



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

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**WILLIAM C. THOMPSON, JR.**  
*Comptroller*

**Audit Report on the  
Use of Its Sub-Imprest Fund by the  
General Support Services Division of the  
Human Resources Administration**

**FL02-165A**

*June 28, 2002*



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

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**EXECUTIVE SUMMARY**

**Background**

The New York City Human Resources Administration (HRA) provides temporary economic and social service support to needy City residents and helps them, whenever possible, to achieve economic independence. HRA's General Support Services Division (GSS) provides capital construction planning, architectural and engineering services, construction, repairs and maintenance, and technical support services to HRA programs. HRA established a sub-imprest fund (Fund) to allow GSS to make emergency purchases and other small purchases, such as carfare. For Fiscal Year 2001, GSS processed 480 purchases totaling \$42,528 through the Fund. Normally, we would not have audited a fund with such small expenditures charged to it, but in this case we received allegations that the Fund was being used "for personal and non-city purchases."

**Objective, Scope, and Methodology**

The objective of this audit was to determine whether only appropriate expenses were paid from the Fund.

The audit covered the period July 1, 2000, to June 30, 2001. We reviewed Comptroller's Directive 3, *Procedures for the Administration of Imprest Funds*, and the HRA Sub-Imprest Fund Procedures Manual (Procedures Manual). We obtained the Cash Receipts and Disbursements Journal that lists all Fund purchases for Fiscal Year 2001. We then requested supporting documentation for all Fund purchases made in Fiscal Year 2001. We reviewed each transaction's supporting documentation to determine whether: there was evidence of split purchases; purchase documents were appropriately prepared and approved; authorized signatures appeared on all required documents; purchases were

properly recorded; vouchers had sufficient documentation to support payments; and purchases were reasonable and appropriate. Finally, we verified that all major items purchased that included printers, scanners, and electronics were safeguarded and properly accounted for.

## **Results in Brief**

Purchases made from the Fund did not always comply with Comptroller's Directive 3, *Procedures for the Administration of Imprest Funds*, or the HRA Sub-Imprest Fund Procedures Manual. Specifically:

- GSS intentionally split purchases (frequently on the same date) to circumvent the \$250 limit on sub-imprest purchases. GSS purchased goods from six vendors by processing 33 requisitions, totaling \$6,969, through the Fund. Individually, these purchases were at, or under, the \$250 threshold established by Directive 3 for imprest fund purchases. However, when added together by vendor and date, these purchases exceeded the threshold.
- GSS made 30 unapproved purchases, totaling \$3,592. In order to make a purchase, GSS completes a W-720 Requisition Form that lists the items to be purchased and submits it for approval. A comparison of the purchase invoices to the requisition forms revealed a number of inconsistencies. For example, some invoices revealed that GSS purchased fewer items than it requisitioned, or did not purchase some approved items at all. In these instances, GSS did not return the excess funds, but used them to purchase other, unapproved, items, including computer hard drives, printer cables, memory chips, ZIP drives, scanners, keyboards, CD towers and storage cases, and batteries.
- GSS made 23 purchases totaling \$1,717 that were not in accordance with the Procedures Manual. The items purchased included filing fees paid to the New York City Department of Buildings, postage, flowers, gas, and tolls, none of which should be purchased through the Fund.
- GSS made 21 inappropriate purchases totaling \$2,038. These inappropriate purchases were for various items, including washing and waxing City-owned vehicles, electronics, phone accessories, non-City maps, and picture frames. We do not understand why some of these purchases were processed through the Fund, nor do we understand why such items as car detailing and picture frames were purchased at all.
- GSS made 53 Fund purchases totaling \$7,316 without proper approval. The Fund Administrator approved purchases in violation of the Procedures Manual, which states: "Expenditures may not be authorized by anyone involved with SIF [Sub-Imprest Fund] administration." In addition, other purchases were either not signed for approval, or were signed by individuals not authorized to do so.

Even though the individual items cited above total \$21,632, our findings pertain only to \$14,452 because certain purchases appear in more than one category.

