

AUDIT REPORT



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

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

FP04-057A

June 30, 2004



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

WILLIAM C. THOMPSON, JR.
COMPTROLLER

To the Citizens of the City of New York

Ladies and Gentlemen:

In accordance with the Comptroller's responsibilities contained in Chapter 5, §93, of the New York City Charter, my office has examined the compliance of the Queens Borough President's Office with certain City payroll, timekeeping, purchasing, and inventory procedures, as set forth in the New York City Comptroller's *Internal Control and Accountability Directives*; Department of Citywide Administrative Services personnel rules and leave regulations; applicable Procurement Policy Board rules; and the Department of Investigation's *Standards for Inventory Control and Management*. The results of our audit, which are presented in this report, have been discussed with officials from the Borough President's Office, and their comments have been considered in preparing this report.

Audits such as this provide a means of ensuring that agencies follow City guidelines and that government dollars are used appropriately and in the best interest of the public.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Will C. Thompson, Jr.", written over a horizontal line.

William C. Thompson, Jr.

WCT/GR

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

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

FP04-057A

AUDIT REPORT IN BRIEF

This audit determined whether the Queens Borough President's Office (Borough President's Office) complied with certain payroll, personnel, timekeeping, purchasing, and inventory procedures, as set forth in the New York City Comptroller's Internal Control and Accountability Directives (Comptroller's Directives) 3, 13, 23, 24, and 25; Department of Citywide Administrative Services (DCAS) personnel rules and leave regulations (City Time and Leave Regulations); and the bidding requirements of the Procurement Policy Board (PPB) rules.

Audit Findings and Conclusions

The audit found that the Borough President's Office generally adhered to the requirements of Comptroller's Directives 3, 13, 23, 24, and 25, the bidding requirements of the PPB rules, and most of the requirements of City Time and Leave Regulations. In addition, our examination of the Borough President's Office OTPS expenditures disclosed no instances in which moneys were improperly used.

However, the Borough President's Office did not always ensure that: timekeeping records were complete, accurate and properly approved; employees submitted leave authorization forms for time earned; provisions of DCAS' *Employee Lateness Policy* were followed; employees' salaries were within the salary ranges of their Career and Salary Plan titles; City regulations for sick leave were enforced; voucher packages were stamped "vouchered" as required by Comptroller's Directive 24; vouchers were charged to correct object codes; supporting documentation for grant expenditures were maintained; and inventory records were complete and accurate.

Audit Recommendations

To address these issues, we make 10 recommendations, including that the Borough President's Office:

- Ensure that all timesheets and leave authorization forms are signed by employees and approved by a supervisor.
- Ensure that it follows the procedures outlined in the DCAS *Employees Lateness Policy* and its own lateness policy.
- Require that its employees provide medical documentation for sick leave used, in accordance with City Time and Leave Regulations. Employees should be placed on sick leave restriction after five or more instances of undocumented sick leave within a “sick leave period.”
- Ensure that all purchase documents are stamped “vouchered” and all purchases are charged to correct object codes.
- Ensure that all discretionary grant expenditures are supported by appropriate documentation.
- Ensure that complete and accurate inventory records are maintained.

INTRODUCTION

Background

Borough Presidents, elected by the people of each of their respective boroughs for a term of four years, are the executive officials of their boroughs. The powers of each Borough President include, but are not limited to: preparing and reviewing budget proposals; recommending capital projects; holding public hearings on matters of public interest; consulting with the Mayor and the City Council on the preparation of the executive and capital budgets; reviewing and recommending applications and proposals for the use, development, or improvement of land within the borough; preparing environmental analyses required by law; providing technical assistance to the borough’s community boards; monitoring and making recommendations regarding the performance of contractual services in the borough; and proposing legislation to be introduced in the City Council.

During Fiscal Year 2003, Personal Service (PS) expenditures for the Queens Borough President’s Office (Borough President’s Office) amounted to \$3,952,756, and Other Than Personal Services (OTPS) expenditures amounted to \$864,104.

Objective

This audit was conducted to determine whether the Queens Borough President’s Office is complying with certain payroll, personnel, timekeeping, purchasing, and inventory procedures, as set forth in the New York City Comptroller’s Internal Control and Accountability Directives

(Comptroller's Directives) 3, 13, 23, 24, and 25¹; Department of Citywide Administrative Services (DCAS) personnel rules and leave regulations (City Time and Leave Regulations); and the bidding requirements of the Procurement Policy Board (PPB) rules.

