Owned Vehicles on City Business

Audit # SZ15-067A

Comptroller's Audit Library #8360

Issued: May 8, 2015

Monetary Effect: None

Introduction

This audit determined whether the New York City Department of Homeless Services (DHS) effectively monitors its employees who use City-provided E-ZPasses and parking permits while driving City-owned or personally-owned vehicles on City business in accordance with applicable rules and regulations.

DHS is responsible for providing short-term, emergency shelter for individuals and families who have no other housing options available and for assisting those residing in shelters to transition into permanent housing. In Fiscal Year 2014, DHS had 1,859 employees on staff and an operating budget of approximately \$1 billion to carry out the agency's City Charter mandate. DHS currently has 546 employees who are authorized to use agency E-ZPasses for City business.

Results

The audit found that DHS does not effectively monitor the use of E-ZPasses by its authorized drivers in accordance with applicable rules and regulations. Specifically, we found that DHS did not maintain a log detailing agency E-ZPass usage as required by the City's and DHS' policies and procedures. The audit also found that several DHS employees appeared to have excessively used their E-ZPasses for non-business purposes. The auditors found no issues concerning parking permit usage.

To address these findings, the audit made the following five recommendations:

- DHS should maintain log books detailing E-ZPass usage as required by City rules and regulations.
- DHS should reinforce the policies and procedures detailing E-ZPass usage among employees.
- DHS should limit the personal use of E-ZPass transponders by monitoring usage more closely.
- DHS should monitor and limit the personal use of City vehicles and recoup the full costs of the use of City vehicles for non-business purposes.
- DHS should ensure employees fully reimburse DHS for any personal use of a DHS E-ZPass in a timely fashion.

Audit Follow-up

DHS reported that it has implemented four of the five audit recommendations. DHS will not be implementing the recommendation to recoup the full cost for wear and tear of vehicles.

NEW YORK CITY HOUSING AUTHORITY

Audit Report on Efforts by the New York City Housing Authority to Maximize Federal Funding, Enhance Revenue, and Achieve Cost Savings

Audit # FK14-072A

Comptroller's Audit Library # 8335

Issued: December 16, 2014

Monetary Effect: Potential revenue: \$471.6 million¹
Potential cost savings: \$59 million²

Introduction

This audit assessed the effectiveness of major New York City Housing Authority (NYCHA) efforts to obtain federal funding, and to achieve cost savings and revenue enhancements. Based largely on the areas identified by NYCHA as key components of its revenue enhancement and savings plans, we looked at the following initiatives:

- NYCHA's efforts to obtain additional federal capital funding and decrease its utility expenses through Energy Performance Contracting (EPC) Plans.
- NYCHA's efforts to obtain federal Section 8 funding for up to 8,400 units in 21 developments constructed but no longer funded by the State and the City.
- NYCHA's efforts to minimize its operating subsidy losses resulting from a November 2005 change in the operating subsidy formula.
- NYCHA's efforts to track and document whether Boston Consulting Group (BCG) recommendations were implemented and whether and to what extent cost savings and revenue enhancements were realized.

NYCHA has provided housing for low and moderate income New York City residents since it was chartered in 1934. Currently, there are more than 400,000 residents in 334 public housing developments in all five boroughs. NYCHA also administers the Section 8 Housing Choice Voucher Program (Section 8) to provide subsidized rental assistance to 235,000 residents. In its 2013 Comprehensive Annual Financial Report, NYCHA reported total revenues of \$3.1 billion, comprised primarily of \$1 billion in federal Section 8 subsidy, \$920 million in tenant revenue, and \$830 million in federal public housing operating subsidy. NYCHA also reported receipt of \$419 million in federal public housing capital funds. However, since at least 2002, NYCHA's funding has not been sufficient to cover either its operating or its capital needs.

Results

The audit found that NYCHA failed to meet its goals to obtain much needed funding and implement cost savings and revenue enhancement initiatives. In total, the audit estimates that NYCHA has forgone incentives and subsidies totaling \$692 million (EPC funding of \$353 million, Section 8 funding of \$263.1 million, and operating subsidy of \$75.9 million).

In August 2012, working closely with NYCHA, BCG issued a report detailing more than 100 recommendations which, if implemented, BCG estimated would result in annual cost savings of \$71 million and annual efficiencies and revenue enhancements of \$56 million by 2016. However, NYCHA did not document and track whether joint NYCHA/BCG-identified cost savings and

¹Potential revenue is comprised of: EPC funding of \$353 million, annual Section 8 funding of \$72.6 million, and annual BCG-identified revenue enhancements of \$46 million for 2015.

²Potential cost savings is comprised solely of annual BCG-identified revenue enhancements of \$59 million.

revenues of \$106 million were realized. Therefore, auditors could not assess the extent to which, if at all, any of the BCG report recommendations were implemented or the extent to which there were any resulting cost savings.

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

- Adequately plan for and consistently follow through on revenue and cost saving initiatives to ensure that estimated financial benefits are obtained.
- Consult with HUD on applications for federal funds prior to submission and respond to HUD feedback.
- Conduct rigorous independent reviews of federal funding applications prior to submission to HUD to ensure compliance with relevant rules and regulations.
- Reassess and document the extent to which all BCG report recommendations were implemented by examining the steps taken, calculating the costs incurred to date, calculating the cost savings and revenues achieved to date, and comparing anticipated and actual net cost savings and revenues achieved to date.

In its response, NYCHA maintained that the Comptroller's audit report was "seriously flawed." First, NYCHA objected that much of the audit report concerned NYCHA's decisions and activities that it asserted took place prior to audit scope period. Second, NYCHA stated that the audit report exaggerated or mischaracterized revenue and cost savings opportunities that NYCHA failed to maximize. Third, NYCHA stated that the audit report did not acknowledge substantial revenue opportunities that NYCHA took advantage of including \$900 million from a mixed-finance transaction in connection with the American Recovery and Reinvestment Act (ARRA), \$732 million in bond proceeds, and \$303.5 million in transition (or "stop-loss") funding. Finally, with regard to NYCHA's failure to document and track how much, if any, of the joint NYCHA/BCG-identified cost savings and revenues have been realized, NYCHA stated that it "did not consider it a priority to track those outcomes for the purpose of justifying the BCG study."

Of the report's twelve recommendations, NYCHA agreed to implement one recommendation going forward, maintained that it had in the past and will continue to adhere to seven recommendations, and disagreed with four recommendations related to the BCG report.

Audit Follow-up

NYCHA reported that it has implemented three recommendations and partially implemented three recommendations. NYCHA also stated that it is now in the process of employing an Energy Services Company (ESCO) to manage an EPC Plan to attain HUD federal energy incentives. In addition, NYCHA stated that "[t]he \$100 million EPC series launched, and the ESCO for the first EPC has been approved for award by the Board pending the required legal due diligence. Audits are expected to be completed by March." The implementation of this recommendation positioned NYCHA to receive an additional \$100 million in federal incentives.

Additionally, NYCHA reported that it did not implement two recommendations related to Section 8 funding and NYCHA did not address the remaining four recommendations related to the BCG report.

NEW YORK CITY HOUSING AUTHORITY

Audit Report on the New York City Housing Authority's Procedures for the Verification of Section 8 Housing Choice Voucher Program Participant-Reported Information

Audit # FM13-125A

Comptroller's Audit Library #8366

Issued: May 29, 2015

Monetary Effect: Potential Savings: \$42.1 million

Introduction

The audit examined whether the New York City Housing Authority's (NYCHA) procedures for verifying Section 8 Housing Choice Voucher Program (Section 8) participant-reported information during the annual recertification process were adequate to meet the U.S. Department of Housing and Urban Development (HUD) program requirements. The audit covered all participants who were active as of November 19, 2013. NYCHA provides housing subsidies to more than 96,000 families by paying a portion of the program participants' rent. Through Section 8, NYCHA subsidizes the rent for qualified low-income families. The families then pay the differences between the actual rents charged by the landlords and the amount subsidized by the Section 8 program. During Calendar Year 2013, NYCHA received \$1.037 billion in subsidies from the federal government through HUD for the operation of the Section 8 program.

Federal regulations set by HUD require all Public Housing Authorities (PHA), like NYCHA, to conduct initial certifications and subsequent recertification of family income and composition every year. Through annual recertification, NYCHA is required to determine that participants continue to be eligible and recalculate the current amounts of the subsidies to which they are entitled.

As part of the recertification process, participants must accurately report their most current information regarding changes in family composition, income, assets, and other factors used by NYCHA to determine the amount of Section 8 rental subsidies that will be paid on their behalves. NYCHA housing assistants review and analyze the information received from the participants. Pursuant to HUD requirements, housing assistants validate participant income information through HUD's Enterprise Income Verification system (EIV), a web-based computer system that contains employment and income information about individuals who participate in HUD's rental assistance programs. EIV also verifies participants' social security numbers and determines if participants owe outstanding debt to any PHA. In addition, HUD requires NYCHA to periodically utilize different reports to verify the information participants provide, including the Deceased Tenants Report, which is used to identify deceased participants; the Multiple Subsidy Report, which is used to identify participants who may be receiving subsidies in more than one location; and the Failed Verification Report, which is used to identify participants whose personal identifiers, such as social security numbers, do not match the Social Security Administration (SSA) database.

Results

NYCHA's existing procedures generally meet HUD's requirements for verifying participant-reported information and that it appropriately utilized HUD's Deceased Tenants Report, Multiple Subsidy Report, and the Failed Verification Report. Further, in a sample of 100 case files we reviewed closely, we did not identify any instance where NYCHA recertified a participant without obtaining the required documentation to verify reported income or without validating the information through EIV in accordance with its existing procedures.

HUD does not require NYCHA to conduct additional verifications beyond those it presently conducts. However, HUD's guidebook states, "PHAs are ultimately responsible for ensuring that the right people receive the right amount of subsidy, and they must maintain a high degree of accuracy in administering the housing choice voucher program." Accordingly, we looked at additional sources of asset, income and family composition data and matched it against all NYCHA Section 8 participants as of November 19, 2013 to determine if there were participants who may have omitted information during recertification. Based on the data matches, the audit identified discrepancies in records potentially related to 2,041 participants. The information the auditors found potentially related to Section 8 participants' assets and income and was not considered during recertification, and may have affected the participants' entitlement to benefits. The audit calculated that NYCHA provided a total of \$42.1 million in subsidies for these 2,041 participants between the dates of the omitted events (e.g., the purchasing of property or getting married) and February 28, 2014. To maintain program integrity, NYCHA should consider implementing, in whole or in part, procedures such as those we employed to ensure it considers all available information related to Section 8 eligibility during recertifications, and to use additional data to verify self-reported information on property ownership and marriage.

The report made a total of five recommendations to NYCHA:

- Determine whether those participants we identified in this audit as possibly having failed to report ownership of real property or marriages have, as a result, received Section 8 benefits to which they are not entitled, whether they are currently entitled to any benefits, and if so, in what amounts.
- Take any appropriate action under the Section 8 program against those participants who have omitted information and/or made false statements to NYCHA in connection with the program.
- Refer any Section 8 participants who appear to have made a material omission or a false statement to NYCHA in connection with their recertifications to the New York City Department of Investigation.
- Refer those participants who appear to have wrongly received property tax exemptions to the appropriate taxation authorities.
- Consider employing additional procedures to verify assets and income, including but not limited to the data matches we performed, to improve its verification of participant-reported information.

In their response, NYCHA officials were pleased with the report's conclusion that NYCHA's existing procedures generally meet HUD's requirements for verifying participant-reported information. However, NYCHA officials took exception with the report's other conclusions. Specifically, NYCHA stated that the report's conclusions concerning potential NYCHA subsidy overpayments are overstated and susceptible to misinterpretation, and that the information identified by the Comptroller's Office during the course of the audit concerning unreported household information would have had a minimal impact on NYCHA's subsidy payments.

The audit noted that NYCHA officials do not appear to have closely reviewed the results of the data analysis and all of the documentation shared with them during the course of this audit, and did not provide any documentation or analysis to support their conclusion that this unreported information would have a minimal impact on NYCHA's subsidy payment.

Audit Follow-up

NYCHA reported that four recommendations have been implemented and did not address the remaining recommendation in its status report. However, in its agency response, NYCHA disagreed with the remaining recommendation to refer those participants who appear to have wrongly received property tax exemptions to the appropriate taxation authorities.

NEW YORK CITY HOUSING AUTHORITY

Audit Report on the New York City Housing Authority's Controls over Its Inventory of Equipment and Supplies

Audit # MD14-105A

Comptroller's Audit Library #8363

Issued: May 15, 2015

Monetary Effect: Unable to Determine

Introduction

This audit determined whether the New York City Housing Authority (NYCHA) had adequate controls in place to manage its inventory of equipment and supplies.

NYCHA's inventory is stored in its main warehouse located in Long Island City (LIC) and in storerooms and skilled trades' shops located at its 334 developments throughout New York City (City). All items maintained at the LIC warehouse are inventoried on arrival and expensed in NYCHA's financial records at the time they are distributed to the developments. The inventory maintained at the developments also includes fixed assets. NYCHA designates all furniture, fixtures and equipment items with a purchase price greater than \$1,000 as fixed assets and requires that these items be tagged and tracked.

In 2012, NYCHA completed a process of counting materials and supplies in the development storerooms. Excess inventory (defined by NYCHA as anything more than a 90-day supply) was transferred to satellite warehouses for safekeeping and eventual transfer back to the LIC warehouse to assess whether it should be returned to inventory or liquidated. While initially, there were eight satellite warehouses, as of May 2014, NYCHA had six remaining: two in the Bronx—Betances A and B—and four in Brooklyn—Armstrong A, TRAM, and Unity Plaza A and B.

During the audit's scope period, the supplies stored at the LIC warehouse were valued at \$5.3 million, the total dollar amount of the orders from LIC for 173 developments was approximately \$9.4 million and the total dollar amount of drop shipment purchases was approximately \$49.5 million (covering 221 developments). The total reported value of the inventory at the six satellites warehouses was \$20.5 million. For the same period, the reported value of fixed assets at the developments was close to \$33 million.

Results

The audit found significant deficiencies in NYCHA's internal procedures that result from management's failure to institute adequate controls over inventory operations. Consequently, there is limited assurance that the inventory at the satellite warehouses and the development storerooms is adequately protected against misappropriation or theft. Limited testing at the LIC warehouse did not identify the same issues.

The audit found that NYCHA staff failed to maintain accurate inventory records, properly safeguard inventory items, and submit reports to NYCHA management in a timely manner, if at all. The audit found that NYCHA's senior management has not established an adequate monitoring structure to enable them to determine the extent to which applicable policies and procedures are being followed. The audit also found that accountability for managing and correcting inventory deficiencies was limited. NYCHA's deficient controls place at risk well over \$100 million of reported inventory.

Because the management and operational problems are so pervasive throughout the agency's inventory control system at the satellite warehouses and developments that they cannot be readily

addressed by fine-tuning the system, the audit recommends an overhaul of the entire system. Given the scope of work that needs to be done, we recommend that NYCHA create an inventory project team, reporting to the General Manager or a high-level Vice President, whose function would be to redesign NYCHA's inventory system at the satellite warehouses and the development storerooms and shops.

In their response, NYCHA officials stated that the agency "appreciates the work of the Comptroller's Office in uncovering the deficiencies in our supply chain and inventory management practices" and that "we are in general agreement with this report's primary recommendation that we need a complete overhaul and redesign of our inventory system." Officials did not specifically indicate whether they agreed with the remaining recommendations that NYCHA ensure that representations made to its external auditors are complete, accurate, and adequately documented and that it develop procedures to ensure continuity of agency operations when there are changes of personnel.

Audit Follow-up

NYCHA reported that all of the audit recommendations are being implemented or are in the process of being implemented.

NEW YORK CITY HOUSING AUTHORITY

Audit Report on the New York City Housing Authority's Management of Vacant Apartments

Audit # MD15-060A

Comptroller's Audit Library #8378

Issued: June 24, 2015

Monetary Effect: None

Introduction

This audit determined whether the New York City Housing Authority (NYCHA) had adequate controls in place to accurately monitor and track vacant apartments in its public housing developments throughout the five boroughs.

NYCHA provides affordable housing for nearly 403,000 low- and moderate-income City residents within 328 housing developments throughout the five boroughs. NYCHA classifies apartments as being either on the rent roll (on-roll) or off the rent roll (off-roll), depending on the apartment's availability for residential use. An on-roll apartment is an apartment either occupied by a tenant or undergoing the process of turnover to a new tenant. An off-roll apartment is an apartment that is not available for residential use for an extended period.

According to NYCHA records, as of September 19, 2014, NYCHA's inventory of more than 178,000 apartments included 2,342 vacant apartments, consisting of 1,366 off-roll apartments and 976 on-roll apartments. This constitutes a vacancy rate of one percent. Also according to information provided by NYCHA, as of December 22, 2014, there was a wait list of 273,391 households vying for NYCHA apartments.