We made unannounced visits to various HRA locations on May 20, 2002 and verified that the items purchased through the sub-imprest fund were properly safeguarded and accounted for. Therefore, we are reasonably assured that the improper use of the sub-imprest fund did not result in theft or fraud. However, weaknesses found in the operation of the sub-imprest fund could lead to this type of occurrence in the future. While we were conducting our unannounced visits, we reviewed sub-imprest fund purchases for Fiscal Year 2002, and found that GSS continued to: intentionally split purchases to circumvent the \$250 limit; purchase items without proper approval; purchase items that were not in accordance with the agency procedures; and, make inappropriate purchases.

Consequently, our report recommends that GSS should:

- Discontinue its practice of splitting purchases to circumvent the \$250 limit for Fund purchases in accordance with Comptroller's Directive 3 and the HRA Procedures Manual.
- Discontinue its practice of using excess funds to purchase unapproved items.
- Ensure that it uses the Fund for only allowable purchases.
- Use the Fund as intended for emergency and small purchases only.
- Ensure that only authorized personnel approve Fund purchases.

### **HRA Response**

The matters covered in this report were discussed with HRA officials during and at the conclusion of this audit. A preliminary draft of this report was sent to HRA officials and was discussed at an exit conference on June 12, 2002. On June 12, 2002, we submitted a draft report to HRA officials with a request for comments. On June 25, 2002, we received a written response from HRA officials in which they agreed with the report's findings and stated that they will implement the recommendations. The full text of the HRA response is included as an addendum to this report.



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**Audit Report on the  
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Human Resources Administration**

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**INTRODUCTION**

**Background**

The New York City Human Resources Administration (HRA) provides temporary economic and social service support to needy City residents and helps them, whenever possible, to achieve economic independence. HRA accomplishes these goals through a broad range of programs and services, including income support and employment services through the Family Assistance Program, the Safety Net Assistance Program, and the Work Experience Program.

HRA's General Support Services Division (GSS) provides capital construction planning, architectural and engineering services, construction, repairs and maintenance, and technical support services to HRA programs. HRA established a sub-imprest fund (Fund) to allow GSS to make emergency purchases and other small purchases, such as carfare. For Fiscal Year 2001, GSS processed 480 purchases totaling \$42,528 through the Fund. Normally, we would not have audited a fund with such small expenditures charged to it, but in this case we received allegations that the Fund was being used "for personal and non-city purchases."

**Objective**

The objective of this audit was to determine whether only appropriate expenses were paid from the Fund.

## **Scope and Methodology**

The audit covered the period July 1, 2000, to June 30, 2001. We reviewed Comptroller's Directive 3, *Procedures for the Administration of Imprest Funds*, and the HRA Sub-Imprest Fund Procedures Manual (Procedures Manual). We interviewed HRA officials to obtain an understanding of how items are requisitioned, approved, and paid for through the Fund. We conducted a walk-through of the system and prepared a flowchart to document our understanding of the procedures and internal controls in place.

We obtained the Cash Receipts and Disbursements Journal that lists all Fund purchases for Fiscal Year 2001. We then requested all supporting documentation, such as Replenishment Request Forms (Form M-391m), Replenishment Group Summary Forms (Form M-391p), Requisition Forms (Form W-720), Advance of SIF [Sub-Imprest Fund] Monies Forms (Form 160g), receipts, bills, and invoices for all Fund purchases made in Fiscal Year 2001.

We reviewed each transaction's supporting documentation to determine whether:

- there was evidence of split purchases;
- purchase documents were appropriately prepared and approved;
- authorized signatures appeared on all required documents;
- purchases were properly recorded;
- vouchers had sufficient documentation to support payments; and,
- purchases were reasonable and appropriate.

Finally, we verified that all major items purchased that included printers, scanners, and electronics were safeguarded and properly accounted for.