Scope and Methodology

This audit covered the period July 1, 2002, to June 30, 2003.

To obtain an understanding of the procedures and regulations with which the Borough President's Office is required to comply, we reviewed relevant provisions of Comptroller's Directives 3, 13, 23, 24, and 25; City Time and Leave Regulations; and the bidding requirements of the PPB rules. Since the Borough President's Office has no inventory procedures, we used the New York City Department of Investigation's *Standards for Inventory Control and Management* as the criterion for assessing inventory controls. We interviewed staff at the Borough President's Office to obtain an understanding of the payroll, personnel, timekeeping, and purchasing procedures in place and to determine how physical assets are safeguarded.

Tests of Compliance with Comptroller's Directive 13 and City Time and Leave Regulations

We reviewed attendance records of 30 employees—27 non-managerial employees and three managerial employees—for the two-week period June 15, 2003, through June 28, 2003, to determine whether the Borough President's Office maintains reliable and accurate time records. (The period was chosen so as to assess records at fiscal year-end.) These 30 employees were randomly selected from the 80 employees (60 non-managerial employees and 20 managerial employees) who were employed by the Borough President's Office during Fiscal Year 2003. We examined the attendance records for completeness and evidence of supervisory review. We compared the attendance records to the City's Payroll Management System (PMS) Employee Leave Details Report (PEILR721) to determine whether all reportable timekeeping transactions were accurately posted to PMS. We reviewed compensatory time transactions and annual leave use for evidence of proper approvals and posting. In addition, we reviewed the sampled employees' personnel files for completeness and evidence that proper approvals were obtained when they were hired.

The results of the above tests, covering the sample of 30 employees, while not projectable to all employees, provided a reasonable basis to assess the compliance of the Borough President's Office with Comptroller's Directive 13 and City Time and Leave Regulations.

For our tests of separation payments, we selected all seven non-managerial employees who separated from City service during Fiscal Year 2003. We determined whether separation

¹ Comptroller's Directive 3, "Procedures for the Administration of Imprest Funds"; Comptroller's Directive 13, "Payroll Procedures"; Comptroller's Directive 23, "Monitoring and Accountability of Discretionary Funds Provided to Borough Presidents"; Comptroller's Directive 24, "Purchasing Function—Internal Controls"; and Comptroller's Directive 25, "Guidelines for the Use and Submission of Miscellaneous Vouchers"

payments made to these individuals were properly calculated. We also checked whether these employees were appropriately removed from the City payroll.

To determine whether the Borough President's Office's employees were receiving salaries that were within the salary ranges of their civil service titles, we compared the salaries of all individuals listed as Borough President's Office employees (during Fiscal Year 2003) to the minimum and maximum salary amounts of their civil service titles specified in the City Career and Salary Plan in the DCAS Personnel Rules. We reviewed the Paycheck Distribution Control Report (form 319) for the periods ending July 19, 2002 and July 3, 2003, to ascertain whether all employees signed for their paychecks.

For all non-managerial employees, we determined whether any unused compensatory time carried beyond the 120-day limit was transferred to sick leave. If such compensatory time was not transferred to sick leave, as required, we determined whether the personnel files contained documentation authorizing that the time be carried over. We also determined whether medical documentation, when required by City Time and Leave Regulations, appropriately supported sick-leave use. Finally, we determined whether approved carryover authorizations were present in personnel files for those employees who had excess annual leave balances (more than the amount that each employee earns in a two-year period) to their credit.

We also reviewed salary history reports and related approval documentation covering Fiscal Year 2003 for all 80 employees listed on PMS as employees of the Borough President's Office to determine whether pay increases were accurately calculated and properly authorized.

Tests of Compliance with Comptroller's Directive 3, 23, 24, 25, And Bidding Requirements of the PPB Rules

We examined 30 purchase orders and their 69 corresponding payment vouchers, 28 imprest fund vouchers, 24 miscellaneous vouchers, and nine payment vouchers issued against requirement and other contracts.¹ We examined each purchase order and voucher for the requisite approvals and authorizations, and for evidence that the transactions were for proper business purposes and were supported by adequate documentation. For the 78 payment vouchers (69 related to purchase orders and nine issued against contracts), we determined whether: each voucher was properly coded; an authorized purchase order was on file, when required; sales and excise taxes were properly excluded from payments; and bids were obtained when required by PPB rules. In addition, for the nine vouchers issued against contracts, we verified that the amounts paid were in accordance with the contracts. With regard to the 24 miscellaneous vouchers and the 28 imprest fund vouchers, we determined whether the vouchers were issued for only allowable purposes, were properly coded, and properly excluded sales and excise taxes. Lastly, we examined each voucher package to ensure that all pages were stamped "vouchered" as required by Directive 24.