Results

Notwithstanding NYCHA's low vacancy rate of one percent, the audit found that NYCHA had inadequate controls in place over the monitoring and tracking of its vacant apartments. NYCHA did not ensure that vacant apartments both on and off the rent roll were repopulated with new tenants in a timely manner. Regarding vacant off-roll apartments, the audit found that apartments removed because they needed major repairs or renovations remained off the rent roll an average of 2,605 days and that apartments removed because of relocations for elevator rehabilitation remained off the rent roll an average of 689 days. Regarding vacant on-roll apartments, the audit found that NYCHA took an average of 116 days to fill apartments from our sample of seven developments with new tenants, significantly longer than its stated goal of 40 days.

The audit also found that NYCHA did not ensure that property managers consistently monitored the conditions of vacant off-roll apartments, increasing their susceptibility to vandalism and unauthorized tenants. Finally, the audit found that NYCHA had inadequate controls over the management of apartments allocated for non-residential use by NYCHA or other organizations.

The audit made ten recommendations, including:

- NYCHA should improve its procedures and oversight related to the coordination and completion of repairs and major modernizations so that the apartments can be promptly rented once the work is complete.
- NYCHA should either ensure that tenants who are temporarily moved due to elevator rehabilitation move back to their original apartments timely so the temporary apartments can be rented to other tenants or promptly rent out the relocated tenants' original apartments.

- NYCHA should make greater efforts to ensure that all developments turn over vacant apartments in a timely manner.
- NYCHA should institute a policy and protocols requiring periodic monitoring of vacant apartments to help ensure the apartments are secure and are not furthered damaged.
- NYCHA should maintain up-to-date and accurate records on agencies and private organizations' use of apartments.

In their response, NYCHA officials generally agreed with nine of the ten recommendations. NYCHA disagreed with the recommendation that it ensure that the occupancy status for off-roll apartments that have been combined with other apartments or used for non-dwelling purposes reflect their current status and maintains that its current method of identification is sufficient.

Audit Follow-up

NYCHA reported seven recommendations have either been implemented or are in the process of being implemented; however, it did not address the remaining three recommendations in its status report.

NEW YORK CITY HOUSING AUTHORITY

Audit Report on the New York City Housing Authority's Section 3 and Resident Employment Programs

Audit # MG13-061A

Comptroller's Audit Library #8318

Issued: August 15, 2014

Monetary Effect: None

Introduction

This audit determined whether the New York City Housing Authority (NYCHA) had adequate controls to ensure that contractors met federal Section 3 and NYCHA's Resident Employment Program (REP) requirements for hiring NYCHA residents and low-income New Yorkers.

Section 3 of the U.S. Housing and Urban Development (HUD) Act of 1968 is designed to provide public housing residents with job opportunities. Contractors who are awarded capital contracts are required "to the greatest extent feasible" to ensure that 30 percent of new hires are NYCHA residents or low-income New Yorkers. In addition, under REP, NYCHA requires contractors awarded contracts valued at \$500,000 or more to ensure that at least 15 percent of the contracts' total labor costs are expended on NYCHA residents or low-income New Yorkers.

Between 2010 and 2012, NYCHA awarded 224 capital project contracts valued at \$928,910,564, a sum that is not only to be used to improve NYCHA's physical infrastructure, but also to create economic opportunities for NYCHA residents.

Results

NYCHA failed to institute sufficient controls to ensure that its Section 3 and REP programs are carried out in accordance with the relevant guidelines. NYCHA failed to update its procedures and ensure that all staff charged with monitoring the programs were both familiar with and operated in accordance with those procedures. In addition, NYCHA did not take corrective action in instances of non-compliance. As a result, it not only failed to address underlying problems, but also sent the message to its contractors that failure to comply with Section 3 and REP requirements would carry no consequences.

Lax controls undermine the effectiveness of programs that are intended to provide NYCHA residents and other low-income New Yorkers with job opportunities. As a result, these individuals are less likely to be able to take advantage of such opportunities.

To address these issues, the audit made the following seven recommendations:

- NYCHA should institute controls to ensure that construction project managers review and verify hiring summaries for accuracy.
- NYCHA should ensure that monitors are familiar with their responsibilities for reviewing and verifying hiring summaries.
- NYCHA should require contractors to submit a list of all permanent staff at the start of a contract.
- NYCHA should ensure that contract monitors document their follow-up efforts with contractors and include all supporting evidence of their efforts in the contract folders.
- NYCHA should take disciplinary action against contractors that fail to comply with hiring guidelines following appropriate warnings.

- NYCHA should update and revise its written procedures to reflect current operations.
- NYCHA should ensure that monitors coordinate their efforts to ensure that all documents required to verify resident employment are transmitted to each unit in a timely manner.

In their response, NYCHA officials disagreed with the audit's findings, but presented no new evidence to support their arguments. NYCHA officials did not specifically address the audit's seven recommendations in their response. However, based on their arguments regarding the findings, it appears that NYCHA officials agreed with one recommendation, believed that they already comply with two and disagreed with two. It could not be determined whether or not officials agreed with the remaining two recommendations. NYCHA's response did not address the remaining two recommendations.

Audit Follow-up

NYCHA reported that it is in the process of implementing four recommendations and did not provide a follow-up to the remaining three recommendations.

DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

Audit Report on the Department of Housing Preservation and Development's Procedures for the Verification of Section 8 Housing Choice Voucher Program Participant-Reported Information

Audit # FM13-121A

Comptroller's Audit Library #8367

Issued: May 29, 2015

Monetary Effect: Potential Savings: \$26 million

Introduction

This audit examined whether the Department of Housing Preservation and Development's (HPD) procedures for verifying Section 8 Housing Choice Voucher Program participant-reported information during the annual recertification process were adequate and sufficient to meet federal Department of Housing and Urban Development (HUD) program requirements. The audit covered all participants who were active as of July 1, 2013. HPD provides housing subsidies to more than 32,400 families by paying a portion of the program participants' rents to their private landlords. Through Section 8, HPD subsidizes the rent for qualified low-income families. The families then pay the differences between the actual rents charged by the landlords and the amount subsidized by the Section 8 program. During Fiscal Year 2013, HPD received approximately \$423 million in subsidies from the federal government through HUD for the operation of the Section 8 program.

Federal regulations established by HUD require all Public Housing Authorities (PHA), like HPD, to conduct initial and subsequent annual recertifications of family income and composition. Through the annual recertifications, HPD is required to determine that participants continue to be eligible and recalculate the current amounts of the subsidies to which they are entitled. Under the recertification requirements, participants must accurately report their most current information regarding changes in family composition, income, assets, and other factors used by HPD to determine the amount of Section 8 rental subsidies that will be paid on their behalves.

As part of the recertification process, HPD case managers review and analyze the information received from the participants. Pursuant to HUD requirements, case managers validate participant information through HUD's Enterprise Income Verification system (EIV), a web-based computer system that contains employment and income information of individuals who participate in HUD's rental assistance programs. EIV also verifies participants' social security numbers and determines if participants owe outstanding debt to any PHA. In addition, HUD requires HPD to periodically utilize different reports to verify the information they receive, including the Deceased Tenants Report, which is used to identify deceased participants; the Multiple Subsidy Report, which is used to identify participants who may be receiving subsidies in more than one location; and the Failed Verification Report, which is used to identify participants whose personal identifiers, such as social security numbers, do not match the Social Security Administration (SSA) database.

Results

HPD's existing procedures generally meet HUD's requirements for verifying participant-reported information and it appropriately utilized HUD's Deceased Tenants Report, Multiple Subsidy Report, and the Failed Verification Report. Further, in a sample of 25 case files the audit reviewed closely, auditors did not identify any instance where HPD recertified a participant without obtaining the required documentation to verify reported income or without validating the information through EIV in accordance with its existing procedures.

HUD does not require HPD to conduct additional verifications beyond those it presently conducts. However, HUD's guidebook states that, "PHAs are ultimately responsible for ensuring that the right people receive the right amount of subsidy, and they must maintain a high degree of accuracy in administering the housing choice voucher program." Accordingly, the audit looked at additional sources of asset, income and family composition data and matched it against all HPD Section 8 participants as of July 1, 2013 to determine if there were participants who may have omitted information during recertification. Based on the data matches, the audit identified discrepancies in records potentially related to 829 participants. The information the audit found potentially related to Section 8 participants' assets and income was not in HPD's database, and may have affected the participants' entitlement to benefits. The auditors calculated that HPD provided a total of \$26 million in subsidies for these 829 participants between the dates of the omitted events (e.g., the purchasing of property or getting married) and February 28, 2014. To maintain program integrity, HPD should consider implementing, in whole or in part, procedures such as those we employed to ensure that it considers all available information related to Section 8 eligibility during recertification, and to use additional data to verify self-reported information on property ownership and marriage.

The report made a total of five recommendations to HPD:

- Determine whether those participants we identified in this audit as possibly having failed to report ownership of real property or marriages, have as a result, received Section 8 benefits to which they are not entitled, whether they are currently entitled to any benefits, and if so, in what amounts.
- Take any appropriate action under the Section 8 program against those participants who have omitted information and/or made false statements to HPD in connection with the program.
- Refer any Section 8 participants who appear to have made a material omission or a false statement to HPD in connection with their recertifications to the New York City Department of Investigation (DOI).
- Refer those participants who appear to have wrongly received property tax exemptions to the appropriate taxation authorities.
- Consider employing additional procedures to verify assets and income, including but not limited to the data matches we performed, to improve its verification of participant-reported information.

In their response, HPD officials did not dispute the report's findings and stated that HPD has already taken actions related to the Comptroller's recommendations, and will continue to monitor their impact.

Audit Follow-up

HPD reported that four recommendations have either been implemented or are in the process of being implemented. HRA reported that it disagreed with the remaining recommendation because it can only make referrals to DOI about cases involving Section 8.

DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

Audit Report on the Department of Housing Preservation and Development's Handling of Housing Maintenance Complaints

Audit # ME13-106A

Comptroller's Audit Library #8386

Issued: June 30, 2015

Monetary Effect: None

Introduction

The objective of this audit was to determine whether the New York City Department of Housing Preservation and Development (HPD) effectively handles the housing maintenance complaints it receives.

HPD is responsible for ensuring that building owners comply with the New York City Housing Maintenance Code and the New York State Multiple Dwelling Law. Owners must ensure that their residential buildings are safe, clean, and well-maintained, both in the common areas and in the apartments. Complaints are transmitted by 311 to HPDInfo, the agency's electronic system for recording, processing, and tracking housing maintenance complaints. The system informs the respective borough office within HPD's Division of Code Enforcement (Code Enforcement). Each complaint is assigned a priority level that is used to determine how soon the complaint should be addressed by HPD. A complaint can be prioritized as being dire, an emergency, or a non-emergency.

HPD attempts to inform the last validly registered building owner of the complaint via telephone or email. In addition, HPD attempts to call the tenant to determine whether the conditions have been corrected. If the tenant states that the conditions have been corrected, the complaint is closed in HPDInfo. If the tenant cannot be reached or if he or she states that the condition still exists, Code Enforcement sends an inspector to conduct an inspection.

For an emergency or non-emergency complaint, one attempt to gain access is generally made. For a dire complaint, two attempts are generally made. A complaint is closed in HPDInfo if an inspector is unable to inspect the premises.

If an inspector finds violations, an owner will be issued a Notice of Violation (NOV). Violations are classified according to hazard classes A (non-hazardous), B (hazardous), or C (immediately hazardous). According to the Mayor's Management Report, HPD received more than 540,000 housing maintenance complaints, conducted more than 660,000 inspections, issued more than 385,000 violations, and closed more than 540,000 complaints each year during Fiscal Years 2012, 2013, and 2014.

Results

The audit found weaknesses in HPD's handling of housing maintenance complaints and that it needs considerable improvement. While HPD has established informal timeliness benchmarks for addressing housing maintenance complaints and procedures for contacting tenants to determine whether the conditions about which they complained have been corrected, it needs to improve the oversight of its borough offices' performance to address the following weaknesses:

- Housing maintenance complaints were not consistently addressed in a timely manner based on HPD's informal goals;
- Certified lead paint violations were not consistently re-inspected within 14 days;

- “No access” and “not reached” inspection results were not monitored effectively;
- There were inadequate controls for the follow up of tenant challenges to owners’ claims of having corrected the violations;
- Controls over owner certifications need to be strengthened;
- There was no goal for the re-inspection of certified non-lead-paint violations; and
- There were inadequate procedures for supervising inspectors.

In addition, based on HPD’s difficulties in enforcing NOVs, the audit recommended that HPD consider the option of seeking authority to use an administrative tribunal to supplement its enforcement of housing regulations. The audit also recommended that HPD consider improving inspection efficiency by reallocating resources to update the portable devices used by inspectors in the field to record inspection results.

To address these issues, the report made a total of 21 recommendations, including the following:

- HPD should monitor complaints more closely to ensure that they are addressed in a timely manner.
- HPD should monitor the timeliness of its re-inspections of certified lead paint violations more closely to better ensure that they are addressed within established timeframes.
- HPD should ensure that borough offices follow the agency’s procedures when inspectors are unable to gain access to premises to conduct inspections.
- HPD should ensure that all boroughs record the receipt of tenant calls informing HPD that conditions have not been corrected and the receipt of Notice of Receipt of Violation Certifications (Tenant Challenge forms) in HPDInfo.
- HPD should revise its procedures instructing supervisors how to conduct field checks in order to provide detailed guidance to the borough offices. These procedures should include, among other things, how often field checks should take place and how they should be documented.

In its response, HPD officials stated that they agreed with 11 of the audit’s 21 recommendations, partially agreed with 6, and disagreed with 4.

Audit Follow-up

HPD reported that 17 recommendations have either been fully or partially implemented or are in the process of being fully or partially implemented, and that the agency continued to disagree with the remaining four recommendations.

HUMAN RESOURCES ADMINISTRATION

Audit Report on the Human Resources Administration's Monitoring and Disposition of Complaints Made Against Home Care Attendants

Audit # MD13-085A

Comptroller's Audit Library #8328

Issued: November 5, 2014

Monetary Effect: None

Introduction

This audit determined whether the Human Resources Administration (HRA) had adequate controls over the recording, tracking and follow-up of complaints against home care attendants.

HRA's Home Care Services Program (HCSP) provides access to Medicaid-funded long-term care programs designed to help elderly or disabled individuals remain safely at home rather than in a nursing home or other institution. One of the long-term care options offered by HCSP is the Personal Care Program, which provides home attendant and/or housekeeping services to clients who are in stable condition but are having difficulty with at least one or more activities of daily life. HRA has contracts with 50 home care vendors to provide personal care services. The primary way HRA receives complaints about the home attendants is through its telephone hotline. In addition, when complaints are made to vendors, the vendors are required to report the complaints to HRA within 24 hours.

HRA's Central Tracking Unit (CTU) is responsible for the receipt, evaluation and monitoring of complaints made against home attendants. CTU uses its computerized-database, Medical Assistance Tracking Information System (MATIS), to record the details of complaints. CTU is responsible for ensuring that the vendors investigate all complaints and take appropriate corrective actions for substantiated complaints. HRA's Contract Unit also reviews complaints as part of its annual vendor evaluations to see how the vendors responded to complaints and what actions were taken by the vendors against the home attendants.

HRA's Personal Care Program cases have declined as most cases were transferred to Managed Long-Term Care (MLTC), a system that streamlines the delivery of long-term services to people who are chronically ill or disabled and who wish to stay in their homes and communities. These services, such as home care or adult day care, are provided through managed long-term care plans that are approved by the New York State Department of Health (NYSDOH). As of December 2013, HRA was responsible for approximately 4,000 clients. During Fiscal Years 2012 and 2013, HRA received 935 and 672 complaints, respectively.

Results

HRA has inadequate controls over the recording, tracking, and follow-up of complaints against home care attendants. The reliability of the complaint records in MATIS was questionable; some of the calls and complaints were missing while others were incorrectly categorized as information calls. For those complaints recorded in its database, vendors did not report the investigation results to HRA within the required timeframes in 22 percent of the cases reviewed. In addition, for the less severe complaints identified as Level II, III and IV complaints, HRA has limited controls in place to verify that the vendors accurately reported their investigation efforts. These deficiencies limit HRA's ability to ensure that all complaints are accounted for, thereby increasing the risk that complaints may not be properly investigated. This raises the prospect that conditions that may have an impact on the well-being of clients and necessitate corrective action may not be identified and addressed in a timely manner.

Under other issues, the audit found that HRA does not consistently take advantage of a feature in MATIS for recording the names and Social Security numbers of home care attendants against whom complaints have been lodged. By not tracking this information, HRA is limiting its ability to identify home attendants who are the subjects of complaints at a higher rate than normal.