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

## **HRA Response**

The matters covered in this report were discussed with HRA officials during and at the conclusion of this audit. A preliminary draft of this report was sent to HRA officials and was discussed at an exit conference on June 12, 2002. On June 12, 2002, we submitted a draft report to HRA officials with a request for comments. On June 25, 2002, we received a written response from HRA officials in which they agreed with the report's findings and stated that they will implement the recommendations. The full text of the HRA response is included as an addendum to this report.

**OFFICE OF THE COMPTROLLER  
NEW YORK CITY**

**DATE FILED: *June 28, 2002***

## FINDINGS AND RECOMMENDATIONS

Purchases made from the Fund did not always comply with Comptroller's Directive 3, *Procedures for the Administration of Imprest Funds*, or the HRA Sub-Imprest Fund Procedures Manual. Specifically:

- GSS intentionally split purchases (frequently on the same date) to circumvent the \$250 limit on sub-imprest purchases. GSS purchased goods from six vendors by processing 33 requisitions, totaling \$6,969, through the Fund. Individually, these purchases were at, or under, the \$250 threshold established by Directive 3 for imprest fund purchases. However, when added together by vendor and date, these purchases exceeded the threshold.
- GSS made 30 unapproved purchases, totaling \$3,592. In order to make a purchase, GSS completes a W-720 Requisition Form that lists the items to be purchased and submits it for approval. A comparison of the purchase invoices to the requisition forms revealed a number of inconsistencies. For example, some invoices revealed that GSS purchased fewer items than it requisitioned, or did not purchase some approved items at all. In these instances, GSS did not return the excess funds, but used them to purchase other, unapproved, items including computer hard drives, printer cables, memory chips, ZIP drives, scanners, keyboards, CD towers and storage cases, and batteries.
- GSS made 23 purchases totaling \$1,717 that were not in accordance with the Procedures Manual. The items purchased included filing fees paid to the New York City Department of Buildings, postage, flowers, gas, and tolls, none of which should be purchased through the Fund.
- GSS made 21 inappropriate purchases totaling \$2,038. These inappropriate purchases were for various items, including washing and waxing City-owned vehicles, electronics, phone accessories, non-City maps, and picture frames. We do not understand why some of these purchases were processed through the Fund, nor do we understand why such items as car detailing and picture frames were purchased at all.
- GSS made 53 Fund purchases totaling \$7,316 without proper approval. The Fund Administrator approved purchases in violation of the Procedures Manual, which states: "Expenditures may not be authorized by anyone involved with SIF [Sub-Imprest Fund] administration." In addition, other purchases were either not signed for approval, or were signed by individuals not authorized to do so.

Even though the individual items cited above total \$21,632, our findings pertain only to \$14,452 because certain purchases appear in more than one category.

We made unannounced visits to various HRA locations on May 20, 2002 and verified that the items purchased through the sub-imprest fund were properly safeguarded and accounted for. Therefore, we are reasonably assured that the improper use of the sub-imprest fund did not result in theft or fraud. However, weaknesses found in the operation of the sub-imprest fund could lead to this type of occurrence in the future. While we were conducting our unannounced visits, we reviewed sub-imprest fund purchases for Fiscal Year 2002, and found that GSS continued to: intentionally split purchases to circumvent the \$250 limit; purchase items without proper approval; purchase items that were not in accordance with the agency procedures; and, make inappropriate purchases.

Our findings are discussed in detail in the following sections of the report.

### **Split Purchases**

GSS purchased goods totaling \$6,969 from six vendors by processing 33 requisitions through the Fund. Individually, these purchases were at or under the \$250 threshold established by Comptroller's Directive 3 for individual imprest fund purchases. However, when added together by vendor and date, these purchases exceeded the threshold. By not combining these purchases, GSS circumvented Comptroller's Directive 3, which states: "Purchases must not be split to circumvent the \$250 expenditure limitation." In addition, the Procedures Manual states that "Purchases and Services - Amounts over \$250.00 are prohibited unless approved by the Comptroller. . . . It is not permitted to circumvent the system by submitting repeated \$250.00 receipts and invoices." It should also be noted that several "split" purchases (made from the same vendor on the same date) were at the actual \$250 threshold, or a penny or two below.