¹ The Borough President's Office issued 111 purchase orders, 28 imprest fund vouchers, 24 miscellaneous vouchers, and 117 payments against contracts during Fiscal Year 2003.

The results of the above tests, while not projectable to all payment vouchers processed during the audit period, provided a reasonable basis to assess the compliance of the Borough President's Office with Comptroller's Directives 3, 24 and 25.

To assess Borough President's Office controls over the imprest fund, we selected all bank statements for the imprest fund in Fiscal Year 2003. We examined all 129 canceled checks listed on the bank statements for: authorized signatures and amounts; a specific payee (as opposed to "bearer" or "cash"); an endorsement; and a "void after 90 days" inscription on each check. We also determined whether appropriate bank reconciliations were performed and whether individual imprest fund expenditures were within the \$250 allowable amount specified in Comptroller's Directive 3.

We reviewed documentation related to all 11 discretionary grants issued by the Borough President's Office during Fiscal Year 2003 to determine whether the Borough President's Office complied with Comptroller's Directive 23.

Tests of Inventory Records

We randomly selected a sample of 75 of the 289 major equipment items (including central processing units, monitors, printers, televisions, and fax machines) listed on Borough President's Office inventory records as of May 2004 and determined whether they were on hand. We also determined whether 25 other major equipment items that were on hand in the Borough President's Office were listed on the inventory records. Finally, we determined whether all items examined were tagged as property of the Borough President's Office. The results of the above tests, while not projectable to all major equipment items, provided a reasonable basis to assess the Borough President's Office's controls over inventory.

* * * *

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

Discussion of Audit Results

The matters covered in this report were discussed with Borough President's Office officials during and at the conclusion of this audit. A preliminary draft report was sent to the Borough President's Office and discussed at an exit conference held on June 9, 2004. On June 10, 2004, we submitted a draft report to the Borough President's Office with a request for comments. On June 18, 2004, we received a written response from the Borough President's Office which has been included as an addendum to this report.

In its response the Borough President's Office described the steps they have taken or will take to implement eight of the ten recommendations. The Borough President's Office did not agree that a discretionary grant expenditure was not documented and that it made a questionable purchase for five printers not used in almost two years

FINDINGS AND RECOMMENDATIONS

The Borough President's Office generally adhered to the requirements of Comptroller's Directives 3, 13, 23, 24, and 25, the bidding requirements of the PPB rules, and most of the requirements of City Time and Leave Regulations. Specifically, we found:

- Personnel files were complete and contained documentation that approvals were obtained for personnel actions;
- Employees were paid correctly upon separation from City service;
- Employees recorded their daily arrival and departure times;
- Employees signed for their paychecks;
- Items purchased were necessary for the Borough President's Office operations;
- Sampled purchase orders were properly approved;
- Vouchers reviewed contained all requisite approvals and authorizations, and the amounts paid to vendors were accurately calculated and excluded sales and excise taxes;
- Bids were obtained for purchases, when required;
- Appropriate documentation was maintained to support the imprest fund and miscellaneous vouchers;
- Imprest fund purchases did not exceed the \$250 expenditure limitation;
- Invoices were maintained to support imprest fund payments;
- Imprest fund checks had the required authorized signatures, specified payees, and had the inscription "void after 90 days";
- The imprest fund bank account was properly reconciled;
- Discretionary grants were: properly approved; for a specific purpose; and used as intended.

In addition, our examination of the Borough President's Office OTPS expenditures disclosed no instances in which moneys were improperly used. However, the Borough President's Office did not always comply with certain provisions of City Time and Leave Regulations and Comptroller's Directive 23 and 24. These instances of noncompliance, as well as the issues related to inventory controls, are discussed in detail in the following sections of this report.

Payroll and Timekeeping Issues

Timekeeping Discrepancies

Our review of timekeeping records disclosed the following exceptions:

- Three instances in which an employee was not credited on PMS for 3 1/2 hours of compensatory time earned;
- One instance in which an employee was credited for 6 1/4 hours of compensatory time not earned;
- One discrepancy between a timesheet and the daily logbook that resulted in an employee's not being charged for seven hours of sick leave use;
- One instance in which an employee was not charged for being 15 minutes late;
- One instance in which an employee lacked an authorization form for six hours of compensatory time earned.