To address these issues, the audit made eight recommendations:

- HRA should ensure that all active recipients of Personal Care Program services are recorded in MATIS so that all calls and complaints can be appropriately registered in MATIS to allow for effective complaint tracking and monitoring.
- HRA should track and maintain a record of all deletions in MATIS, including the reason for deletion and the system-generated ID numbers and should consider enabling a tracking system in MATIS to maintain an audit trail of deleted records.
- HRA should ensure that accurate data is used to determine a vendor's compliance with the reporting of the investigation results.
- HRA should review past compliance analyses and determine whether there are additional vendors that have been non-compliant and notify those vendors so that any underlying issues can be corrected.
- HRA should follow-up with all vendors regarding the late reporting of their investigation results to ensure that future investigations are completed and reported in a timely QATIS manner.
- HRA should investigate any material discrepancies between the vendors' Forms 2046 and the CTU Forms 2046. This will help to ensure the accuracy of the information in HRA records and help verify that the vendors removed any risk and appropriately addressed the complaint.
- HRA should consider periodically conducting field investigations of a sample of Level II, III, and IV complaints to ensure the accuracy of the vendor-reported information and that the vendor has performed a complete investigation.
- HRA should use the available fields in MATIS to record home attendant names and Social Security numbers so that it can perform more comprehensive analyses of complaints against home attendants.

HRA officials generally agreed with six recommendations and disagreed with the recommendations that they conduct additional analyses to determine whether any other vendors were non-compliant in reporting investigation results to HRA in a timely manner, and that they perform more comprehensive analysis of complaints against home attendants using the attendants' names and Social Security numbers.

Audit Follow-up

HRA reported that seven recommendations have either been implemented or are in the process of being implemented and has implemented the remaining recommendation by an alternative method. Instead of using available data fields in MATIS to record information on home care attendants names and Social Security numbers, HRA created new fields to capture and track home care attendants' information in the new database, QATIS.

HUMAN RESOURCES ADMINISTRATION

Letter Report on the Human Resources Administration's Monitoring of Its Employees Who Use an E-ZPass and Parking Permits While Driving City-Owned or Personally-Owned Vehicles on City Business

Audit # SZ15-065AL

Comptroller's Audit Library #8330

Issued: November 12, 2014

Monetary Effect: None

Introduction

The objective of this audit was to determine if the Human Resources Administration (HRA) is effectively monitoring its employees who use E-ZPasses and parking permits while driving City-owned or personally-owned vehicles on City business in accordance with applicable rules and regulations.

New York City requires that only those employees who exercise reasonable care in operating City-owned or personally-owned vehicles be allowed to use them to conduct City business. This requirement is outlined in the City of New York's "City Vehicle Driver Handbook" (the Handbook). Agency heads, through their agency's Agency Transportation Coordinator (ATC), must ensure that all employees assigned a City-owned vehicle either for full-time use or temporary use have been authorized to drive.

In addition, E-ZPasses should be issued only to authorized drivers who are responsible drivers. All E-ZPass usage must be reported to and monitored by the ATC. Drivers are allowed to use a City-sponsored E-ZPass only when conducting official City business and in connection with the approved use of a City government vehicle or an authorized personal vehicle. Subsequently, the driver must fill out a vehicle trip log detailing what the vehicle was used for and why it needed to be used so that accurate agency vehicle trip log books can be maintained. E-ZPasses are issued by the Metropolitan Transportation Authority/Bridges and Tunnels (MTA). The MTA sends detailed summary reports on travel to the designated agency E-ZPass representative for review.

Drivers must be aware of their agency's in-house procedures regarding the use of parking permits, including areas where City government vehicles are permitted to park. Parking permits must be properly displayed to ensure visibility through the windshield. Permits may only be used for official City business in connection with the assigned City government vehicle or an authorized personal vehicle, and only as described by the parking permit and any other accompanying instructions.

Results

The audit found that HRA monitored the use of E-ZPasses and parking permits by its authorized drivers in accordance with applicable rules and regulations.

In their response, HRA officials agreed with the report's conclusions.

COMMISSION ON HUMAN RIGHTS

Audit Report on the New York City Commission on Human Rights' Processing of Complaints

Audit # MJ13-110A

Comptroller's Audit Library #8343

Issued: March 2, 2015

Monetary Effect: None

Introduction

This audit evaluated the processes and timeliness in handling complaints alleging violation of the City's Human Rights Law by the New York City Commission on Human Rights (CCHR).

CCHR is responsible for enforcing the Human Rights Law, which prohibits discrimination in employment, housing and public accommodations based on race, color, creed, age, national origin, alienage, citizenship status, gender, sexual orientation, disability, marital status and partnership status. A person who believes that s/he has been the victim of discrimination within the City and who has not already filed a complaint with the New York State Division of Human Rights, the Equal Employment Opportunity Commission, or any other similar agency or court, may schedule an appointment or walk in to CCHR's office in lower Manhattan to enter a complaint with the Law Enforcement Bureau. This bureau is directly responsible for the intake, investigation, and prosecution of complaints alleging violations of the Human Rights Law.

Results

The audit found that while CCHR had established an informal system of internal practices and protocols for handling complaints that reflect key provisions of the Human Rights Law and CCHR's "Rules of Practice," it failed to meet its internally established benchmark for the time in which it investigates complaints. Less than half of the 593 cases that CCHR closed between January 1, 2012 and June 14, 2013, 291 (49 percent), were closed within the agency's one-year benchmark. For the remaining 302 (51 percent) cases, CCHR took an average of 427 days to complete investigations and close the cases. CCHR had not analyzed its case files to identify the key factors that affected its case processing and caused delays, nor developed any additional strategies to improve case timeliness. The timely disposition of legal matters is important, particularly in a discrimination case, where the discrimination may continue until the case is resolved. Moreover, peoples' memories become less acute the longer that a matter remains unresolved, so it may be more difficult for CCHR to bring a successful action against a respondent if it takes more than a year to determine whether probable cause of discrimination exists.

The audit also disclosed that CCHR lacked formal, written operating procedures for the handling and processing of complaints. Formal written procedures help to ensure that every person involved in a process understands the tasks that are to be accomplished and the acceptable methods to be used in performing those tasks. Finally, the audit noted that CCHR's Complaint Tracking System (CTS) lacked adequate data entry controls to ensure that input data is complete, accurate, and reasonable. If left uncorrected, this weakness could impede the reliability of data, especially case-related performance statistics reported annually by CCHR.

To address these weaknesses the audit made the following six recommendations:

- CCHR should conduct a formal assessment of its case files to determine and identify key reasons for case delays.

- Based on the results of that assessment, CCHR should develop strategies for alleviating or reducing those reasons for delay to create greater efficiency in the timely processing of cases.
- CCHR should identify and correct the data fields in CTS noted as having inadequate entry controls to ensure no further errors in data entry. Program changes should ensure that personnel are prevented from entering erroneous dates, and correct existing dating problems.
- CCHR should consider replacing its current CTS database or performing a comprehensive review of the system to identify existing problems and errors, and develop a systematic plan and timeframe for correcting those problems.
- CCHR should design and implement exception reporting to identify inaccurate data entries or rejected transactions.
- CCHR should ensure that it has clearly defined policies and operating procedures in place to address the handling of complaints and case files. These policies and operating procedures should establish at least a minimum acceptable set of requirements that reflect the Human Rights Law, Title 47 of the Rules of the City of New York, and Comptroller's Directives.

In its response, CCHR officials generally agreed with 4 of the 6 recommendations (3, 4, 5, and 6) made in this audit. However, the agency failed to directly respond to two others (1 and 2) which concerned the need for CCHR to assess and identify key causes of case delays and to develop strategies for effectively addressing those issues.

Audit Follow-up

CCHR reported that it is in the process of implementing the four recommendations with which it agreed. CCHR stated that it has implemented several changes to the Law Enforcement Bureau which will improve the timely processing of cases.

MAYOR'S OFFICE

Audit Report on the Operating and Financial Practices of the Mayor's Office of Film, Theatre and Broadcasting

Audit # FM14-054A

Comptroller's Audit Library #8337

Issued: January 5, 2015

Monetary Effect: Potential Revenue: \$2.9 million

Introduction

This audit focuses on the extent to which the fees charged for permits by MOFTB enable the City to recoup costs incurred for filming activities

The Mayor's Office of Film, Theatre and Broadcasting (MOFTB) was created to make film production easier in the City by providing one office where film production companies can obtain all of the necessary permits to film at locations throughout the City. Through these permits, production companies obtain, among other benefits, parking for their trucks, street and sidewalk closures, and police assistance. MOFTB also coordinates with various City agencies to provide free exterior locations and the assistance of the New York City Police Department (NYPD) Movie/TV Unit for film production. .

Results

In Fiscal Year 2013, the direct costs incurred by the City to provide services to film production companies were at least \$3.9 million. However, MOFTB only collected \$1 million from the \$300 per project fees charged, resulting in a deficit of \$2.9 million which was absorbed by the City. Had MOFTB charged a fee of \$593, the cost associated with each project that was identified in a cost analysis conducted by MOFTB and approved by OMB, it would have generated another \$1 million in revenue to the City. In addition, MOFTB did not bill \$1.9 million to the film production companies for police assistance costs incurred during filming.

The audit also noted that in addition to providing lower permit fees to the film companies and absorbing a significant portion of the film services cost, the City provided over \$3 million in free advertising, but only required the production companies to donate approximately \$98,000 to cultural institutions.

The audit makes four recommendations, including that MOFTB:

- Consider structuring permit fees on a sliding scale taking into consideration the size and duration of the projects.
- Consider increasing the permit fees so that application and police assistance costs incurred by the City are recovered.
- Determine the best method for recouping costs associated with the NYPD Movie/TV Unit.
- Reevaluate its program offering free advertising; if the program goes forward; consider tying advertising discounts to a comparable donation to charitable institutions.

In its response, MOFTB noted that while none of the findings in the report reflect any financial or operational discrepancies or deficiencies, MOFTB "is always looking for ways to improve service and reduce costs and . . . will consider the audit recommendations as [it] continue[s] to review the services of the program with respect to the overall fee structure and intent." Further, MOFTB noted that "[i]t's been a long standing policy of the City to streamline processes and not impose fees to the extent possible in order to encourage film and television production in New York City

based on a commonly accepted understanding that such activity inures to the overall economic well-being of the City. Nevertheless the report did set forth several policy recommendations to allow the City to recoup costs for film and television production activities.”

Audit Follow-up

MOFTB reported that it will not be implementing the audit's recommendations.

MAYOR'S OFFICE

Audit Report on the Administration of the New York City Build It Back Single Family Program by the Mayor's Office of Housing Recovery Operations

Audit # FM14-115A

Comptroller's Audit Library #8346

Issued: March 31, 2015

Monetary Effect: Potential Savings: \$245,000

Introduction

This audit determined whether the Mayor's Office of Housing Recovery Operations (HRO) had proper controls in place to ensure the appropriate, prompt and efficient delivery of services to applicants for benefits under the New York City Build it Back (BIB) Single Family Program during the period from June 1, 2013, to August 1, 2014. After Hurricane Sandy, the City launched the BIB program to carry out long-term residential reconstruction proposed as part of the United States Department of Housing and Urban Development Community Development Block Grant-Disaster Recovery initial Action Plan (Action Plan). Pursuant to the Action Plan, the City proposed using more than one billion dollars in federal funds to pay for the City's reconstruction initiatives, including the Single Family Program, which was specifically designed to assist owner-occupants of properties with one to four units affected by Hurricane Sandy. During its open registration period from June 3, 2013, to October 31, 2013, HRO received approximately 19,500 registrations for the BIB Single Family Program.

On July 3, 2013, the City entered into a \$50,219,564 contract with Pennsylvania-based consultant Public Financial Management (PFM) under which PFM was to provide oversight and management of BIB subcontractors from June 24, 2013, to June 23, 2015. PFM's contract required it to engage the services of three subcontractors who were to carry out the BIB program's day-to-day operations under PFM's direction: URS Group, Inc. (URS); Solix, Inc. (Solix); and the Center for New York City Neighborhoods (CNYCN). Pursuant to the contract with PFM, these three subcontractors would collectively provide applicant/customer support operations, eligibility review, and counseling services, while PFM was responsible for overall project management, subcontractor supervision, billing and reporting to HRO. HRO terminated PFM as the BIB program project manager on December 16, 2013.

As of March 9, 2015, HRO had approved payments to PFM in the amount of \$17,249,281, \$4.4 million of which was paid to PFM on behalf of its subcontractors after PFM ceased to function as the project manager. Also as of March 9, 2015, URS and Solix have submitted an additional \$17.6 million in invoices, \$4.7 and \$12.9 million, respectively, which remain unpaid pending the registration of a contract or assignment covering this work with the Comptroller's Office.

Results

HRO failed to implement proper controls to ensure the appropriate, prompt and efficient delivery of services to applicants for benefits under the BIB Single Family Program. Specifically, HRO failed to effectively monitor the work of the multiple consultant companies hired to carry out the program. In addition, as HRO repeatedly changed program procedures and policies, it failed to adequately memorialize these changes in contract amendments, assignments or other documents that would ensure that the changes were adhered to and enforceable. Furthermore, HRO failed to ensure that consultants effectively notified and trained their staffs about program changes, failed to provide quality control over their implementation, and did not track the effects of the changes on the efficiency of the BIB program over time.

As a result, by December 31, 2013, seven months after the program began accepting applications and over a year after the storm devastated homes along the coast of New York City, only 960 of the roughly 20,000 program applicants had met with HRO to discuss the options available to them through the BIB program; and zero applicants had actually received any program benefits. As of August 1, 2014, nearly two years after the storm hit New York and fifteen months after the BIB program began accepting registrations, only 686 applicants had received any type of benefits.

This audit further found that HRO authorized \$6.8 million in payments for work that did not conform to program requirements set out in PFM's contract with the City, including payment of \$3.5 million for initial applicant meetings held without the contractually mandated proof that registrants had provided complete application information and payment of \$3.3 million combined to URS and Solix for their respective billings related to incomplete applications that URS prematurely submitted to Solix for eligibility reviews. In addition, HRO failed to properly review invoices and supporting documentation and approved payments of \$1.2 million for "on-demand" staffing where consultants did not submit the detailed weekly activity reports required by PFM's contract with the City. The audit also found that HRO's failure to properly review invoices led them to approve approximately \$245,000 in duplicate payments.

Finally, though many improvements were made to the BIB program after January 2014, numerous critical service problems persisted up to and through our audit period. As reported by applicants who testified during the Comptroller's Hurricane Sandy public hearings and by applicants that the Comptroller's Office interviewed in connection with this audit, delays and inefficiencies continue to frustrate many applicants. And because HRO has not formally registered any new contracts to regulate the BIB program's operations since relieving PFM of its duties at the end of 2013, the City remains deprived of its primary means of control over program costs and operations, thereby increasing the risks of higher cost and inefficient services.

To address these issues, the audit made 16 recommendations, 13 of which are recommendations to HRO and three which are recommendations to the Mayor's Office. The recommendations include:

- HRO should not solely or primarily delegate responsibility for the oversight and implementation of the BIB program to private consultant companies. City staff should be actively involved in all aspects of the program to directly monitor services provided to applicants and to ensure the program is carried out appropriately.
- HRO should finalize contract assignments with those consultants that previously operated as subcontractors to PFM and promptly register those contracts with the Comptroller's Office.
- HRO should review the qualifications of any future hires made by URS and other consultants who work on the BIB program to ensure that candidates meet the educational and experience requirements mandated by their contracts.
- HRO should thoroughly review invoices to ensure that HRO does not make duplicate payments to consultants. In any instances where HRO determines that it has made duplicate payments, HRO should seek to recover overpayments to the consultants immediately.
- Based on the experience of the City with the Build it Back program and responses undertaken by the City to recent emergencies, the Mayor's Office should assess the best ways for the City to prepare to address future emergencies and implement any necessary rule changes related to procurement and contract oversight to ensure that contracts for necessary goods and services are in place, that the City gets the best possible prices, and that those contracts are fully enforced.

HRO officials submitted a written response to our audit Draft Report on March 25, 2015, in which it endorsed recommendations made by the Comptroller and further stated that “[t]he City is generally in agreement with the [Comptroller’s] Findings related to delays, applicant frustration, and the start-up of the Program.” HRO maintains that it fully implemented six of the Comptroller’s recommendations in 2014 and that it is in the process of implementing the remaining seven, and that it had previously dealt with the matters that were the subject of the audit in its 2014 report titled, One City, Rebuilding Together.

Audit Follow-up

HRO reported that all of the audit’s recommendations have been implemented.

METROPOLITAN TRANSPORTATION AUTHORITY

Audit Report on the New York City Transit Authority's Track Cleaning and Painting of Subway Stations

Audit #FM14-071A

Comptroller's Audit Library #8362

Issued: May 14, 2015

Monetary Effect: None

Introduction

This audit examined whether the New York City Transit Authority (NYCT) is meeting its internal goals for performing track cleaning and painting in subway stations. NYCT operates the largest public transportation system in North America. The New York City subway system (subways and rapid transit) is composed of 659 passenger track miles, on which it operates 6,311 subway cars on 21 subway lines and 3 shuttle lines that pick up and discharge passengers at 467 active stations within four of the five City boroughs. In 2013, total annual subway ridership was approximately 1.708 billion people, an increase of 3.2 percent from 2012 to 2013.