For example, on February 8, 2001, GSS made three purchases of computer equipment and supplies from Datavision Computer Video Inc. GSS submitted three W-720 Requisition Forms (#0003782537, #0003782538, #0003782539), each for \$250, to the Budget Officer, who approved the purchases and authorized release of the funds.

As another example, on April 10, 2001, GSS made two purchases of computer equipment and supplies from Datavision Computer Video Inc. Again, GSS submitted two W-720 Requisition Forms (#0003782550 and #0003782551) for \$250 each to the Budget Officer, who approved the purchases and authorized release of the funds.

As a final example, on June 18, 2001, GSS made three purchases for respirators and coveralls from Grainger Inc. The items purchased were included on two W-720 Requisition Forms (#0003802273 and #0003802274) for \$216.92 and 80.52, respectively. In this case, HRA's Assistant Deputy Administrator of the Office of Facilities Operations approved the purchases and authorized release of the funds.

Table I, following, shows the instances of split purchases we identified.

**Table I**Split Purchases

| Vendor  | Invoice Date | Requisition Number | Requisition Dollar Amount | Amount Purchased at Vendor | Total    |
|---|--------------|--------------------|---------------------------|----------------------------|----------|
| Datavision Computer Video Inc.<br><br>(computer equipment and supplies) | 2/8/01       | 0003782537         | \$250.00                  | \$243.90                   | \$733.85 |
|   | 2/8/01       | 0003782538         | \$250.00                  | \$239.96                   |          |
|   | 2/8/01       | 0003782539         | \$250.00                  | \$249.99                   |          |
|   | 9/22/00      | 0003782521         | \$250.00                  | \$129.99                   | \$585.96 |
|   | 9/22/00      | 0003782525         | \$250.00                  | \$247.98                   |          |
|   | 9/22/00      | 0003782526         | \$250.00                  | \$207.99                   |          |
|   | 11/20/00     | 0003782519         | \$250.00                  | \$249.98                   | \$499.97 |
|   | 11/20/00     | 0003782529         | \$250.00                  | \$249.99                   |          |
|   | 2/27/01      | 0003782540         | \$250.00                  | \$249.99                   | \$498.91 |
|   | 2/27/01      | 0003782541         | \$250.00                  | \$248.92                   |          |
|   | 3/23/01      | 0003782547         | \$250.00                  | \$245.00                   | \$494.98 |
|   | 3/23/01      | 0003782548         | \$250.00                  | \$249.98                   |          |
|   | 1/24/01      | 0003782536         | \$250.00                  | \$242.97                   | \$492.96 |
|   | 1/24/01      | 0003782545         | \$250.00                  | \$249.99                   |          |
|   | 8/14/00      | 0003782523         | \$250.00                  | \$229.98                   | \$414.98 |
|   | 8/14/00      | 0003782524         | \$250.00                  | \$185.00                   |          |
|   | 4/10/01      | 0003782550         | \$250.00                  | \$249.97                   | \$392.91 |
|   | 4/10/01      | 0003782551         | \$250.00                  | \$144.94                   |          |
|   | 7/20/00      | 0003782518         | \$250.00                  | \$247.99                   | \$395.93 |
|   | 7/20/00      | 0003782520         | \$150.00                  | \$147.94                   |          |
| 12/1/00   | 0003782533   | \$250.00           | \$245.95                  | \$275.95                   |          |
| 12/1/00   | 0003782557   | \$250.00           | \$30.00                   |                            |          |