Recommendations

The Borough President's Office should:

1. Ensure that all timesheets and leave authorization forms are signed by employees and approved by a supervisor.
2. Ensure that timekeeping transactions are carefully reviewed so that timekeeping errors are avoided.

Borough President's Office Response: "A policy memorandum is being drafted and will be circulated and signed by all Office of Queens Borough President staff. The policy memorandum will re-state that no timesheet will be put into the PMS system unless it is accompanied by the appropriate supervisor signature. Should an employee's timesheet have a discrepancy or lack supervisor approval, employee's check will be held until issue is resolved."

DCAS Lateness Policy Not Followed

We found the Borough President's Office did not follow the DCAS *Employees Lateness Policy* nor its own policy for addressing employee lateness. The DCAS *Employees Lateness Policy* requires that formal conferences be held with the employees after four instances of lateness, and the results of the conferences be documented in the personnel files. Specifically, the DCAS policy states:

“Upon the fourth occurrence of unauthorized lateness, the immediate supervisor will meet with the employee to explain the lateness policy and to develop methods to help the employee avoid future lateness. At this time, remedies such as alternative work schedules should be discussed. The results of the meeting are to be recorded and signed by the supervisor and the employee and placed in the employee's personnel folder.

“Upon the fifth occurrence of unauthorized lateness, the immediate supervisor will again meet with the employee to review the employee's lateness record. At this time the employee should be warned that additional lateness may result in disciplinary action. The results of the meeting are to be recorded and signed by the supervisor and the employee and placed in the employee's personnel folder.

“Upon the sixth occurrence of unauthorized lateness, the immediate supervisor will again meet with the employee to review the employee's lateness record. The employee will be warned that the next unauthorized lateness will result in disciplinary action. The results of the meeting are to be recorded and signed by the supervisor and the employee and placed in the employee's personnel folder.

“If excessive lateness persists, the agency head will take disciplinary action against the employee utilizing Section 75 of the New York State Civil Service Law.”

Similarly, the Borough President's Office Lateness Policy and Procedure states: “When an employee is late for the **fourth time** within a one year period, a notice will be sent to the supervisor of the dates of the lateness together with a copy of the *Lateness Control Interview Form*. This notice will state that the **First Warning Level** has been reached. [Emphases in original.] The supervisor will meet with the employee and cover the material associated with the appropriate level. The employee and the supervisor will sign and date the form and return it to the Timekeeping office. A copy of the form will be placed in the employee's personnel file.”

Seventeen of the 80 employees of the Borough President's Office had more than four instances of lateness (ranging from five to 121 instances per employee) during the period July 2002-June 2003. However, we found no evidence that the Borough President's Office followed

any of the above-mentioned procedures to address the lateness problems with 15 employees. The remaining two employees had a memorandum in their file discussing their lateness.

Recommendation

3. The Borough President's Office should ensure that it follows the procedures outlined in the DCAS *Employees Lateness Policy* and its own lateness policy.

Borough President's Office Response: "As of July 2003 the previous Personnel Director retired and current employee was assigned this position. Since that time, verbal conversations have taken place with employees violating the lateness policy, the supervisor, and the Personnel Director.

"Henceforth, we will take the necessary steps to implement and enforce all facets of our lateness policy. This office will re-issue a lateness policy and have each employee sign procedure as a receipt."

Sick Leave Regulations Not Enforced

Three employees of the Borough President's Office had more than five instances of undocumented sick leave within a "sick leave period," but were not placed on sick leave restriction as required by City Time and Leave Regulations. These regulations require that an employee who uses undocumented sick leave more than five times during a six-month period—either January to June or July to December—be placed on "sick leave restriction."

Had the three employees been placed on sick leave restriction, they would have been required to provide medical documentation for each subsequent sick leave occurrence. This requirement would remain in effect until the employee worked a complete sick leave period without being on sick leave more than two times. The employees pay should be docked if he/she failed to bring documentation for sick leave used while under sick leave restriction. It should be noted that from January through June 2003, these employees had nine instances of undocumented sick leave totaling 90 hours that would have been subject to these requirements.

Recommendation

4. The Borough President's Office should require that its employees provide medical documentation for sick leave used, in accordance with City Time and Leave Regulations. Employees should be placed on sick leave restriction after five or more instances of undocumented sick leave within a "sick leave period."