NYCT had a total operating revenue in 2013 of approximately \$4.45 billion. Of this, subway fare revenue generated \$3 billion. In addition, the subway system also generated a portion of NYCT's total \$145 million in advertising revenue and a portion of NYCT's \$63 million in expired MetroCard revenue. NYCT's overall operating revenue increased by 34 percent between 2008 and 2013, including a 28.2 percent increase in subway fare revenue.

In 2013, NYCT spent \$240 million of its operating budget for maintenance and cleaning of subway stations, using 2,485 hourly salaried employees to perform the maintenance and cleanings. In addition, another 278 operations supervisors ensure that subway stations are properly maintained in a clean, safe and sanitary condition. The percentage of the MTA's operating funds spent on station maintenance and cleaning has decreased from 6.3 percent in 2008 to 5.4 percent in 2013.

In 2012, NYCT started "Fastrack," a subway maintenance, cleaning and repair program under which segments of subway lines are shut down to the riding public to provide NYCT employees with the opportunity to accomplish a magnitude of work that would be difficult to do during regular business hours when a high volume of customers and trains pass through the stations. The top to bottom painting of a station (painting of the platforms, mezzanines, and stairwells) is scheduled to be done when a station is closed due to the Fastrack program. This type of painting may be also done as part of a capital improvement to a station.

Results

The audit found that NYCT's station painting and track cleaning efforts were insufficient to meet agency goals and as a result, the physical appearance of stations, with regard to their track cleanliness and their painting, remains poor. Neither track cleaning nor station painting are adequate to meet NYCT's cleaning goals. The audit recommends that NYCT consider upgrading its track cleaning equipment and reprioritize Fastrack station painting to address the deficiencies we found. The audit also recommends that the agency consider adding staff and resources to enhance its cleaning programs.

MTA and NYCT officials did not dispute the report's findings and recommendations and described steps they have taken to implement the report's recommendations.

Audit Follow-up

The MTA reported that all of the audit's recommendations have either been implemented or are in the process of being implemented.

METROPOLITAN TRANSPORTATION AUTHORITY

Audit Report on the Performance of New York City Express Buses Operated by the Metropolitan Transportation Authority

Audit # MH13-118A

Comptroller's Audit Library #8351

Issued: April 22, 2015

Monetary Effect: None

Introduction

This audit determined whether the Metropolitan Transportation Authority (MTA) adequately monitored the performance of its express buses with respect to on-time performance, wheelchair lift functionality, and customer satisfaction.

The MTA was created in 1965 as a public-benefit corporation chartered by the New York State Legislature. New York City Transit (NYCT), one of the several agencies that comprise the MTA, operates and maintains the City's subways and some of the bus service lines (local and express). The MTA Bus Company (MTA Bus), another agency that is part of the MTA, was created to assume the operations of seven privately operated bus companies that ran both local and express bus lines under agreements with the City's Department of Transportation. MTA Bus and NYCT are each responsible for the operation and maintenance of their own local and express bus fleets.

Based on data obtained from the MTA, MTA Bus and NYCT operated a fleet of 509 and 508 express buses, respectively, as of January 5, 2014, with annual ridership of 9,023,396 and 11,544,719, respectively, for Calendar Year 2013.

Results

The MTA does not have on-time performance targets for the percentages of buses that it expects should be on time. However, it does have criteria by which it measures timeliness for a scheduled pick-up. The audit's field observations found that 31 percent of sampled express buses were not on time, based on the MTA's criteria for timeliness. Additionally, the MTA does not publicly report progress towards meeting its targets for reliable express bus service. The MTA has developed two bus performance indicators—*percent of bus trips completed* and *mean distance between failures*—to measure how well it is attaining its goal of service reliability. When reporting bus performance, however, it combines the results for express buses with those of the much larger population of local buses. Consequently, the riding public has no means of assessing express bus service performance.

In May 2014, the MTA completed its implementation of a computer program called Bus Trek, which uses GPS-generated data to track the location of its local and express buses in real-time. With Bus Trek, the MTA now contends that it has the ability to track the on-time performance for express buses on a regular or consistent basis. The agency, however, has still not developed on-time performance targets for express bus service.

The audit also found that the MTA has not developed a standard methodology for conducting routine checks of wheelchair lifts on express buses, increasing the risk that deficient inspections may occur and personnel will not identify and correct problems with lifts in a timely manner.

Subsequent to the initiation of this audit, the MTA overhauled its tracking of customer complaints to enable it to better evaluate customer satisfaction with its express bus service. In April 2014, the MTA rolled out the Customer Relationship Management (CRM) system, which is designed to enable the MTA to track customer complaints more effectively. The MTA expects that the CRM

system will allow the agency to better identify persistent service issues raised by customers and take steps to address them in a timelier manner.

To address these issues, the audit made the following five recommendations:

- The MTA should continue to utilize Bus Trek to modify and improve express bus schedules so that they are more reliable.
- The MTA should develop on-time performance and other performance targets for its express buses and publicly report progress toward meeting those targets.
- The MTA should update its cycling directive to include procedures for the wheelchair lift inspection of the express buses currently used in its fleets.
- The MTA should ensure that the updated cycling directive is communicated to all necessary officials and followed.
- The MTA should continue to utilize CRM in tracking express bus service complaints so that it can more effectively determine trends and patterns that need to be addressed.

MTA officials agreed with four of the audit's five recommendations. Officials did not indicate whether they agreed with our recommendation that the MTA develop performance targets for its express buses and publicly report progress toward meeting those targets.

Audit Follow-up

The MTA reported that it has either implemented or is in the process of implementing all of the audit's recommendations.

METROPOLITAN TRANSPORTATION AUTHORITY

Audit Report on the Processing of MetroCard Claims by New York City Transit

Audit # MJ14-077A

Comptroller's Audit Library #8344

Issued: March 5, 2015

Monetary Effect: None

Introduction

This audit was conducted to determine whether New York City Transit (NYCT) had adequate processes and procedures in place to ensure the prompt handling of customer MetroCard claims received by the MetroCard Customers Claims (MCC) unit. The audit also determined whether NYCT sufficiently monitors and measures its performance in responding to such claims to identify and correct potential weaknesses and enhance customer service.

NYCT is the largest component agency of the Metropolitan Transportation Authority's (MTA) regional transportation network. The MetroCard is the MTA's automated fare collection medium and is accepted in all NYCT subway stations and on buses. If a MetroCard is damaged or expired, a customer can generally go to a station booth and request that the station agent transfer any remaining balance to a new card for up to one year after the card's expiration date. However, in certain situations, if a MetroCard is either too damaged for the agent to read, or more than one but less than two years past its expiration date, a customer can seek card replacement or reimbursement by submitting a claim to NYCT either by mail, in person, online, or by phone. The MCC unit is directly responsible for receiving, investigating and processing all such claims.

In Calendar Year 2013, NYCT received 405,521 MetroCard claims. As of December 31, 2013, the MCC unit had processed 382,239 (94 percent) of them, resulting in customer reimbursements totaling approximately \$6.8 million.

Results

The audit found that NYCT's MCC unit had strong controls in place throughout all phases of its processing of MetroCard claims. In addition, the MCC unit closely monitored and measured its performance in responding to MCC claims. However, the thoroughness of these controls slowed the NYCT's processing time, making it difficult for NYCT to expedite claims. Accordingly, based on its current protocols, the MCC unit's stated goal of 14 days to close out claims is neither realistic nor attainable. In Calendar Year 2013, 94 percent of the MetroCard customer claims that NYCT received were processed and closed. However, on average, NYCT took more than two months (or 67.6 days) to process more than 80 percent of those claims. The MCC unit had requested that additional personnel temporarily assigned by NYCT to the MCC unit be permanently assigned to address this issue.

To address the findings raised in this audit, the audit recommends that NYCT management consider approving the MCC unit's request to provide additional staffing to meet the needs of the unit and to enhance MetroCard claims processing.

NYCT officials stated that they have implemented the audit's recommendation.

Audit Follow-up

The MTA reported that NYCT's Office of Management and Budget approved four additional positions for the MCC unit.

METROPOLITAN TRANSPORTATION AUTHORITY

Letter Report on the Wireless Voice and Data Services in New York City's Subway System as Provided by Transit Wireless

Audit # SZ15-062AL

Comptroller's Audit Library #8347

Issued: April 6, 2015

Monetary Effect: None

Introduction

The objective of this audit was to determine whether the wireless voice and data communication system installed by Transit Wireless (TW) within certain New York City subway stations (including platforms, mezzanines, and various points within public access passageways) operates effectively. This audit is the first in a series of audits of the ongoing installation of cellular and wireless services in the New York City subway system.

In 2007, following a request for proposals process, the Metropolitan Transportation Authority's (MTA) Board awarded a license agreement to TW that granted an exclusive license to provide commercial cellular/PCS and Wi-Fi service in 277 underground subway stations. Under the agreement, TW acts as a neutral host, constructing the distributed antenna system within the stations (excluding the tunnels between stations) and sub-licenses rights to use that system to cellular carriers, Wi-Fi providers, and other network users.

TW installs equipment and antennas at each underground station to provide cellular and Wi-Fi coverage throughout public areas. The in-station equipment and antennas are linked by fiber optic cables to TW trunk fiber optic cables, which run through the streets and connect back to a base station hotel (hub) that houses the head-end equipment for TW, the cellular carriers, Wi-Fi providers, and New York City Transit (NYCT).

TW reportedly installed the wireless network in 47 underground subway stations in Manhattan, including major station complexes such as Times Square and Grand Central, and is currently installing its network in 15 underground stations in Queens. All 277 underground stations in New York City are contractually required to be in service by the end of 2017.

Results

The audit found that the wireless voice and data communication system currently installed by TW within the 47 subway stations we tested (including platforms, mezzanines, and various points within public access passageways) operates as intended. The audit recommends that the MTA, NYCT, and TW continue their current plan to provide voice and data service to the remaining 230 underground New York City subway stations.

In its response, NYCT stated that it "acknowledges and accepts the conclusion of the attached draft audit of NYCT's Wireless Voice and Data Service. Please note that we also acknowledge the continuation of the comptroller's testing of the availability of wireless connections as we continue to install this service at all 277 underground stations."

Audit Follow-up

The MTA and NYCT reported that the audit's recommendation is in the process of being implemented. The MTA and NYCT also stated that it has added an additional 35 stations for a total of 82 stations with commercial cellular/PCS and Wi-Fi service.

MULTI-AGENCY

Review of the Management and Fiscal Controls over the City's ECTP Upgrade to Its Emergency 911 System

Audit # SR15-063S

Comptroller's Library #8319

Issued: August 6, 2014

Monetary Effect: None

Introduction

The purpose of the review was to examine the history of the Emergency Communications Transformation Program (ECTP), including its oversight structure and financial management.

On May 19, 2014, Mayor Bill de Blasio announced a halt to major work on ECTP and pending reviews of various aspects of the project by the Department of Information Technology and Telecommunications (DoITT), the Department of Investigation (DOI), and New York City Comptroller Scott M. Stringer. The administration asked the Comptroller to conduct a review of ECTP.

The ECTP was announced in April 2004. The primary objective was to integrate the emergency response functions of the NYPD, the FDNY and its EMS Bureau into a single facility at a new Public Safety Answering Center (PSAC 1) and to create a second facility, PSAC 2, and built at another location as an identical backup to PSAC 1. In addition, the City sought to modernize and strengthen the 911 network, improve data-sharing among agencies, promote better coordination of emergency responses and improve the deployment of resources to the scenes of emergencies.

Results

The review found that the ECTP's governance was inappropriately structured, overly reliant on consultants and ineffectively monitored, which resulted in a failure to achieve full agency participation and coordination. Instead of strong City governance, the project outsourced critical responsibilities to consultants who were insufficiently accountable to the City. In part as a consequence of inadequate governance, the project has taken far longer than anticipated, stretching from the initial estimate of five years to the current estimate of fifteen years, with the end date now projected to be 2018.

The review found that project delays and cost overruns mounted as technical and other difficulties emerged and the existing governance structure, the project consultants, and assigned personnel proved inadequate to address the project's needs. These problems did not go unnoticed. As the ECTP failed to deliver critical products on time and on budget, various reports and analyses were produced with a myriad of recommendations for improvement. Just three years into what was supposed to be a five-year project, DoITT recommended rebidding the main contract for system integration services, which had been let to Hewlett-Packard (HP). However, DoITT's recommendation and many of those provided in connection with the audits, investigations and expert studies were not acted upon in a timely manner—if at all—leading to further delays and increased costs.

The review also found a lack of transparency into the City's expenses on the ECTP and its prior related emergency system technology upgrades. As a result, the project's full cost was not fully disclosed to the public. In 2004, the ECTP's estimated capital cost was projected to \$1.345 billion. By July 2014, the estimated cost had soared by 73 percent, to \$2.326 billion. Even then, the Comptroller's review found that these capital cost estimates were understated by at least \$39

million, which reflects two contracts that do not appear to have been included as part of prior ECTP cost estimates.

Moreover, the reported capital cost estimates would not take into account the operating expenses—expenses that were and will continue to be incurred by DoITT and the other City agencies involved with the ECTP development and operations. ECTP maintenance costs alone are projected to cost DoITT \$50 million in Fiscal Year 2015.

In addition, the review found that the ECTP costs estimates do not appear to have fully accounted for costs to upgrade the 911 system incurred by the City prior to the ECTP for technology developments that were included as part of the ECTP. Only by including those expenditures can the complete capital cost to the City of the ECTP be known.

When all of the above factors are taken into consideration—previously unaccounted for capital contracts, operating expense budget items, and relevant prior technological enhancements relied on by the ECTP—our preliminary review indicates that the total cost to the City for the ECTP may have been understated by in excess of \$200 million.

The absence of complete information about the total cost of the ECTP has hindered the City's ability to properly evaluate, plan for and manage an extremely complex multi-billion dollar project. Decisions about project scope, technology, outsourcing and product choices, vendor selection and change order approvals should have been supported by complete information. Further, full transparency was needed to ensure that past operational and management failures were used as a basis for project planning and vendor selection.

To help address the issues encountered in the ongoing development of the ECTP and other active or future IT projects the review offers the following recommendations:

- The City should impose a project governance structure on the ECTP that ensures that the City proceeds with a single vision, direct control, the ability to make decisions quickly and the authority to see that they are carried out. Such authority should not be delegated or outsourced to consultants who are not answerable to the public. Neither should it be vested in so many City stakeholders that they are unable or unwilling to act quickly and efficiently in a coordinated manner.
- The City should assign appropriate technical experts employed directly by the City to closely monitor the project in order to advise the contract's governance committee on the project's status and to make timely decisions.
- The City should properly disclose and consider all costs associated with the project in order to make fully informed decisions about its scope and progress.
- The City should ensure that City agency personnel properly review the consultants' timesheets and vendors' invoices before authorizing the City to make payments to contractors.
- The City should implement the controls set forth in Comptroller's Directive #31 on all future contracts for technology services and seek amendment of any existing contracts for technology services to conform with the Directive.

MULTI-AGENCY

Letter Report on Accuracy of Unused Accrued Leave Payouts when New York City Managerial Employees Separate from City Service

Report # SR15-104S

Comptroller's Library # 8359

Issued: March 11, 2015

Monetary Effect: None

Introduction

This letter report was issued to advise the Department of Citywide Administrative Services (DCAS) of internal control weaknesses regarding the accuracy of unused accrued leave payouts when New York City managerial employees separate from City service. According to time and leave regulations established by DCAS, management employees are entitled to payment for unused accrued leave when they separate from City service or when they transfer to a non-Mayoral City agency that does not accept all of their total leave balances. The Management Lump Sum (MLS) unit in the Comptroller's Audit Bureau reviews agency submissions for these requests for payment of unused accrued leave in accordance with Chapter 5 §93 of the New York City Charter and Comptroller's Internal Control and Accountability Directive #14. In Fiscal Years 2012, 2013, and 2014, these reviews have saved the City \$755,844, \$600,183 and \$933,351 respectively.

However, in conducting these reviews, common errors made by agency personnel were noted. These errors include:

- Errors made in converting work days to calendar days, including counting the wrong number of calendar days or using the incorrect date to begin the conversion process;
- Not adjusting payments for excess use of annual leave during the final 12 months of employment;
- Incorrect leave accrual and/or final leave balance; and
- Errors in monetary calculations.

Based on these and other errors, the report had recommended in June 2010 that DCAS develop a training course for City personnel involved in the processing and preparing of Managerial Leave Balance Payments. Although DCAS agreed with this recommendation, no such training was developed. The report is now repeating this recommendation since monetary errors continue to occur.