|   |                                     |            |            |          |                   |
|---|-------------------------------------|------------|------------|----------|-------------------|
| Grainger<br>(Respirator, coveralls, and<br>brass kick plates)               | 08/03/00                            | 0003807337 | \$237.00   | \$237.00 | \$664.08          |
|   | 08/04/00                            | 0003807336 | \$238.32   | \$238.32 |                   |
|   | 08/15/00                            | 0003807340 | \$188.76   | \$188.76 |                   |
|   | 06/18/01                            | 0003802273 | \$82.52    | \$216.92 | \$299.44          |
|   | 06/18/01                            | 0003802274 | \$216.92   | \$ 82.52 |                   |
|   | International Fireproof<br>Door Co. | 7/10/00    | 0003527177 | \$250.00 | \$250.00          |
| 7/13/00   |                                     | 0003527178 | \$250.00   | \$250.00 |                   |
| International Fireproof<br>Door Co., and<br>Universal Fireproof Door<br>Co. | 10/24/00                            | 0003807326 | \$250.00   | \$250.00 | \$403.00          |
|   | 10/25/00                            | 0003807310 | \$153.00   | \$153.00 |                   |
| New York City<br>Department of Buildings                                    | 04/09/01                            | 0003681569 | \$250.00   | \$293.60 | \$316.40          |
|   | 04/09/01                            | 0003735528 | \$87.10    | \$22.80  |                   |
| <b>Total</b>  | <b>33</b>                           |            |            |          | <b>\$6,969.31</b> |

### Unapproved Purchases

In order to make a purchase, GSS is supposed to complete a W-720 Requisition Form that lists the items to be purchased and submits it for approval. A comparison of the purchase invoices to the requisition forms revealed a number of inconsistencies. Some invoices showed evidence that GSS purchased fewer items than it requisitioned, or did not purchase some approved items at all. In these instances, GSS did not return the excess funds, but used them to purchase other, unapproved, items. In other instances GSS purchased exactly what was on the requisition, but the purchase cost less than the amount requisitioned. Again, GSS did not return the excess funds and used them for unapproved items.

For example, requisition form #0003782537 requested a color printer costing \$250. The invoice revealed that GSS did not purchase a color printer. Instead, GSS officials purchased computer cables, compact disk storage cases, a compact disk spindle, a CD “blaster,” an computer audio card, and an “Intellimouse” for \$243.90. None of these items was included on the original W-720 Requisition Form and none was therefore approved.

In another example, requisition form #0003782522 requested five toner cartridges for printers costing \$250. The invoices showed that GSS purchased only two printer cartridges for \$59.98. Instead of returning the unused money, GSS officials purchased compact disks, compact disk cases, a surge protector, a mail station, and masking tape for \$189.38, none of which was included on the W-720 Requisition Form and none of which, therefore, was approved.

In a third example, requisition form #0003782532 requested one ZIP drive and one ZIP disk for \$250. The invoices showed that GSS purchased the ZIP drive and a three pack of ZIP disks for \$129.98, but used the excess money to purchase writable compact disks, compact disk cases, and an “intell” scrolling mouse for \$117.94, items not on the approved requisition.

As a final example, requisition form #0003782528 requested one modem and one hard drive costing \$149.96. The invoices showed that GSS purchased the modem and hard drive, but used the excess money to purchase three compact disk towers, three ten-packs of writable compact disks, and two packs of batteries for \$96.61, items not on the approved requisition.

### **Unallowed Purchases**

GSS made 23 purchases totaling \$1,717 that are not allowed according to the Procedures Manual. Specifically, GSS processed:

- Nine payments to the Department of Buildings totaling \$1,453 for various filing fees. The Procedures Manual does not allow for the payment of fees.
- Six payments to the United States Postal Service totaling \$127 that exceeded \$29. The Procedures Manual allows only a one-time purchase of stamps for no more than \$29.
- One payment to Franks Nursery totaling \$40 for poinsettias. The purchase of flowers through the Fund is never allowed according to the Procedures Manual. The custodian of the Fund could not explain why the flowers were purchased.
- Seven instances of payments totaling \$97 to reimburse employees for gas and tolls. These expenses are not allowed according to the Procedures Manual. The manual indicates that employees should include such items on their monthly expense reimbursement forms.

### **Inappropriate Purchases**

HRA established the Fund to allow GSS to make emergency purchases and small purchases, such as carfare. GSS made 21 purchases totaling \$2,038 that, in the absence of specific documentation showing why they are allowable, we believe are inappropriate sub-imprest fund purchases. Specific inappropriate purchases included the following:

- Seven purchases totaling \$685 for car detailing. According to the vendor invoices, the amounts billed, ranging from \$80 to \$125, were for the cleaning and waxing of City cars.