Borough President's Office Response: "Effective immediately, this office will follow and enforce the sick leave regulation policy. Employees will be required to provide medical documentation for sick leave used in accordance with City Time and Leave

Regulations. In addition, employees will be placed on sick leave restriction after five or more instances of undocumented sick leave within a ‘sick leave period.’”

Employees Paid in Excess of Their Title Salary Ranges

During the audit period, the annual salaries of 11 of the Borough President’s Office 80 employees exceeded the maximum pay rates for their titles in the Career and Salary Plan titles. The excess salary amounts ranged from \$397 to \$11,486. The City Career and Salary Plan contains minimum and maximum pay rates for each job title. According to the Career and Salary Plan, “The purpose of this resolution is to provide fair and comparable pay for comparable work.” Thus, the minimum and maximum pay rates are an integral part of the Plan

It should be noted that nine of the 11 employees’ titles were appropriately changed effective July 1, 2003. The Borough President’s Office can not change the titles of the remaining two employees since they are no longer employed at the agency.

Recommendation

5. The Borough President’s Office should transfer employees whose salaries currently exceed their title limits into other titles for which they qualify and that have salary ranges that properly encompass their current pay levels or should appropriately adjust the salaries.

Borough President’s Office Response: “As noted in the Draft Audit Report on the Financial and Operating Practices of the Queens Borough President’s Office all employees’ titles were appropriately changed effective July 1, 2003. Agency will continue to monitor employees’ titles, salary ranges and current salaries to ensure employees’ salaries remain within the title salary range. Should there be any discrepancy, agency will take necessary action to ensure employee is transferred to an appropriate title.”

Procurement Weaknesses

Our review of the 30 purchase orders and the corresponding 69 payment vouchers and supporting documentation disclosed that three vouchers were not charged to the correct object codes as required by Comptroller’s Directive 24. All three vouchers were charged to object code 100—Office Supplies and Materials, instead of Code 315—Office Equipment-Wall Clock; Code 101—Printing Supplies-Ink cartridges; and Code 319— Security Equipment-Steel Safe.

The use of incorrect object codes prevents the Borough President’s Office from identifying the type and amount of a particular expense item within a fiscal year. This, in turn, distorts the year-end reports that identify expenditure patterns. Such a distortion can compromise management’s ability to properly plan future budgets.

In addition, two miscellaneous voucher packages were not stamped “vouchered” on each page, as required by Comptroller’s Directive 24. Stamping vouchers helps prevent duplicate payments.

Recommendation

6. The Borough President’s Office should ensure that all purchase documents are stamped “vouchered” and all purchases are charged to correct object codes.

Borough President’s Office Response: “The purchase of these items was made for the collection of the Topography Revenue. This office used Blanket Purchase Orders where sometimes is the only encumbrance is Object Code 100. Indeed, the ink cartridges should be in Object Code 199 – DP Supplies rather than 101 Printing Supplies. Since the time of the audit, we have attempted to add a line to the Purchase Order which will more appropriately fit the items being purchased.

“In response to stamping ‘vouchered’ on each page of voucher packages, occasionally human error misses a few pages. Although the pages were not ‘each’ stamped, there were no duplicate payments.”

Grant Expenditure Not Documented

The Borough President’s Office awarded a \$5,000 discretionary grant to a day care center for the purchase of two computers and related equipment. The Borough President’s Office grant file contained documentation on the portion of grant for the related equipment totaling \$2,684. However, the file did not contain an invoice identifying the computers purchased and their prices or a delivery slip showing that the computers were delivered. Comptroller’s Directive 23 requires that supporting documentation such as invoices and receipts be maintained in the files. In addition, the Borough President’s Office did not ensure that its own contract requirements were complied with, in that the contract between the Borough President’s Office and the day care center requires that the contractor provide the Borough President’s Office with “copies of any and all bids received, bills or invoices, receipts for goods purchased, and such other proof of payment and receipt of goods or services purchased under this contract . . . including but not limited to both sides of all canceled checks.” As stated, all required documentation was not included in the grant file.

Recommendation

7. The Borough President’s Office should ensure that all discretionary grant expenditures are supported by appropriate documentation.