MULTI-AGENCY

Review of Managerial Lump-Sum Payments

Monetary Effect: Actual Savings: \$774,201

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

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

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

For Fiscal Year 2015, those audits of the managerial lump-sum requests submitted by City agencies resulted in a savings to the City of New York of \$774,201.

Total number of claims in Fiscal Year 2015	634
Total amount of agency-prepared lump-sum claims	\$ 18,647,123
Total amount of lump-sum claims approved for payment	\$ 17,872,921
Claims correctly prepared by the agency	382
Claims reduced during audit	219
Claims increased during audit	33
Claims denied	0
Total dollar value of agency overpayments, before audit	\$ 780,406
Total dollar value of agency underpayments, before audit	\$ 6,205
Net Savings resulting from audit	\$ 774,201

MULTI-AGENCY

Reviews of High Risk Welfare Fund Payment Vouchers

Monetary Effect: Actual Savings: \$ 166,042*
 Potential Savings: \$ 70,921

Comptroller’s Directive #8 (Special Audit Procedures for High Risk Payment Voucher), sets forth uniform procedures City agencies must follow when processing payment of high risk vouchers. The Bureau of Audit conducts a post review to determine if these payments were accurate.

The Bureau of Audit reviews a sample of payments made by City agencies to various unions covering welfare and annuity benefits for active and retired employees to ensure that the payments are in compliance with provisions contained in more than 600 agreements, and, conform to the terms and conditions of Office of Labor Relations (OLR) stipulations, Personnel Orders, and Office of Collective Bargaining decisions. Letter reports are only issued to agencies when monetary errors are found during the review.

During Fiscal Year 2015, two letter reports were issued to the Office of Labor Relations.

	Number of Vouchers	Amount
Total Number of Vouchers reviewed:	3,413	\$443,498,852
Vouchers – no errors:	3,046	\$165,089,537
Vouchers – with errors:	367	\$278,409,315
Overpayments:		\$ 219,947
Underpayments:		\$ 0

*Collections during Fiscal Year 2015 totaled \$166,042. Part of the collection amount, \$17,016 is from overpayments identified in previous years. Agencies recouped this amount by check from the appropriate fund or by deducting the overpayment from subsequent payment vouchers,

DEPARTMENT OF PARKS AND RECREATION

Audit Report on the Department of Parks and Recreation's Street Tree Pruning Program

Audit # MD13-107A

Comptroller's Audit Library #8320

Issued: August 15, 2014

Monetary Effect: Potential Savings: \$4,230

Introduction

This audit determined whether the Department of Parks and Recreation (DPR) had adequate controls over the street tree pruning process engaged in by private vendors under contract with DPR.

DPR's Forestry Division oversees its Street Tree Pruning Program (also known as the Block Pruning Program) and is responsible for maintaining approximately 650,000 trees along City streets and parkways (street trees). The Forestry Division has a Borough Forestry Office in each of the five boroughs assigned to maintain the trees within its respective borough. This audit focused on street tree pruning performed by private contractors for trees of five inches in diameter or greater.

Pursuant to contracts with DPR, the contractor who plants the trees has initial responsibility for the care and maintenance of street trees for the first two years after they are planted. Thereafter, DPR personnel are responsible for emergency pruning of street trees and for pruning trees that are less than five inches in diameter. DPR enters into contracts with private vendors that require them to prune street trees that are five inches or greater in diameter.

Each year, DPR sets a goal for the number of street trees five inches in diameter or more to be pruned based on available funding, average pruning cost, and the previous year's performance. DPR estimates that at its current rate of operation, it will take between 10 to 12 years to prune all eligible trees in the current pruning cycle.

Results

DPR has inadequate controls over its street tree pruning process. Four of the five Borough Forestry Offices—the Bronx, Brooklyn, Manhattan, and Staten Island—had weaknesses that increased the risk that trees requiring pruning would not be pruned. This increased the risk of injuries to people and property from falling limbs. As a result, there was also an increased risk of the City being held liable for any personal injuries and property damage that occurs.

The audit specifically found that the Manhattan and Staten Island Forestry Offices did not prepare detailed lists of trees requiring pruning for their contractors and did not have evidence that they conducted post-pruning inspections of the contractors' work. The audit also found that the Brooklyn and the Bronx Forestry Offices erroneously included undersized trees in their lists that should not have been pruned pursuant to the pruning contracts. These findings were of particular concern because the absence of accurate lists of trees in need of pruning by the contractors hindered the Borough Offices' ability to direct and monitor the contractors' work. Furthermore, using funds to pay for the erroneous pruning of undersized trees meant that trees that are five inches or greater in diameter that needed pruning would not receive it during that year.

In addition, DPR did not have adequate controls to ensure that it paid for pruning services that were actually provided. For instance, in the sample of trees reviewed for Manhattan and Staten Island, 20 percent of funds (totaling \$4,230) paid to contractors were paid for trees that were either ineligible under the contract or did not appear to have been pruned at all. The audit also

found that the Manhattan Forestry Office did not have a methodology in place to systematically track the streets where pruning was supposed to have been done by the contractor, which made it difficult for DPR to ensure that no streets have been omitted during a given pruning cycle.

To address these issues, the audit made six recommendations:

- DPR should ensure that accurate, detailed lists of trees that meet the minimum size requirement and require pruning are prepared, including the tree's specific location, and that these lists are provided to the contractors to direct their pruning.
- DPR should ensure that post-pruning inspections are performed and documented, verifying the adequacy of the pruning and confirming pruned trees meet the contract specifications.
- DPR should ensure that adequate reconciliations of the contractors' invoices are executed to make certain that payments are made only for trees meeting the contract specifications.
- DPR should ensure that the Manhattan Forestry Office tracks the streets that have been pruned by the contractor to help ensure that no streets are missed and that all trees in need are pruned.
- DPR should investigate and attempt to recoup the money that was paid for the trees that were less than five inches in diameter or that were not pruned.
- DPR should refer to the Department of Investigation any evidence DPR finds of an intentional falsification of invoices by a contractor.

DPR officials generally agreed with the audit's recommendations but disagreed with the audit's conclusion that DPR has inadequate controls over its contract pruning program.

Audit Follow-up

DPR reported that it has either implemented or is in the process of implementing all of the audit's recommendations.

DEPARTMENT OF PARKS AND RECREATION

Audit Report on the Department of Parks and Recreation's Controls over Its Disaster-Related Costs That Could Be Reimbursed by the Federal Emergency Management Agency

Audit # ME14-083A

Comptroller's Audit Library #8383

Issued: June 29, 2015

Monetary Effect: Potential Savings: \$103,992

Introduction

This audit determined whether the Department of Parks and Recreation (DPR) had adequate controls in place to ensure that it receives the Superstorm Sandy-related reimbursement from the Federal Emergency Management Agency (FEMA) to which it is entitled. The audit's primary scope was Fiscal Years 2013 and 2014. Certain audit information was updated to include Fiscal Year 2015 data.

DPR maintains a municipal park system of more than 29,000 acres, including roughly 1,900 parks, 1,000 playgrounds, 650,000 street trees and two million park trees. DPR facilities range from community and recreation centers to golf courses and swimming pools throughout the five boroughs. In October 2012, Superstorm Sandy damaged more than 400 DPR park sites; many parks were closed to the public. FEMA, a division of the U.S. Department of Homeland Security, awards disaster assistance grants to states, local governments, and individuals. In November 2012, FEMA and the New York State Office of Emergency Management (State OEM) conducted an "Applicant Briefing" at which time they informed City agencies, including DPR, how to apply for and obtain disaster-related funding under the FEMA Public Assistance Program.

In January 2013, the City's Office of Management and Budget (OMB) signed a contract with Hagerty Consulting, Inc. (Hagerty) to support the City's claims process related to Superstorm Sandy. Hagerty is an emergency management consulting firm that, among other things, helps its clients obtain federal funding to assist them in their recovery from disasters. DPR, through OMB's contract, has used Hagerty to help it to obtain FEMA disaster relief funds. Hagerty assists DPR with project formulation and helps assemble the information and documentation needed for FEMA reimbursement.

As of August 2014, FEMA had obligated \$77 million to DPR for 23 projects. Up to that point, FEMA had paid DPR \$33.4 million for the emergency cleanup work it had performed and \$286,755 for the initial work it had already done on four restoration projects. The remaining \$43.3 million balance of obligated funds was transmitted to the State OEM, from which DPR could request drawdown payments as restoration project work progresses and could request closeout payments upon project completion.

OMB allocates funds to the DPR budget to cover expenditures pending DPR's receipt of reimbursement from FEMA pursuant to the process described above. However, to be eligible for such reimbursement, DPR, and all similarly situated City agencies, must comply with federal reimbursement requirements. Therefore, DPR must have adequate internal controls in place to ensure that those requirements are met.

Results

The audit identified weaknesses in certain areas where DPR needs to improve its controls to better ensure that it receives all of the Superstorm Sandy-related reimbursement from FEMA to which it is entitled. The audit found weaknesses in DPR's maintenance of payment documentation related to its FEMA-eligible projects which needs to be improved in accordance

with federal and City guidelines. When submitting its requests to the State OEM for reimbursement, DPR must include all relevant invoices and ensure that the payments are properly labeled. The audit also found that an apparent overpayment of \$103,992 had been made on the Steeplechase Pier project. In addition, DPR needs to improve the timeliness of its requests for disaster-related federal reimbursement. As of May 27, 2015, DPR officials had informed the auditors of only two requests for reimbursement having been filed with the State OEM for any of DPR's FEMA-reimbursable restoration projects since the Project Worksheets for these projects were approved.

The audit also found that DPR did not have formal procedures to guide its implementation and oversight of the disaster-related federal reimbursement process. Formal written operating procedures can help to ensure that every person involved in a process understands the tasks they are responsible for and the acceptable methods and time frames for accomplishing those tasks. Written procedures can help ensure that DPR effectively handles its responsibilities in this area and receives all of the FEMA reimbursement to which it is entitled. Finally, DPR had limited oversight responsibility for Hagerty's work at the agency. OMB did not request and DPR did not provide documentation to OMB regarding Hagerty's performance and hours worked at DPR.

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

- DPR ensure that the documentation that it maintains for submission for reimbursement is complete and properly labeled.
- DPR investigate an apparent overpayment of \$103,992 on the Steeplechase Pier project and recoup any overpayment from the contractor.
- DPR submit requests for reimbursement in a more timely manner.
- DPR ensure that it has formal procedures to guide its implementation and oversight of the disaster-related federal reimbursement process.
- DPR provide OMB with regular reports on the work each Hagerty staff member does while working with and for DPR.
- DPR conduct a formal assessment of the work being performed by Hagerty and the continued need for its assistance.

In their response, DPR officials disagreed with certain findings in the report, but agreed with five of the eight recommendations.

Audit Follow-up

DPR reported that it has either implemented or is in the process of implementing the five recommendations it agreed with and that it continues to disagree with the remaining three recommendations. DPR also reported that it is now reviewing and approving the timesheets of Hagerty staff assigned to DPR and that the City has commenced a formal assessment process for the work performed by Hagerty.

NEW YORK CITY POLICE DEPARTMENT

Letter Report on the Implementation of the Computer Aided Dispatch System by the New York City Police Department

Audit # 7113-122AL

Comptroller's Audit Library #8353

Issued: April 27, 2015

Monetary Effect: None

Introduction

This audit determined whether the Intergraph Computer Aided Dispatch System (ICAD) has been implemented and integrated successfully into New York City's Emergency Communications Transformation Program (ECTP) system.

In 2008, the New York City Police Department (NYPD) contracted with Intergraph Corporation (Intergraph) to implement the ICAD, a key component of the City's emergency 911 system. ECTP is an ongoing multi-year initiative developed by the City after the 9-11 attack to improve the City's emergency response capability and the sharing of data between first responders. The goals of ECTP include enhancing call taking and dispatch operations for the New York City Police Department (NYPD), Fire Department (FDNY), and the Fire Department's Emergency Medical Services Bureau (EMS). The ICAD is the NYPD's portion of an improved Computer-Aided Dispatch (CAD) system that was designed to replace an earlier attempt at a unified CAD that was never successfully implemented.

Results

The audit generally found that the NYPD's implementation and integration of the ICAD into ECTP has been successful. Project monitoring and quality assurance have been adequately provided within the framework of the ECTP program. The NYPD established test parameters and conducted numerous simulation tests on the ICAD system prior to going online on May 29, 2013. While several system problems occurred shortly after the installation, the review of ICAD data (application logs) found that these problems were alleviated after software fixes were applied on May 30, 2013.

In connection with the audit, auditors have made certain observations and four related recommendations for the NYPD's attention and consideration. The audit also found that the current ICAD contract provides for relocation of the ICAD system, with a contract modification at additional cost, from 1 Police Plaza (1PP) to Public Safety Answering Center 2 (PSAC 2) when the PSAC 2 physical plant becomes available for systems implementation. At the time the NYPD contracted with Intergraph to develop the ICAD, PSAC 2 was supposed to be available for system implementation in 2014. That did not occur and PSAC 2 is now scheduled to become operational in 2018.

Further, the audit noted that the planned relocation of the ICAD system, from 1PP to PSAC 2 when the PSAC 2 physical plant is ready, also involves a risk under the current contract that there will be insufficient back-up capacity during the period of transition from 1PP to PSAC 2. Installing the ICAD at PSAC 2 means moving the current ICAD function from 1PP in the current Intergraph contract. However, by doing so 1PP may not be able to function as a full back-up during this transition period, which could leave the City vulnerable in an emergency. In addition, it may not be cost effective to relocate the older ICAD supporting computer technology into a new PSAC 2 environment.

The audit makes the following four recommendations:

- The NYPD's continued project management of the ICAD should include an assessment of ICAD component upgrades that would be appropriate for PSAC 2;
- The NYPD should prepare ICAD computer hardware life cycle analyses to better track IT component upgrade needs to accommodate near-term agency projects at PSAC 1;
- The NYPD should develop a strategy for ICAD component upgrades for future deployment of the ICAD at PSAC 2; and
- The NYPD should assess current capacity and anticipate possible infrastructure upgrades that will be needed to accommodate the FDNY and EMS interface requirements.

The NYPD stated that they are in agreement with all four audit recommendations. With regard to the planned relocation of the ICAD system, from 1PP to PSAC 2, NYPD responded that "the transition will, in fact, not leave the City vulnerable, since the plan is to deploy, test and accept new ICAD backend servers and infrastructure at PSAC2 prior to the decommissioning of servers that support day-to-day 911 operations and ICAD mission critical interfaces (EMS, FDNY, RTCC). There will be no degradation to back-up capacity or impact to the 'Disaster recovery' model. We will continue to have fully redundant intra-site and inter-site capabilities." In response to the planned relocation of the ICAD from 1PP to PSAC 2 as not cost effective, the NYPD responded that "there is no plan to relocate the current ICAD servers to PSAC2." The NYPD also responded "that the current PSAC2 schedule has ICAD operations beginning in 2016."

Audit Follow-up

The NYPD reported that all audit recommendations have either been implemented or are in the process of being implemented.

NEW YORK CITY POLICE DEPARTMENT

Audit Report on the Information System Controls of the Domain Awareness System Administered by the New York City Police Department

Audit # 7114-070A

Comptroller's Audit Library #8379

Issued: June 26, 2015

Monetary Effect: None

Introduction

This audit was conducted to determine whether the New York City Police Department (NYPD) complies with its Public Security Privacy Guidelines, and whether it has adequate information system security controls over its Domain Awareness System (DAS).

The NYPD enhances the quality of life in New York City by working in partnership with the community and in accordance with constitutional rights to enforce the laws, preserve the peace, reduce fear and provide a safe environment for all residents and visitors to the City. Its Counter Terrorism Bureau works to guard against terrorism threats and includes the Lower Manhattan Security Initiative, a networked surveillance project designed to detect threats and perform preventive surveillance.

In 2007, the NYPD entered into a contract to develop DAS. Currently, DAS incorporates thousands of video cameras (including cameras installed by the NYPD and some belonging to other public and private entities) and hundreds of license plate readers. DAS also provides radiation and chemical alert support for environmental threats. This includes radiation detectors and chemical sensors. In addition, the NYPD has mobile cameras that provide supplemental coverage of short-term special events, such as parades and marathons in the City.

NYPD established its Public Security Privacy Guidelines (Guidelines) to protect individual privacy in DAS and safeguard DAS data. The Guidelines also note that DAS cannot be used to target or monitor persons based on racial or religious profiling. The Guidelines further establish policies and procedures to limit DAS use and to provide for limited access to and proper disposition of stored data.

Results

The audit found that the NYPD was in compliance with its Guidelines and in general had adequate security controls over its information system. Specifically, the NYPD had adequate procedures to ensure that DAS users were properly authorized, that they received the necessary privacy training before accessing the systems that videos were not available online beyond the required parameters, and that secondary use requests were required and reviewed to ensure that the NYPD had proper approval oversight for data usage. Further, as part of its DAS oversight, the NYPD conducted weekly meetings with its consultants and project administrators to provide status updates and to coordinate system enhancements, such as software upgrades and installing additional cameras. The NYPD followed its Guidelines with regard to DAS video retention policies and procedures and video was not available online beyond the required parameters. Additionally, the NYPD had effective policies and procedures to protect the privacy of information in DAS.