- Three purchases totaling \$406 for car washes. According to the vendor receipts, the amounts billed were for pre-paid car wash services.
- Six purchases totaling \$829 for electronics. The items purchased included an audio power amplifier, pre-amplifier, cables, and a microphone.
- Five purchases totaling \$119 for various questionable items. These items included a leather phone carrying case, a phone belt clip, a Suffolk County map, a book on sign language, and picture frames. There was no explanation in the purchase files for the purchase of these items.

## **Improper Approval**

GSS made 53 sub-impresst fund purchases totaling \$7,316 without proper approval. The Procedures Manual states: “Expenditures may not be authorized by anyone involved with SIF [sub-impresst fund] administration.” However, the Fund Administrator approved purchases of computer equipment, office supplies, filing fees, car detailing, postage, gas, and tolls in direct violation of this requirement. In other instances, requisition forms were either unsigned or were signed by individuals who also were not authorized to do so.

## **Recommendations**

GSS should:

1. Discontinue its practice of splitting purchases to circumvent the \$250 limit for Fund purchases in accordance with Comptroller’s Directive 3 and the HRA Procedures Manual.

**HRA Response:** “HRA agrees with this recommendation. The fund will be placed in receivership immediately, whereby all purchases must be approved by the Finance Office of HRA prior to reimbursement. This action will remove the responsibility of determining proper use of the fund from GSS. In addition, GSS will determine if needed items can be obtained under a blanket order, with expedited delivery, in the event that an emergency request is required to finish a job.”

2. Discontinue its practice of using excess funds to purchase unapproved items.

**HRA Response:** “HRA agrees with this recommendation. Effective immediately, GSS will ensure that a new approved W720 requisition is provided, whenever items other than those originally requested and approved are to be purchased. OFMS will retrain staff making sub-impresst purchases and ensure that they are aware of the need for strict compliance with the revised procedure. In addition, as this fund will now be overseen by the Finance Office, such purchases will not be allowed.”

3. Ensure that it uses the Fund for only allowable purchases.

**HRA Response:** “HRA agrees with this recommendation. Effective immediately, GSS will use the fund as intended for emergency and small purchases only.”

4. Use the Fund as intended for emergency and small purchases only.

**HRA Response:** “HRA agrees with this recommendation. GSS will research the proper mechanism for making these Agency-required purchases/payments, to ensure compliance with the established procedures.”

5. Ensure that only authorized personnel approve Fund purchases.

**HRA Response:** “HRA agrees with this recommendation. Effective immediately, the OFMS Sub-Imprest Fund Administrator has been advised that he should no longer provide authorization for sub-imprest fund purchases. This authority now lies with the Finance Office.”



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ADDENDUM  
1 of 3

W-2-184B  
Rev. 5/02

VERNA EGGLESTON  
*Administrator/Commissioner*

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JEFFREY A. WILSON  
*Deputy Commissioner*

June 25, 2002

Roger D. Liwer  
Assistant Comptroller for Audits  
The City of New York  
Office of the Comptroller  
Bureau of Audits  
1 Centre Street – Room 1100  
New York, New York 10007 – 2341

Re: Draft Report # FL02-165A  
Audit on the Human Resources  
Administration's General Support Services  
Use of Its Sub-Imprest Fund

Dear Mr. Liwer:

We would like to thank you for the opportunity to respond to the referenced draft report of your "Audit on the use of-its Sub-Imprest Fund by the General Support Services Division of the Human Resources Administration. In the past GSS has used the sub-imprest fund to address emergency needs, where not using it would, in the opinion of GSS management, have caused harm to the Agency. In particular, GSS' use of the fund has resulted at times from the urgent need to finish facilities projects without delay.