Borough President’s Office Response: “Comptroller’s Directive 23 indicates that this funding is to be awarded at the discretion of the Borough President. Expenditures should comply with the Comptroller’s Rules and Regulations. Expenditures of up to \$5,000 do not require bidding. Grant was awarded via a small agreement signed by both an official of the organization and Borough President’s ACCO. Organization provided a quote

describing the items to be purchased from Dell as well as signing a statement that the funds were utilized in agreement with the terms of the contract. In addition, there was a cancelled check from the organization to Dell for the same exact amount (quote and cancelled check). It is the determination of this office that the paperwork provided including the small contract, quote from Dell describing, in detail, the equipment to be purchased, a copy of the cancelled check from the organization to Dell and the letter verifying expenditures were made in accordance with the contract, constitute sufficient backup documentation to meet the Comptroller's Directive 23 as well as the policy developed by this office concerning discretionary grants. It should be noted both the Comptroller's Directive and the Borough President's policy use the terms documentation 'such as' and 'including.' This does not constitute a requirement—rather, it provides acceptable documentation. It is the determination of this office that supporting documentation presented was acceptable to meet the policy as defined by both Comptroller's Directive 23 and the policy developed by this office concerning Borough President's discretionary grants.”

Auditor's Comments: The contract between the Borough President's Office and the day care center required that the day care center submit proof that the items covered under the grant were actually purchased, received and paid for. However, the Borough President's Office files contained no invoices, receiving reports or other documentation containing such information. Therefore, we reiterate our recommendation.

Inventory Control Weaknesses

The Borough President's Office did not maintain complete and accurate inventory records for all equipment as required by Department of Investigation's *Standards for Inventory Control and Management*. Specifically:

- One computer monitor on the inventory list could not be found;
- Twelve items were found in places other than those indicated on the inventory list;
- Five items were listed with incorrect serial numbers;
- Two items did not have affixed identification tags; and
- Five items—three printers, one Central Processing Unit, and a monitor—were not included on the inventory list.

In addition, during our inventory review in May 2004, we noted that five printers purchased by the Borough President's Office on June 20, 2002, for \$7,163 were in their original boxes. According to the Borough President's Office staff, these printers were tagged when they were received but held in reserve in case the office needed to replace its currently used printers. While it may be necessary to have a spare printer on hand, we question the use of \$7,163 in City funds for equipment that has not been used for almost two years.

Recommendations

The Borough President's Office should ensure that:

8. Complete and accurate inventory records are maintained.
9. Identification tags are affixed to all items.
10. It purchases only items that are needed for its operations.

Borough President's Office Response: With regard to the inventory control weaknesses, the Borough President's Office stated that it "will take additional steps to ensure 100% conformance" in matching items locations to locations noted on its inventory list. In addition, the Borough President's Office stated that the serial number and identification tag errors "were corrected as soon as discovered." Further, the Borough President's Office reported that five items that were not recorded on the inventory list are now included. Finally, the Borough President's Office confirmed that it purchased the five printers as replacements for printers that cannot be repaired. However, it believes that "it is fiscally responsible to have a small amount of stock in items such as computer related equipment because the best price cannot be obtained when an agency purchases one item at a time on an emergency basis."

Auditor Comment: Although we agree that it may be prudent to have one piece of spare equipment of each type on hand, we question the need for five of the same item.

HELEN M. MARSHALL
PRESIDENT



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June 16, 2004

Honorable William C. Thompson, Jr.
Comptroller
City of New York
Municipal Building, 5th Floor
New York, New York 10007

Honorable Comptroller Thompson:

This letter is in response to the Preliminary Draft Audit Report on the Financial and Operating Practices of the Office of the Queens Borough President dated May 21, 2004.

Your staff and representatives from our office had an exit conference on June 9, 2004. As per our agreement at that meeting we are requesting that the following responses to your findings be included in the final draft version of the audit.

Payroll and Timekeeping Issues

Timekeeping Discrepancies

- Three instances in which an employee was not credited on PMS for 3 1/2 hours of compensatory time earned.
- One instance in which an employee was credited for 6 1/4 hours of compensatory time earned.
- One discrepancy between a timesheet and the daily logbook that resulted in an employee's not being charged for seven hours of sick leave use.
- One instance in which an employee was not charged for being 15 minutes late.

These timekeeping errors were made inadvertently by staff and were corrected immediately upon discovery.

- One instance in which an employee lacked an authorization form for six hours of compensatory time earned.

Employees do not receive credit for overtime unless a supervisor approves. This employee was credited for the time based upon verbal approval from the supervisor. Subsequent to verbal approval, the supervisor approved the overtime request in writing.

1. Ensure that all timesheets and leave authorizations forms are signed by employees and approved by a supervisor.
2. Ensure that timekeeping transactions are carefully reviewed so that timekeeping errors are avoided.