The audit, however, did find certain user access control weaknesses. Specifically, the audit found that individuals with access rights to DAS had not used the system for over three months and that some users had not accessed the system for more than one year. Finally, the audit found that there were former employees whose user access had not been terminated. In addition, the audit

reviewed DAS weekly usage for the three month period ending March 19, 2015 and noted that a consistent percentage of users did not access the system during that period of time. The NYPD should remove the access rights of those individuals who are no longer employees and consider re-assessing the access control rights to determine whether everyone who currently has access to DAS needs that access.

In addition, the audit found that the NYPD Integrity Control Officers who were responsible for monitoring DAS user activities did not receive a standard set of criteria to use when reviewing DAS user activities and that the Integrity Control Officers had other responsibilities outside of DAS. DAS needs a centralized oversight unit with a clear set of criteria to ensure that any DAS misuse and misconduct can be identified and addressed promptly.

Finally, the audit found that some of the video cameras owned and operated by other public and private entities that provided video feed to the NYPD have been offline over two years. The audit also found that there were NYPD and non-NYPD video cameras offline each month. This is of concern because if offline or broken video cameras do not get reconnected, repaired or replaced as appropriate on a timely basis, DAS will not achieve its planned range of coverage.

This report recommended that the NYPD should:

- Periodically review the status of inactive user accounts and maintain an up-to-date user list.
- Immediately disable the DAS access rights for all former employees.
- Establish a standardized criteria for the Integrity Control Officers to use in reviewing DAS user activities.
- Create a centralized oversight unit with staff only responsible for providing oversight of the DAS users to prevent misuse and misconduct.
- Consider potential ways to encourage public and private stakeholders to expedite the offline cameras' replacement or repair process.

The NYPD generally agreed with the report's findings and recommendations. However, the NYPD took exception with the audit finding regarding DAS user access.

Audit Follow-up

The NYPD reported that two recommendations have been implemented, one recommendation has been partially implemented, and will not implement the remaining two recommendations. The NYPD does not want to terminate inactive user accounts because it is in the process of giving tablets and smart phones to every member, which the NYPD believes will increase usage. In addition, the NYPD has centralized oversight of DAS users, but disagrees with the recommendation to create a separate unit to oversee DAS usage.

DEPARTMENT OF PROBATION

Audit Report on the Compliance of the New York City Department of Probation with Executive Order 120 Regarding Limited English Proficiency

Audit # SZ15-110A

Comptroller's Audit Library #8382

Issued: June 23, 2015

Monetary Effect: None

Introduction

This audit examined whether the New York City Department of Probation (DOP) complied with Executive Order 120 (EO 120), which requires that City agencies that provide direct services to the public create a language access implementation plan in order to ensure meaningful language access to their services. DOP helps build stronger and safer communities by working with and supervising people on probation, fostering positive change in their decision-making and behavior, and expanding opportunities for them to move out of the criminal and juvenile justice systems through meaningful education, employment, health services, family engagement, and civic participation. DOP has 18 borough locations: five locations in Manhattan; six in Brooklyn; four in the Bronx; and three in Queens.

Local Law 73 was enacted in 2003 for the purpose of enhancing the ability of City residents with Limited English Proficiency (LEP) to interact with City government and more specifically to obtain needed social services. The law applies to four social service agencies: the Human Resources Administration; the Department of Homeless Services; the Administration for Children's Services; and the Department of Health and Mental Hygiene. It requires that free language assistance services be provided for clients at job centers and food stamp offices, and when they seek to obtain other services from any of those four City agencies.

In July 2008, Mayor Bloomberg signed EO 120, which requires all City agencies to provide opportunities for limited English speakers to communicate with City agencies and receive public services. EO 120 specifically requires City agencies providing direct public services to ensure meaningful access to those services to LEP persons. To accomplish this, EO 120 requires these agencies to develop and implement agency-specific language assistance plans for LEP persons.

Results

The audit found that DOP generally complied with EO 120 and that it has made substantial progress in providing meaningful language access to the agency's services for LEP customers. Although DOP had a Language Access Policy and Implementation Plan it created in 2009, the plan had not been updated since 2009. However, on June 3, 2015, during the course of the audit, and before the formal draft report was issued, DOP submitted an updated Language Access Policy and Implementation Plan. The updated plan (dated June 2015) is currently posted on DOP's website and complies with EO 120.

The audit recommended that DOP continue to update its Language Access Policy and Implementation Plan to ensure that it adequately meets the language needs of the communities it serves by taking advantage of the studies available and posting all subsequent plans on its website.

In its response, DOP agreed with the report and stated that it "will continue to update its Language Access Policy and Implementation Plan annually to ensure that it adequately meets the language needs of the communities we serve by taking advantage of the studies available and posting all subsequent plans on its website."

Audit Follow-up

DOP reported that the audit's recommendation has been implemented.

BRONX COUNTY PUBLIC ADMINISTRATOR

Audit Report on the Financial and Operating Practices of the Office of the Bronx County Public Administrator

Audit # FK13-127A

Comptroller's Audit Library #8387

Issued: June 30, 2015

Monetary Effect: None

Introduction

This audit determined whether the Office of the Bronx County Public Administrator (BCPA) properly executed its fiduciary responsibilities, including whether it properly safeguarded estate assets, accurately reported revenue and expenses, and managed estate activities in accordance with Article 11 of the Surrogate's Court Procedures Act (SCPA) and other applicable State and City laws and rules.

The BCPA is responsible for administering the estates of individuals in the Bronx who die intestate (i.e., without a will) or when no other appropriate individual is willing or qualified to administer the estate. As the estate administrator, the BCPA has a fiduciary duty to conduct thorough investigations to discover all assets and safeguard them; pay decedents' bills and taxes; account for and maintain documentation to support estate activities; and distribute estate proceeds to decedents' heirs.

The BCPA is managed by a Public Administrator (also known as the PA) and a Deputy Public Administrator who are appointed and may be removed by the Bronx County Surrogate's Court Judge. The current Public Administrator and Deputy Public Administrator were appointed in March 2013, and June 2013, respectively. Additionally, the Bronx County Surrogate's Court Judge appoints counsel to the BCPA to render legal services to estates. The current BCPA counsel was appointed in February 2013 and is responsible for estates opened after this time.

Results

The BCPA failed to properly carry out its fiduciary responsibilities in accordance with governing laws and rules. The audit found multiple circumstances where it did not act in the best interests of estates, where it failed to carry out its duties prudently, and where it did not comply with applicable laws and rules. The audit also found that the BCPA did not maintain a reliable case management system, it did not appropriately and effectively use suspense account funds, it failed to properly administer bank accounts as required by the Guidelines, and it did not submit to oversight authorities financial and operational reports as required by the law that would allow them to effectively assess, monitor, and hold the BCPA accountable for its performance.

This report makes a total of 41 recommendations to the BCPA, including:

- The BCPA should institute comprehensive formal written policies and procedures that adequately and specifically address the duties and procedures to be followed by employees for critical functions, including, but not limited to: asset identification collection, safeguarding, and distribution; bank account administration; estate accounting including the recording, documenting, and reporting of income and expense transactions; and estate management, monitoring, and tracking.
- The BCPA should establish asset identification policies and procedures and checklists detailing basic databases to search and provide for access to databases, including but not limited to: the New York City Department of Finance's (DOF) ACRIS public database of

real property records; the Office of the State Comptroller's (OSC) public database of unclaimed funds; and the New York State Department of Motor Vehicles' (NYS-DMV) database of automobiles, boats, and other motorized vehicles records.

- The BCPA should track inquiry, confirmation, and collection letters to ensure that letters are sent, responses are received, necessary follow up action is taken, and ultimately, that funds are collected in a timely manner.
- The BCPA should ensure that BCPA staff properly complete Disbursement Vouchers detailing the amount, reason, and review and approval for expenses, and attach supporting documentation to them.
- The BCPA should select vendors who are competitive with other vendors providing the same services.
- The BCPA should ensure that suspense account expenses are reasonable, appropriate, adequately supported, and authorized.
- The BCPA should ensure that estate funds are secured with FDIC insurance or collateralization agreements between the BCPA and financial institutions which are backed by approved government securities.
- The BCPA should immediately submit to the Surrogate's Court, State Attorney General, State and City Comptroller's Office, and the Mayor outstanding audits when they are issued and thereafter, conduct and submit audits within prescribed time frames.
- The BCPA should ensure that it submits to the Surrogate's Court, State Attorney General, State and City Comptroller's Office, and the Mayor accurate and complete reports of open and settled estates.
- The BCPA should appropriately report all vendor payments and employee wages to the IRS and state tax authorities and issue 1099-MISC forms to vendors paid more than \$600 in a calendar year.

The BCPA strongly disagreed with "significant portions of the Report, and in particular with any notion that the BCPAO [the Bronx County Public Administrator's Office] has failed to carry out its fiduciary responsibilities in administering the estates under its charge." The BCPA stated that it "feels the subject Report is replete with misstatements, mischaracterizations and outright inaccuracies as to what if any mistakes might have been made" and attributed this to Comptroller's Office staff not understanding and applying appropriate governing laws, rules, and regulations and not seeking input from the BCPA during the course of the audit.

Of the report's 41 recommendations, the BCPA agreed to implement or indicated that it was already following 21 recommendations, disagreed with 7 recommendations, and did not address 13 recommendations.

Audit Follow-up

BCPA reported that it has either implemented or is in the process of implementing 18 recommendations. BCPA reported only on those recommendations that it accepted and therefore, did not address the report's remaining 23 recommendations pertaining to case management system data reliability; asset identification, recovery, and valuation procedures; vendor selection; reviewing accounting work performed by external accounting firms; kinship searches and asset distribution; suspense account expenses; reports of open and settled estates; reissuance of W-2s for employees whose wages were understated; and property received from the Police Department.

KINGS COUNTY PUBLIC ADMINISTRATOR

Follow-up Audit Report on the Financial and Operating Practices of the Kings County Public Administrator's Office

Audit # MD14-122F

Comptroller's Audit Library #8388

Issued: June 30, 2015

Monetary Effect: Unable to Determine

Introduction

This audit determined whether the Office of the Kings County Public Administrator (KCPA) implemented the recommendations made in a prior audit report issued by the Comptroller's Office.

The KCPA is responsible for administering estates of Brooklyn residents who die intestate (i.e., without a will) and have no close relatives, or where there is no other person willing or qualified to administer the estate. As an estate administrator, the KCPA has a fiduciary duty to conduct thorough investigations to identify assets; collect those assets; make and pay for funeral arrangements; pay bills and expenses; search for persons who may be entitled to inherit from the estate; and distribute estate property to those heirs as determined by the court, or to such persons named in the decedent's will. The Public Administrator (PA) and a Deputy PA are appointed by the two elected Brooklyn County Surrogate Court Judges.

A prior audit by the New York City Comptroller's Office of the KCPA, *Audit Report on the Financial and Operating Practices of the Kings County Public Administrator's Office* (Audit No. FK12-079A), issued on June 28, 2013, found that the KCPA failed to fulfill its fiduciary responsibilities by not acting in estates' best interests, failing to carry out its duties prudently, and failing to comply with statutory rules and regulations. The prior report made 18 recommendations.

Results

This follow-up audit assessed the implementation status of the prior audit's 18 recommendations and determined that two of the recommendations were implemented, one was partially implemented, and 14 were not implemented. The implementation status of one recommendation that formal and informal estate legal counsel fees be paid in accordance with new Guidelines, effective May 1, 2012, could not be determined because there was not sufficient documentation in the files. Of the conditions disclosed in the prior audit, the follow-up audit found that many have remained unchanged. Among other things, there was little evidence that staff consistently performed sufficient database searches for possible estate assets; disbursements did not have all the required supporting documentation; inventory records of estate assets were inaccurate; bank reconciliations were not always performed; outstanding checks were not voided; mandatory financial and operational reports were not always submitted to appropriate oversight bodies timely, if at all; and W-9 forms were not obtained from vendors to determine their legal entity type and tax status.

Additional findings were identified during the course of the follow-up audit. In particular, the KCPA has not been vigilant in keeping track of estate monies once they have been deposited in its bank accounts and is unable to credit those funds back to the estates to which they belong. There were also a number of closed estates where the estate assets had not been distributed. Further, estates have not been closed in a timely manner.

To address the issues from the prior audit that still exist, the follow-up audit made 15 recommendations, including that:

- The KCPA should ensure that basic databases are searched in order to identify all possible assets for the decedents. The KCPA should conduct searches for the remaining five sampled estates with possible unclaimed funds identified by the auditors and for which the KCPA had not conducted searches.
- The KCPA should strengthen its controls over disbursements made from estate accounts to ensure that they are properly reviewed and approved and ensure all supporting documentation is completed and attached to the payment package.
- The KCPA should ensure the estate property inventories it maintains are accurate, complete, and the proceeds from the sales of those properties are appropriately accounted for.
- The KCPA should examine the Outstanding Check Register from the Master Estate account to ensure that it is accurate and void and reissue outstanding checks.
- The KCPA should establish procedures to ensure that bank reconciliations are independently reviewed and documented.
- The KCPA should file and submit all reports required by the Surrogate's Court Procedures Act (SCPA) on a timely basis, ensure that the status of all estates are regularly examined and correctly reported, and ensure that external audits are conducted on an annual basis.
- The KCPA should ensure that completed W-9 forms are collected from all vendors to ensure that 1099-MISC forms are issued to all vendors with 1099 reportable payments of \$600 or more.

To address the new findings, this follow-up audit made seven recommendations, including that:

- The KCPA should make a determination of what should be done with the funds that are not associated with specific estates.
- The KCPA should review the estates that remain open and take all necessary steps to appropriately close them.

The KCPA generally agreed with 20 of the audit's 22 recommendations and did not specifically address the recommendations that it establish procedures for competitive vendor selection and that it conduct an investigation into an account for which over \$45,000 could not be traced.

Audit Follow-up

The KCPA reported that 16 recommendations have either been implemented or are in process of being implemented. The KCPA stated that four recommendations cannot be implemented until it can hire additional staff. The KCPA has requested two additional staff lines from OMB. For the remaining two recommendations, the KCPA has sent a request to Corporation Counsel for an opinion on how to distribute funds that cannot be identified as belonging to specific estates, so implementation of the recommendations depends on when an opinion is rendered.

BROOKLYN PUBLIC LIBRARY

Audit Report on the Financial and Operating Practices of the Brooklyn Public Library

Audit # FM14-111A

Comptroller's Audit Library #8370

Issued: June 9, 2015

Monetary Effect: None

Introduction

The audit examined whether the Brooklyn Public Library (BPL) appropriately authorized and recorded expenditures, complied with the applicable law, rules, and regulations governing the use of the BPL's funds, and ensured those expenditures were necessary for the operation of the library. The BPL was established in 1896 and is one of three separate library systems serving the City of New York. The BPL is the fifth largest library system in the nation, serving over two and one-half million Brooklyn residents. The Central Branch is located at Grand Army Plaza and another 58 branches are located throughout the borough. There is also a business library in Brooklyn Heights. The BPL, like the two other New York City library systems, is a tax-exempt independent not-for-profit corporation governed by a board of trustees consisting of 38 members serving in non-salaried positions.

The BPL's operations are primarily funded by City tax levy funds, which are designated for the general administration and maintenance of the library (e.g., employee payroll, fringe benefits, book purchases, supplies, and equipment). The BPL also receives New York State funding, federal grants, private donations, revenue from book sales, fines, and library fees. In Fiscal Year 2013, the BPL received \$136.7 million in funds and additional revenue, of which \$422,233 was temporarily restricted in the way it could be used. Of the total revenue, \$85.7 million was received from the City. In addition, the BPL occupies City-owned buildings, including the central library and a majority of its branches, under a rent-free arrangement with the City. The estimated value of those premises, including utilities, is \$32.7 million. In total the City provided the BPL \$118.4 million, or 87 percent, of its total revenue.

Results

The audit found that the BPL appropriately authorized and recorded expenditures, complied with the applicable law, rules, and regulations governing the use of the BPL's funds, and ensured those expenditures were necessary for the operation of the library. The audit, however, found a minor control weakness related to the BPL's tracking of certain gift cards issued to students.

The report made one recommendation to the BPL that it institute a policy to keep track of the distribution of all gift card recipients in the various incentive programs within the BPL.

In their response, BPL officials agreed with the report's finding and stated that the BPL has already taken actions related to the audit's recommendation to track the distribution of all gift cards.

Audit Follow-up

The BPL reported the audit's recommendation has been implemented.