We acknowledge, however that the fund has been used in a manner in which it had not been intended, but we would like to emphasize that the audit indicates there was no fraud or personal use of items purchased. In fact, the audit also indicates that all items included in the sample were located, used for agency purposes, and properly safeguarded. To address the deficiencies cited in the report, we have put the fund into receivership, whereby, all expenses must be approved by the Division of Accounts Payable and Reporting of the Finance Department prior to reimbursement. This will go into effect immediately.

Following is our response to each finding and recommendation.

Auditors' Finding

- GSS intentionally split purchases (frequently on the same date) to circumvent the \$250 limit on sub-impresst purchases.

HRA's Response

- HRA agrees with this finding and has taken steps to ensure that this situation does not recur.

Auditors' Recommendation

- GSS should discontinue its practice of splitting purchases to circumvent the \$250 limit for Fund purchases in accordance with Comptroller's Directive 3 and the HRA Procedures Manual.

HRA's Response

- HRA agrees with this recommendation. The fund will be placed in receivership immediately, whereby all purchases must be approved by the Finance Office of HRA prior to reimbursement. This action will remove the responsibility of determining proper use of the fund from GSS. In addition, GSS will determine if needed items can be obtained under a blanket order, with expedited delivery, in the event that an emergency request is required to finish a job.

Auditors' Finding

- GSS made 30 unapproved purchases, totaling \$3,592.

HRA's Response

- HRA agrees with this finding and has taken steps to prevent this situation from recurring.

Auditors' Recommendation

- GSS should discontinue its practice of using excess funds to purchase unapproved items.

HRA's Response

- HRA agrees with this recommendation. Effective immediately, GSS will ensure that a new approved W720 requisition is provided, whenever items other than those originally requested and approved are to be purchased. OFMS will retrain staff making sub-impresst purchases and ensure that they are aware of the need for strict compliance with the revised procedure. In addition, as this fund will now be overseen by the Finance Office, such purchases will not be allowed.

Auditors' Finding

- GSS made 23 purchases totaling \$1,717 that were not in accordance with the Procedures Manual.

HRA's Response

- HRA agrees with this finding.

Auditor's Recommendation

- GSS should ensure that it uses the Fund for only allowable purchases.

HRA's Response

- HRA agrees with this recommendation. Effective immediately, GSS will use the fund as intended for emergency and small purchases only.

Auditors' Finding

- GSS made 21 inappropriate purchases totaling \$2,038.

HRA's Response

- HRA agrees with this finding. GSS will research the proper means for making these purchases and use the fund only for appropriate purchases.

Auditors' Recommendation

GSS should use the Fund as intended for emergency and small purchases only.

HRA's Response

- HRA agrees with this recommendation. GSS will research the proper mechanism for making these Agency-required purchases/payments, to ensure compliance with the established procedures.

Auditors' Finding

- GSS made 53 Fund purchases totaling \$7,316 without proper approval.

HRA's Response

- HRA agrees with this finding. It is acknowledged that in the absence of the OFMS Assistant Deputy Administrator, the Sub-Imprest Fund Administrator (OFMS Budget Officer) mistakenly believed that he was authorized to provide the necessary approval for sub-imprest fund purchases.

Auditors' Recommendation

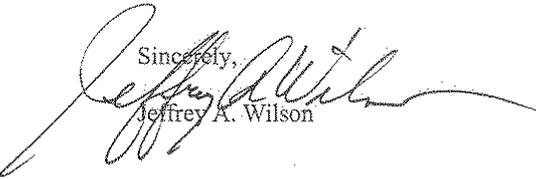
- GSS should ensure that only authorized personnel approve Fund purchases.

HRA's Response

- HRA agrees with this recommendation. Effective immediately, the OFMS Sub-Imprest Fund Administrator has been advised that he should no longer provide authorization for sub-imprest fund purchases. This authority now lies with the Finance Office.

We trust that we have addressed all your concerns. Should you require any additional information on this matter, please contact Hope Henderson, Director of the Bureau of Audit Coordination at (212) 331-3522.

Sincerely,

  
Jeffrey A. Wilson

Enclosures

c: Patricia Smith  
David Hansell  
Frances Abbadessa