A policy memorandum is being drafted and will be circulated and signed by all Office of Queens Borough President staff. The policy memorandum will re-state that no timesheet will be put into the PMS system unless it is accompanied by the appropriate supervisor signature. Should an employee's timesheet have a discrepancy or lack supervisor approval, employee's check will be held until issue is resolved.

DCAS Lateness Policy Not Followed

- Seventeen of the 80 employees of the Borough President's Office have more than four instances of lateness (ranging from five to 121 instances per employee) during the period July 2002 – June 2003. No evidence that the Borough President's Office followed any of official lateness procedures for 15 employees. Two employees had a memorandum in their file.

Recommendation (paraphrased)

3. The Borough President's Office should ensure that it follows the procedures outlined in the DCAS *Employees Lateness Policy* and its own lateness policy.

As of July 2003 the previous Personnel Director retired and current employee was assigned this position. Since that time, verbal conversations have taken place with employees violating the lateness policy, the supervisor, and the Personnel Director.

Henceforth, we will take the necessary steps to implement and enforce all facets of our lateness policy. This office will re-issue a lateness policy and have each employee sign procedure as a receipt.

Sick Leave Regulation Not Enforced

Three employees of the Borough President's Office had more than five instances of undocumented sick leave with a "sick leave period," but were not placed on sick leave restriction as required by city time and Leave Regulations. These regulations require that an employee who uses undocumented sick leave more than five times during a six-month period – either January to June or July to December – be placed on "sick leave restriction."

Had the three employees been placed on sick leave restriction they would have been required to provide medical documentation for each subsequent sick leave occurrence. This requirement would remain in effect until the employee worked a complete sick leave period without being on sick leave more than two times. The employees pay should be docked if he/she failed to bring documentation for sick leave used while under sick leave restriction. It should be noted that from January through June 2003, these employees had nine instances of undocumented sick leave totaling 90 hours that would have been subject to these requirements.

Recommendation

4. The Borough President's office should require that its employees provide medical documentation for sick leave used, in accordance with City time and Leave Regulations. Employees should be placed on sick leave restriction after five or more instances of undocumented sick leave within a "sick leave period."

Effective immediately, this office will follow and enforce the sick leave regulation policy. Employees will be required to provide medical documentation for sick leave used in accordance with City Time and Leave Regulations. In addition, employees will be placed on sick leave restriction after five or more instances of undocumented sick leave within a "sick leave period."

Recommendation

5. The Borough President's office should transfer employees whose salaries currently exceed their title limits into other titles for which they qualify and that have salary ranges that properly encompass their current pay levels or should appropriately adjust their salaries.

As noted in the Draft Audit Report on the Financial and Operating Practices of the Queens Borough President's Office all employees' titles were appropriately changed effective July 1, 2003. Agency will continue to monitor employees' titles, salary ranges and current salaries to ensure employees' salaries remain within the title salary range. Should there be any discrepancy, agency will take necessary action to ensure employee is transferred to an appropriate title.

Procurement Weakness (paraphrased)

- Review of 30 purchase orders and corresponding 60 payment vouchers and supporting documentation disclosed three vouchers were not charged to the correct object code. All were charged to object code 100 – Office Supplies and materials, instead of Code 315 – Office Equipment – wall clock; Code 101 Printing Supplies – Ink cartridges; and Code 319 – Security Equipment – Steel Safe.
- Two miscellaneous voucher packages were not stamped “vouchered” on each page as required.

Recommendation

6. *The Borough President's Office should ensure that all purchase documents are stamped "vouchered" and all purchases are charged to correct object codes.*

The purchase of these items was made for the collection of the Topography Revenue. This office used Blanket Purchase Orders where sometimes is the only encumbrance is Object Code 100. Indeed, the ink cartridges should be in Object Code 199 – DP Supplies rather than 101 Printing Supplies. Since the time of the audit, we have attempted to add a line to the Purchase Order which will more appropriately fit the items being purchased.

In response to stamping “vouchered” on each page of voucher packages, occasionally human error misses a few pages. Although the pages were not “each” stamped, there were no duplicate payments.

Grant Expenditures Not Documented

The Borough President's Office awarded a \$5,000 discretionary grant to a day care center for the purchase of two computers and related equipment. The Borough President's Office grant file contained documentation on the portion of the grant for the related equipment totaling \$2,684. However, the file did not contain an invoice identifying the computers purchased and their prices or a delivery slip showing that the computers were delivered. Comptroller Directive 23 requires supporting documentation such as invoices and receipts be maintained in files. In addition, the Borough President's Office did not ensure that its own contract requirements were complied with in that the contract between the Borough President's Office and the day care center requires that the contractor provide the Borough President “with copies of any and all bills received, bills or invoices, receipts for goods purchased, and such other proof of payment and receipt of goods or services purchased under this contract... including but not limited to both sides of canceled checks.” As stated, all required documentation was not included in the grant file.