NEW YORK PUBLIC LIBRARY

Audit Report on the New York Public Library's Controls over Its Financial and Operating Practices

Audit # MG14-101A

Comptroller's Audit Library #8369

Issued: June 8, 2015

Monetary Effect: None

Introduction

The objective of the audit was to determine the adequacy of the New York Public Library's (NYPL) internal controls over its financial and operating activities and its compliance with applicable laws, rules and regulations. The NYPL is one of three separate library systems serving the City of New York. The NYPL has a combination of 87 neighborhood branches and four research centers throughout the boroughs of Manhattan, the Bronx and Staten Island. It operates as a private, not-for-profit corporation, and is governed by a Board of Trustees, which includes as *ex officio* members, the Mayor, the Comptroller, and the Speaker of the City Council. According to funding reports prepared by the City's Office of Management and Budget, total City appropriations for the NYPL for Fiscal Year 2014 were \$108,381,279. In addition, the NYPL received \$21,144,174 in State funds, \$840,781 in Federal funds, and \$35,765,378 in private donations.

Results

The NYPL has adequate controls over its financial and operating activities through the use of various levels of oversight and review. Specifically, the audit found that the NYPL established and followed clearly defined policies and procedures for its operations. The audit also found that City, State, and federal funds received by the NYPL, as well as fines and fees collected and sampled private donations, were properly recorded in the general ledger. Finally, expenditures were properly supported and charged to the appropriate fiscal year, appeared to be for appropriate business purposes, and contained the required approvals.

Because the audit found no material weaknesses in the NYPL's internal controls over its financial and operating activities, the audit makes no recommendations in this report. NYPL officials did not have additional information and comments to add to the report.

DEPARTMENT OF TRANSPORTATION

Audit Report on the Maintenance of Bike Share Equipment by New York City Bike Share, LLC in Compliance with Its Contract with the Department of Transportation

Audit # MJ14-076A

Comptroller's Audit Library #8334

Issued: December 11, 2014

Monetary Effect: None

Introduction

This audit was conducted to determine whether New York City Bike Share, LLC (NYCBS) maintained bike-share program equipment in compliance with applicable provisions of its contract with the Department of Transportation (DOT). On May 27, 2013, NYCBS, in partnership with DOT, launched the "Citi Bike" program to provide New York City residents and visitors with an alternative option for getting around the City. The program operates 24 hours a day, year round and consists of a fleet of approximately 6,000 specially-designed bikes that are locked into a network of approximately 330 stations installed at various sites in Manhattan and Brooklyn. Bikes rented through Citi Bike can be obtained from and returned to any station in the system. Under the contract, NYCBS is responsible for installing, cleaning, and maintaining all program-related equipment, including bikes and stations (both docks and kiosks).

Results

During the audit period, NYCBS failed to maintain Citi Bike program equipment (bikes and stations) as required by its contract with DOT and its own internal operating procedures. Specifically, NYCBS did not: 1) perform maintenance checks on all bicycles on a monthly basis or station inspections twice per week, as required; 2) respond within the required timeframes to cleanliness issues with bicycles and stations after discovery or notification; and 3) maintain connectivity of stations to its main database at required levels. As a result of these deficiencies, the riding public is exposed to increased safety risks and customer satisfaction is potentially jeopardized.

To address these findings, the audit made eight recommendations, including that:

- NYCBS should maintain sufficient staffing levels of on-street bike checkers to ensure that monthly maintenance inspections are performed on bikes in accordance with its contract with DOT.
- NYCBS should ensure that stations are inspected in accordance with the requirements set forth in its contract with DOT.
- NYCBS should review its operating practices for addressing DOT complaints and modify them to ensure that station and bike cleanliness issues can be addressed within the time required by its contract with DOT.
- NYCBS should develop a strategy for increasing and maintaining station uptime to comply with its contract with DOT. One strategy to consider would be to schedule more frequent station maintenance inspections to ensure quicker identification and handling of station malfunctions or disruptions.

In its response, NYCBS generally agreed with 6 of the 7 recommendations made to the company and did not address one recommendation that it review its operating practices for addressing DOT complaints to ensure that station and bike cleanliness is addressed in a timely manner. DOT agreed to implement the one recommendation directed to the agency.

Audit Follow-up

NYCBS reported that it has fully implemented all of the audit's recommendations. DOT reported that it is implementing the recommendation to continuously monitor the NYCBS' equipment maintenance.

SECTION II

**NON-GOVERNMENT AUDITS
AND
SPECIAL REPORTS**

CLAIMS

During Fiscal Year 2015, reports were issued on claims filed against the City. The analyses accepted amount for those claims totaled \$31,006. This resulted in a potential cost avoidance of \$202,914 as shown below:

Total Claim Amount	\$ 233,920
Less: Analyses Accepted Amount	\$ 31,006
Potential Cost Avoidance	\$ 202,914

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

A list of the four claims follows:

REPORT NUMBER	CLAIMANT	DATE ISSUED	CLAIM AMOUNT	ANALYSES ACCEPTED AMOUNT	DISPOSITION SETTLEMENT AMOUNT
SR15-057S	Frank Ambrosia	10/1/14	*	*	*
SR15-058S	Fred Steinman	10/1/14	*	*	*
SR15-068S	JPW Associates, Inc.	12/19/14	*	*	*
SR15-109S	Abouseyf Negadi	6/19/15	*	*	*
	FISCAL YEAR 2015 TOTALS		\$233,920	\$31,006	\$202,914

FRANCHISE, CONCESSION, AND LEASE AUDITS

Franchise, concession, and lease agreements between various City agencies and private organizations result in revenues to the City, based on formulas defined in the agreements. City agencies that enter into such agreements include the Economic Development Corporation (EDC), the Department of Parks and Recreation (Parks), and the Department of Transportation (DOT). Our audits evaluate the payments made by such entities as sports franchises and hotels. As shown below, Fiscal Year 2015 audits resulted in collecting actual revenues totaling \$4,620 and potential revenues totaling \$4,516,051. Additional revenue can be collected if all audit recommendations are followed.

<u>Audit Number</u>	<u>Audit Library No.</u>	<u>Agency/Title</u>	<u>Date Issued</u>	<u>Actual Revenue To Date</u>	<u>Remaining Potential Revenue</u>
FK13-088A	8340	EDC – Sunstone Hotel Investors, Inc.’s Compliance with Its Lease Agreement to Operate the Hilton Times Square Hotel	1/28/15	0	\$4,424,615
FM15-069A	8374	DPR – Compliance of the Golf Center of Staten Island, Inc. With its License Agreement for the Silver Lake Golf Course	6/17/15	0	0
FM15-072A		DOT – Compliance of Transdev North America, Inc. with Its Franchise Agreement	6/26/15	\$4,620	\$91,436
	TOTAL			\$4,620	\$4,516,051

ECONOMIC DEVELOPMENT CORPORATION

Audit Report on Sunstone Hotel Investors, Inc.'s Compliance with Its Lease Agreement to Operate the Hilton Times Square Hotel

Audit # FK13-088A

Comptroller's Audit Library #8340

Issued: January 28, 2015

Monetary Effect: Potential Revenue: \$4,424,615

Introduction

The objectives of this audit were to determine whether Sunstone Hotel Investors, Inc.: accurately and completely recorded and reported revenues; accurately calculated and paid the Base and Percentage Rents, and submitted its payments on time; maintained adequate internal controls over the recording and reporting of its revenues; and complied with other significant Lease terms.

The New York City Economic Development Corporation (EDC) administers the lease (the Lease) for the Hilton Times Square Hotel (the Hilton), located at 234 West 42nd Street. The Hilton was built by FC 42 Hotel, LLC, and sold to Sunstone Hotel Investors, Inc. (Sunstone) in March 2006. EDC is responsible for ensuring Sunstone complies with Lease terms, including the payment of all rents due the City.

In accordance with terms defined in the Lease, Sunstone must pay a Base Rent and an additional Percentage Rent. In addition to rent, Sunstone must also annually contribute the greater of (i) 3 percent of Gross Revenues for such Lease Year or (ii) the amount required by the Recognized Mortgagee then most senior in lien to be contributed to the Furniture, Fixtures, and Equipment (FF&E) Replacement Reserve for each such Lease Year. To ensure compliance with these and other lease provisions, the Lease requires Sunstone to submit to the City financial and operating reports and certified copies of insurance policies.

Results

The audit found that Sunstone generally maintained adequate controls over its revenue recording and reporting processes and paid the Base Rent due the City in a timely manner.

However, the audit also found that Sunstone improperly calculated the Formula Percentage Rent and did not comply with certain significant lease terms. Specifically, Sunstone did not make FF&E contributions, did not use FF&E funds for their intended purposes, and did not submit to EDC required financial and operating reports in the manner and time frames specified by the Lease. The audit also found that EDC did not adequately monitor Sunstone to ensure its compliance with Lease terms.

To address these issues, the audit made 14 recommendations—8 to Sunstone and 6 to EDC—including that Sunstone should:

- Properly calculate the Formula Percentage Rent.
- Replenish \$4,424,615 to the FF&E reserve account (\$3,093,862 for contributions that were not made or maintained, \$908,721 for interest, and \$422,032 for improper disbursements).
- Make and maintain FF&E contributions as required by the Lease.
- Use FF&E reserve account funds only for FF&E qualifying expenses as stipulated by the Lease.

- Maintain documentation evidencing how FF&E funds are used as required by the Lease.
- Submit to EDC, in the manner and time frames specified by the Lease, required financial and operating reports including but not limited to: annual audited property-level financial statements; monthly STR reports comparing Hilton's performance to that of the Competitive Set regarding occupancy, average room rate, and other data; property inspection reports; and certified FF&E reserve account depository statements, and budgeted and actual utilization reports with explanations of variances.

With regard to Sunstone, EDC should:

- Ensure that Sunstone properly calculates the Formula Percentage Rent in accordance with the Lease.
- Routinely demand and review the monthly and annual reports submitted by Sunstone to ensure the accuracy of the calculation of the Formula Percentage Rent.
- Ensure that Sunstone replenishes \$4,424,615 to the FF&E reserve account.
- Ensure that Sunstone submits to EDC, in the manner and time frames specified by the Lease, required financial and operating reports including but not limited to: annual audited property-level financial statements; monthly STR reports comparing Hilton's performance to that of the Competitive Set regarding occupancy, average room rate, and other data; property inspection reports; and certified FF&E reserve account depository statements, and budgeted and actual utilizations reports with explanations of variances.

In their responses, both Sunstone and EDC maintained that when calculating Percentage Rent, ATHPC was not overstated and asserted that the Initial Total Hotel Project Cost (ITHPC) should be \$113.3 million based, in large part, on a sample development budget included in the Lease.

Sunstone also asserted that it does not owe any money to the FF&E reserve account and moreover, that Sunstone had overfunded this account. EDC agreed "that maintaining a FF&E account is appropriate" and indicated that it will "ensure that the proper amount is funded and maintained in the future." However, EDC did not agree to ensure that Sunstone replenishes \$4,424,615 to the FF&E reserve account.

With regard to the report's remaining findings, both Sunstone and EDC indicated that they already did or will in the future implement the report's recommendations.

Audit Follow-up

EDC reported that it implemented or is in the process of implementing four recommendations. Additionally, although EDC agreed that "maintaining a FF&E account is appropriate and intends to ensure that the proper amount is funded and maintained in the future," EDC did not agree to ensure that Sunstone replenishes \$4,424,615 to the FF&E reserve account. EDC also continued to disagree with the remaining recommendation to investigate and determine the proper ITHPC. EDC stated that a "valid ITHPC has been determined. Since the inception of the lease, all involved parties . . . have used \$113,330,262 as the ITHPC."

Additionally, Sunstone reported that it is working with EDC and the Law Department "to resolve the outstanding issues noted in the audit report."

DEPARTMENT OF PARKS AND RECREATION

Audit Report on the Compliance of the Golf Center of Staten Island, Inc. With Its License Agreement for the Silver Lake Golf Course

Audit # FM15-069A

Comptroller's Audit Library #8374

Issued: June 17, 2015

Monetary Effect: None

Introduction

This audit examined whether the Golf Center of Staten Island, Inc. (GCSI) properly calculated and reported its gross receipts and license fees due to the City and paid the fees on time; maintained adequate internal controls over the recording and reporting of its gross receipts; and complied with certain other major requirements of its license agreement (i.e., capital improvements, insurance coverage, security deposit, and utility charges).

In 2007, the Department of Parks and Recreation (DPR) entered into a twenty-year license agreement (the License Agreement) with GCSI for the renovation, operation, and maintenance of an 18-hole golf course, clubhouse, and food service facility at Staten Island's Silver Lake Park. The License Agreement requires GCSI to pay the City the higher of a minimum annual fee of \$425,000 or certain percentages of gross receipts derived from golf operations, the sale of merchandise, food and beverages.

In addition, GCSI is required to: 1) maintain adequate systems of internal controls that show in detail the total business transacted and the gross receipts; 2) complete certain capital improvements specified in the License Agreement by the end of 2010, valued at a minimum cost of \$2,599,822; 3) submit a security deposit to the City of \$156,250; 4) pay all federal, state and local taxes applicable to the operation of the licensed premises; 5) carry proper insurance coverage; and 6) pay all required utility charges. GCSI must also pay a surcharge of \$4.00 per round of golf played (excluding juniors aged 16 and younger) or an annual minimum surcharge fee of \$140,000, whichever is greater.

For the audit period, May 1, 2013, through April 30, 2014, GCSI reported gross receipts of \$1.8 million and paid license fees totaling \$565,000 and \$5,106 in late fees.

Results

GCSI failed to report \$86,277 in bartered golf revenue and also underreported 3,200 rounds of golf to DPR. Although these issues result in additional reportable revenue, GCSI did not surpass the minimum amount due to DPR and, therefore, there are no additional license fees due the City as a result of these past omissions. However, the practices that led to these reporting failures could affect future payments to DPR should golf sales increase. Further, the audit found control weaknesses with certain revenue recording procedures. Specifically, GCSI did not utilize pre-numbered contracts for parties and golf outings, used cash boxes for beverage carts and a food stand, and bypassed the existing controls for a GCSI sponsored event that took place in 2014.

In addition, the audit revealed significant issues related to GCSI's compliance with other major requirements of the License Agreement. As of the end of the audit fieldwork, GCSI had not filed or paid New York State sales tax since 2009 and, according to its accounting records, owed an estimated \$234,000 in taxes to New York State. Furthermore, GCSI did not file the applicable Federal, State or City tax returns since 2009. At the audit exit conference, a GCSI official provided us with tax returns indicating that they recently filed Federal, State and City tax returns for 2010 and paid the taxes due. The GCSI official also provided the auditors with quarterly sales tax

returns for the periods between December 2014 and May 2015 and documentation to evidence payments for the taxes due. In addition, according to DPR's tracking report dated April 2015, GCSI has yet to expend \$538,343 of the \$2.6 million it is obligated to spend in capital improvements. Finally, DPR's report tracking capital improvements made to the premises lacks the level of detail necessary to track the status of specific improvements required by the agreement.

The report made a total of 13 recommendations, 8 to GCSI and 5 to DPR, including the following:

GCSI should:

- Ensure all revenue derived from licensed premises is properly reported to DPR.
- Ensure all golf rounds are accurately reported to DPR.
- Ensure all contracts are sequentially pre-numbered and that an event calendar continues to be maintained.
- Immediately file all outstanding tax filings and remit all taxes due.
- Coordinate with DPR to develop a list of those outstanding capital improvements that remain, the corresponding unexpended dollars for each capital improvement and a specific timetable for the completion of each improvement.

DPR should:

- Determine those outstanding improvements and corresponding dollar amounts and develop a specific timetable and cost estimate to complete each improvement based upon current dollars.
- Update tracking reports to reflect any changes in capital improvements.
- Ensure GCSI files all tax returns past due and remit all taxes due to applicable taxing authorities.

In their responses, GCSI and DPR officials agreed with the audit findings and recommendations.

Audit Follow-up

GCSI reported that all of the audit's recommendations addressed to GCSI have either been implemented or are in the process of being implemented. GCSI stated that it will be meeting with DPR in order to schedule a timetable in which to bring GCSI into full compliance with the license agreement.

DPR reported that it is implementing all of the audit's recommendations addressed to DPR.

DEPARTMENT OF TRANSPORTATION

Audit Report on the Compliance of Transdev North America, Inc. With Its Franchise Agreement

Audit # FM15-072A

Comptroller's Audit Library #8380

Issued: June 26, 2015

Monetary Effect: Actual Revenue: \$ 4,620

Potential Revenue: \$91,436

Introduction

This audit examined whether Transdev North America, Inc. (Transdev) properly and accurately reported gross revenue on its monthly revenue reports, correctly calculated and paid its franchise fees to the City in a timely manner, and if it complied with certain major non-revenue terms of the Franchise Agreement.