Recommendation

7. *The Borough President's Office should ensure that all discretionary grant expenditures are supported by appropriate documentation.*

Comptroller's Directive 23 indicates that this funding is to be awarded at the discretion of the Borough President. Expenditures should comply with the Comptroller's Rules and Regulations. Expenditures of up to \$5,000 do not require bidding. Grant was awarded via a small agreement signed by both an official of the organization and Borough President's ACCO. Organization provided a quote describing the items to be purchased from Dell as well as signing a statement that the funds were utilized in agreement with the terms of the contract. In addition, there was a cancelled check from the organization to Dell for the same exact amount (quote and cancelled check). It is the determination of this office that the paperwork provided including the small contract, quote from Dell describing, in detail, the equipment to be purchased, a copy of the cancelled check from the organization to Dell and the letter verifying expenditures were made in accordance with the contract, constitute sufficient backup documentation to meet the Comptroller's Directive 23 as well as the policy developed by this office concerning discretionary grants. It should be noted both the Comptroller's Directive and the Borough President's policy use the terms documentation "such as" and "including." This does not constitute a requirement—rather, it provides acceptable documentation. It is the determination of this office that supporting documentation presented was acceptable to meet the policy as defined by both Comptroller's Directive 23 and the policy developed by this office concerning Borough President's discretionary grants.

Inventory Control Weakness (paraphrased)

The Borough President's Office did not maintain complete and accurate inventory records for all equipment as required by DOI's Standards for Inventory control and management.

Specifically:

- One computer on the inventory could not be found;
- Twelve items were found in places other than those indicated on the inventory list;
- Five items were listed with incorrect serial numbers;
- Two items did not have affixed identification tags; and
- Five items – three printers, one Central Processing Unit, and a monitor – were not included on the inventory list.

In addition, during inventory review in May 2004, five printers purchased on June 20, 2002 for \$7,163 were in original boxes. Borough President Office explained printers were tagged when received but held in case office needed to replace currently used printers.

While it may be necessary to have a spare printer on hand, Comptroller's Office questions use of \$7,163 for equipment not used in almost two years.

Recommendation

The Borough President's Office should ensure that:

8. Complete and accurate inventory records are maintained.
9. Identification tags are affixed to all items.
10. It purchases only items that are needed for its operations.

Response will be submitted for each item cited.

- One monitor on the inventory list could not be found.

Although our error ratio on this item was less than 1% the BP will take additional steps to ensure 100% conformance.

- Twelve items found in places other than those indicated on the inventory.
- Five items were listed with incorrect serial numbers.
- Two items did not have affixed identification tags.

These errors were corrected as soon as discovered.

- Five items – three printers, one CPU, and a monitor were not included on the inventory list.

These items were recently ordered, delivered and set up in our Topography Unit. These items had to be special ordered to handle the unit's needs. As soon as the computer consultant completes the process of setting up the station, the computer items are added to our inventory. This is now complete and the station with the five items have been included in our inventory.

- Five printers were purchased in June 2002 to be used as spares when printers cannot be repaired. They are still in boxes and not used. Comptroller's Office questions expenditure of \$7,163 of City funds.

These printers were indeed purchased as spare printers to replace printers when they can no longer repaired. At the time of purchase there were approximately 100 employees, most with their own printer. It is fiscally responsible to have a small amount of stock in items such as computer related equipment because the best price cannot be obtained when an agency purchases one item at a time on an emergency basis. Every agency must have some spare stock of equipment. In October 20 employees retired. As a result, the printers and computers from the retirees were used as replacement equipment before the new printers. The retirements were unexpected and the staff was not replaced. Their equipment became our stock. No new purchases of computer equipment have been made since that time.

As stated in your draft, my office adheres to the City's rules and regulations and purchasing directives. This office is fiscally responsible and has every intention of implementing appropriate recommendations while continuing to act in a responsible manner. If you have any questions, please do not hesitate to contact Carol Ricci, ACCO at (718) 286-2660.

Very truly yours,

A handwritten signature in cursive script that reads "Helen Marshall". The signature is written in black ink and is positioned above the printed name.

HELEN M. MARSHALL

President

Borough of Queens