On June 2, 2011, the City of New York, through its Department of Transportation (DOT), entered into a ten-year non-exclusive franchise agreement with Veolia Transportation Services, Inc. (now known as Transdev) to operate and maintain unsubsidized bus lines providing common carrier express bus service to passengers along designated routes between the Borough of Manhattan and LaGuardia Airport (LGA) and John F. Kennedy International Airport (JFK) in the Borough of Queens and between those airports. The Franchise Agreement allows Transdev to subcontract the day-to-day operations of the bus service to Golden Touch Transportation of NY, Inc. (Golden Touch), doing business as NYC Airporter, a subsidiary of Transdev.

For the scope period of Calendar Years 2013 and 2014, Transdev was required to pay the City 3 per cent of their gross revenue derived from fares and any other source related to the operation of the bus service and 7 percent of the gross revenues derived from advertising. For Calendar Year 2013, Transdev reported \$15,614,467 in gross revenue and remitted \$474,318 in fees to DOT. For Calendar Year 2014, Transdev reported \$16,489,755 and remitted \$501,833 in fees to DOT.

Results

The audit found significant deficiencies in Transdev's financial records resulting in estimated unreported revenue of \$2.6 million from January 2013 through December 2014. Specifically, the audit found that the total quantity of tickets reported as sold on the monthly revenue reports did not correspond to the amount of revenue reported to DOT, resulting in a potential underreporting of revenue by Transdev of up to \$1.56 million. In addition, while Transdev's records indicate that \$4.6 million in Internet tickets were sold, it only reported \$3.6 million to DOT resulting in an additional \$1 million in unreported revenue. Finally, Transdev did not obtain documentation from Vector Media to support the advertising revenue reported. Therefore, auditors could not determine whether the advertising revenue reported to DOT was complete and accurate. The analysis of advertising revenue identified \$50,000 in unreported revenue for 2013 and 2014. Based on the \$2.6 million in potentially unreported revenue identified, the audit calculated that Transdev owes DOT up to \$96,056 in franchise fees.

The audit also found that Transdev failed to comply with several of the non-revenue terms of the Franchise Agreement. Specifically, Transdev changed ticket rates without authorization from DOT, did not submit monthly revenue reports with the details required, lacked a complaint log, used at least two unauthorized buses that did not comply with ADA standards, did not equip buses with automated passenger counting equipment, did not provide to DOT monthly maintenance

reports showing the status of preventative maintenance for the fleet and a report of road calls/breakdowns for the previous month, and did not submit quarterly reports of its performance.

The audit further found that DOT closely monitored timely payment of monthly franchise fees, charged interest for late payments and ensured that Transdev provided annual audited financial statements and maintained the required insurance, security deposit and letter of credit. However, at the same time, the audit found that DOT did not sufficiently oversee the Franchise Agreement with Transdev to ensure that Transdev fully complied with all terms and conditions as noted above.

The report made nine recommendations, six to Transdev and three to DOT:

Transdev should:

- Follow consistent and proper accounting procedures for the recording and recognition of revenue.
- Completely and accurately report all of the information required by the Franchise Agreement to DOT.
- Maintain detailed documentation supporting all sources of revenue.
- Ensure the POS system has the capability to accurately record and track all ticket and voucher sales.
- Remit additional franchise fees owed to DOT of up to \$96,056 (\$61,279 in underreported ticket revenue, \$30,157 in unreported Internet ticket revenue, and \$4,620 unreported advertising revenue).
- Adhere to and implement each of the contractual requirements cited in this report, including but not limited to immediately utilizing ADA-compliant vehicles.

DOT should:

- Conduct a full post-implementation review of Transdev's compliance with the report's recommendations and ensure that all issues cited have been rectified.
- Recover all payments due from Transdev to the City as identified by this audit and any additional underpayments identified by DOT's compliance review.
- Continuously monitor Transdev's performance to ensure compliance and enforce the terms and conditions of the Franchise Agreement.

In its response, Transdev stated that it categorically disagrees with the audit findings. Specifically, Transdev disagrees with the finding that it underreported ticket revenue, that it unreported internet ticket sales, that it used unauthorized non ADA-compliant buses, and that it lacked automated passenger counting equipment. Transdev did not specifically address the recommendations. However, Transdev agreed to review advertising revenue records and remit any amounts it determines is due to DOT. In addition, Transdev agreed to adhere to and implement each of the following contractual requirements cited in this report: obtain approval from DOT for future changes in fares; ensure DOT receives all information required regarding monthly revenue reports, implement and maintain a comprehensive complaint log; and ensure all reporting requirements are being met in connection with the required submission of quarterly performance reports.

In its response, DOT did not agree with the findings. It did not specifically address the report's recommendations. DOT stated that the report finding should have been that its oversight of the Transdev Franchise Agreement needs improvement. It maintained that its oversight has not been

inadequate. DOT addressed only certain report findings in its response, including the finding that Transdev failed to submit complete documentation to DOT as required by its Franchise Agreement.

Audit Follow-up

Golden Touch reported that it is working closely with DOT to implement the recommendations that it agreed with. In August 2015, Golden Touch remitted a check of \$4,620 due to DOT for advertising sales, but did not repay the amounts for underreported ticket revenue or internet ticket sales.

DOT reported that two recommendations are being implemented and the remaining recommendation has been partially implemented. DOT has met with Transdev to rectify the issues sighted in the audit that it agreed with. DOT also stated that it did not identify additional underpayments other than the advertising sales that Golden Touch repaid.

WELFARE FUNDS

Analysis of the Financial and Operating Practices of Union-Administered Benefit Funds with Fiscal Years Ending in Calendar Year 2011

Audit # SR14-100S

Comptroller's Audit Library #8336

Issued: December 17, 2014

Monetary Effect: None

Introduction

Union-administered benefit funds were established under collective bargaining agreements between the unions and the City of New York. They provide City employees, retirees, and dependents with a variety of supplemental health benefits not provided under City-administered health insurance plans. Certain other benefits are also provided at the discretion of the individual funds (e.g., annuity accounts, life insurance, disability, and legal benefits). This report contains a comparative analysis of 91 welfare, retiree, and annuity funds whose fiscal years ended in Calendar Year 2011. These funds received approximately \$1.1 billion in City contributions for the fiscal year.

Results

This report comprises data received in response to Comptroller's Directive #12. As in previous reports, there were differences in the amounts spent by the funds for administrative purposes. In addition, several funds maintained high reserves while expending lower-than-average amounts for benefits—a possible indication that excessive reserves were accumulated at the expense of members' benefits. Further, some funds did not comply with various parts of Comptroller's Directive #12 requirements and of fund agreements with the City.

The report contained 11 recommendations, including that:

- Trustees of funds with high administrative expenses and low benefits should reduce administrative expenses and increase benefits to members.
- Trustees of funds with low reserve levels should ensure that their funds maintain sufficient reserves to guard against insolvency.

SECTION III
RECOMMENDATION CHARTS

Recommendation Status By Audit

Agency	Audit Number	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented*
Borough President - Brooklyn (Cash Controls over Receipts from Minor Sales)	FM15-073A	5	5	
Borough President - Manhattan (Cash Controls over Receipts from Minor Sales)	FM15-075A	1	1	
Borough President - Staten Island (Cash Controls over Receipts from Minor Sales)	FM15-078A	1	1	
Brooklyn Public Library (Financial and Operating Practices)	FM14-111A	1	1	
Buildings, Dept. of (High Risk Construction Oversight Study)	7E13-124A	8	7	1
Chief Medical Examiner, Office of (Compliance with Local Law 36 - Recycling)	7R14-117AL	1	1	
Chief Medical Examiner, Office of (Compliance with Executive Order 120 - Limited English Proficiency)	SZ15-108A	1	1	
City Planning, Dept. of (Compliance with Local Law 36 - Recycling)	7R14-103AL	2	2	
Citywide Administrative Services, Dept. (Management of City Office Lease Space)	MD13-113A	10	9	1
Civilian Complaint Review Board (Compliance with Local Law 36 - Recycling)	7R14-119AL	2	0	2
Collective Bargaining, Office of (Compliance with Local Law 36 - Recycling)	SZ15-113AL	2	2	
Community Boards-Staten Island (Office Equipment Inventory Practices)	FM15-074A	3	3	
Correction, Dept. of (Compliance with Comptroller's Directive #7)	7E14-063A	8	8	
Design & Construction, Dept. of (Oversight of Turner/STV Joint Venture Construction Management)	FM14-056A	4		4
Design & Construction, Dept. of (Compliance with Local Law 36 - Recycling)	7R14-118AL	2	2	
Economic Development Corporation (Compliance with Local Law 36 - Recycling)	7R14-121AL	1	1	
Economic Development Corporation (Sunstone Hotel Investors, Inc.)	FK13-088A	14	12	2
Education, Dept. of (Efforts to Alleviate Overcrowding in School Buildings)	7E13-123A	7	6	1

Recommendation Status By Audit

Agency	Audit Number	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented*
Education, Dept. of (Adjudication of Alleged Teacher Misconduct and Incompetence Cases)	ME13-109A	4	4	
Education, Dept. of (Ensuring that High School Graduates Have Met Graduation Requirements)	ME14-075A	21	17	4
Education, Dept. of (Controls over Non-Competitive and Limited Competitive Contracts)	MG13-119A	8	6	2
Education, Dept. of (Oversight of Computer Hardware Purchased Thru the Apple Inc. and Lenovo Contracts)	FM14-057A	8	5	3
Emergency Management, Office of (Compliance with Local Law 36 - Recycling)	7R14-095AL	1	1	
Environmental Protection, Dept. of (Compliance with Local Law 36 - Recycling)	SZ15-106AL	1	1	
Environmental Protection, Dept. of (Procurement Practices and Payment Process for Professional Services)	FN14-074A	12	9	3
Film, Theatre & Broadcasting, Mayor's Office of (Operating and Financial Practices)	FM14-054A	4		4
Finance, Dept of (Administration of the School Tax Relief Program)	FM15-070A	6	6	
Finance, Dept of (Follow-up on Implementation of 18-B Web System)	7F14-081AL	4	4	
Finance, Dept of (Administration of the Disabled Homeowners' Exemption Program)	FM14-110A	4	4	
Health & Hospital Corporation (Lincoln Hospital Affiliation Agreement with PAGNY)	MH13-130A	10	10	
Health & Hospital Corporation (Efforts to Manage Emergency Department Wait Times by Kings County, Lincoln, and Elmhurst Hospitals)	MD13-112A	1	1	
Health & Mental Hygiene, Dept. of (Response and Follow-up to Pest Control Complaints)	MD13-101A	12	7	5
Health & Mental Hygiene, Dept. of (Monitoring of Local Assisted Out Patient Treatment Program)	MH12-138A	1	1	
Health & Mental Hygiene, Dept. of (Follow-up on Health Code Violations At Restaurants)	MJ14-058A	4	1	3
Health & Mental Hygiene, Dept. of (Follow-up Efforts on the Provision of Mental Health Services to Discharged Inmates)	MG13-096A	4		4
Health & Mental Hygiene, Dept. of (Reliability and Accuracy of Community Health Survey)	7I14-061AL	1		1
Health & Mental Hygiene, Dept. of (Financial and Operating Practices of Animal Care and Control of NYC)	FM14-089A	18	16	2
Homeless Services, Dept. of (Monitoring of Their Employees Who Drive City-Owned or Personally-Owned Vehicles on City Business)	SZ15-067A	5	4	1

Recommendation Status By Audit

Agency	Audit Number	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented*
Homeless Services, Dept. of (Oversight of Contractors Hired to Assist Individuals and Families Displaced by Hurricane Sandy)	MJ13-117A	6	5	1
Homeless Services, Dept. of (Controls over its Count of Unsheltered Homeless Youths)	MG14-065SL	1		1
Housing Authority (Section 3 and Resident Employment Programs)	MG13-061A	7	4	3
Housing Authority (Controls over Its Inventory of Equipment and Supplies)	MD14-105A	10	10	
Housing Authority (Management of Vacant Apartments)	MD15-060A	10	7	3
Housing Authority (Verificatino for Section 8 Housing Choice Voucher Program)	FM13-125A	5	4	1
Housing Authority (Efforts to Maximize Federal Funding, Enhance Revenue, and Achieve Cost Savings)	FK14-072A	12	3	9
Housing Preservation & Development (Handling of Housing Maintenance Complaints.	ME13-106A	21	14	7
Housing Preservation & Development (Verification of Section 8 Housing Choice Voucher Program)	FM13-121A	5	4	1
Housing Recovery Operations, Mayor's (Administration of NYC Build it Back Single Family Program)	FM14-115A	16	16	
Human Resources Administration (Monitoring and Disposition of Complaints Made Against Home Care Attendants)	MD13-085A	8	7	1
Human Rights, Commission on (Processing of Complaints)	MJ13-110A	6	4	2
Parks & Recreation, Dept. of (Street Pruning Program)	MD13-107A	6	6	
Parks & Recreation, Dept. of (Controls over Disaster Related Costs that Could Be Reimbursed by FEMA)	ME14-083A	8	5	3
Parks & Recreation, Dept. of (Compliance of Golf Center of Staten Island)	FM15-069A	13	13	
Police Department (Information Systems Controls of the Domain Awareness System)	7I14-070A	5	2	3
Police Department (Implementation of the Computer Aided Dispatch System)	7I13-122AL	4	4	
Probation, Dept. (Compliance with Executive Order 120 - Limited English Proficiency)	SZ15-110A	1	1	
Public Administrator, Bronx (Financial and Operating Practices)	FK13-127A	41	18	23
Public Administrator, Kings County (Follow-up on the Financial and Operating Practices)	MD14-122F	22	16	6
New York City Transit (Processing of Metro Card Claims)	MJ14-077A	1	1	
New York City Transit (Wireless Voice and Data Services in New York City's Subway System)	SZ15-062AL	1	1	

Recommendation Status By Audit

Agency	Audit Number	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented*
New York City Transit (Track Cleaning and Painting of the Subway Stations)	FM14-071A	7	7	
New York City Transit (Performance of New York City Express Buses)	MH13-118A	5	5	
Transportation, Dept of (Compliance of Transdev North America, Inc. With Its Franchise Agreement)	FM15-072A	9	7	2
Transportation, Dept of (Maintenance of Bike Share Equipment by New York City Bike Share, LLC)	MJ14-076A	8	8	
TOTAL	64	440	331	109

*If not fully or in the process of being implemented, the recommendations are considered not implemented.

Recommendation Status By Agency

Agency	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented*	% of Recommendations Not Implemented*
Animal Care and Control	15	13	2	13.33%
Borough President - Brooklyn	5	5		0.00%
Borough President - Manhattan	1	1		0.00%
Borough President - Staten Island	1	1		0.00%
Brooklyn Public Library	1	1		0.00%
Buildings, Dept. of	8	7	1	12.50%
Chief Medical Examiner, Office of	2	2		0.00%
City Planning, Dept. of	2	2		0.00%
Citywide Administrative Services, Dept.	10	9	1	10.00%
Civilian Complaint Review Board	2	0	2	100.00%
Collective Bargaining, Office of	2	2		0.00%
Community Boards-Staten Island	3	3		0.00%
Correction, Dept. of	8	8		0.00%
Design & Construction, Dept. of	6	2	4	66.67%
Economic Development Corporation	7	5	2	28.57%
Education, Dept. of	48	38	10	20.83%
Emergency Management, Office of	1	1		0.00%
Environmental Protection, Dept. of	13	10	3	23.08%
Film, Theatre & Broadcasting, Office of	4		4	100.00%
Finance, Dept of	14	14		0.00%
Golden Touch Transportation	6	5	1	16.67%
Golf Center of Staten Island	8	8		0.00%
Health & Hospital Corporation	11	11		0.00%
Health & Mental Hygiene, Dept. of	25	12	13	52.00%
Homeless Services, Dept. of	12	9	3	25.00%
Housing Authority	44	28	16	36.36%

Recommendation Status By Agency

Agency	Total # of Recommendations	# of Recommendations Implemented/In Process	# of Recommendations Not Implemented*	% of Recommendations Not Implemented*
Housing Preservation & Development	26	18	8	30.77%
Housing Recovery Operations, Mayor's	16	16		0.00%
Human Resources Administration	8	7	1	12.50%
Human Rights, Commission on	6	4	2	33.33%
New York City Bike Share, LLC	7	7		0.00%
Parks & Recreation, Dept. of	19	16	3	15.79%
Police Department	9	6	3	33.33%
Probation, Dept.	1	1		0.00%
Public Administrator, Bronx	41	18	23	56.10%
Public Administrator, Kings County	22	16	6	27.27%
Sunstone Hotel Investors, Inc.	8	8		0.00%
New York City Transit	14	14		0.00%
Transportation, Dept of	4	3	1	25.00%
TOTAL	440	331	109	24.77%

*If not fully or in the process of being implemented, the recommendations are considered not implemented.

SECTION IV

**INDEX OF GOVERNMENT AGENCY AUDITS
AND SPECIAL REPORTS
(FISCAL YEARS 2005-2015)**

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