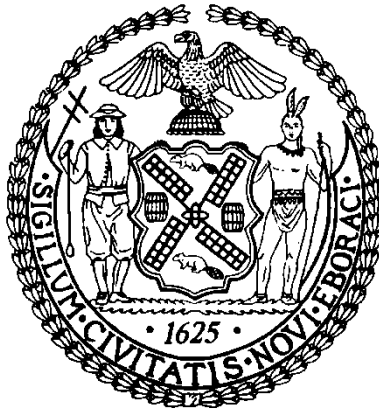


**CITY OF NEW YORK
OFFICE OF THE COMPTROLLER**

**John C. Liu
Comptroller**

FINANCIAL AUDIT

**Tina Kim
Deputy Comptroller for Audit**



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

FM12-054A

November 2, 2011

<http://comptroller.nyc.gov>



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

John C. Liu
COMPTROLLER

November 2, 2011

To the Residents of the City of New York:

My office has audited the Manhattan Borough President's Office's (MBPO) Cash Controls over Minor Sales. We audit City agencies such as MBPO as a means of ensuring they operate efficiently and are accountable for resources and revenues in their charge.

Minor sales are generated by MBPO's Topographical Unit, which collects fees for assigning new or alternative addresses and copies of maps. The MBPO collected \$137,610 in minor sales during Fiscal Year 2011.

The audit found that the MBPO complied with most aspects of Comptroller's Office Directive #11, *Cash Accountability and Control*, but not all. The audit concluded that there was an adequate segregation of duties with the various cash handling processes, all checks received were made payable to the MBPO, a rubber stamp endorsement was placed on the back of all checks, and copies of bank deposit slips and customer receipts were maintained. However, the audit also identified three requirements of Directive #11 that MBPO did not comply with. Specifically, the MBPO did not: deposit cash collected daily; issue pre-numbered receipts; and store daily cash receipts in the agency safe when a deposit was not made for the day.

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

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

Sincerely,

A handwritten signature in blue ink, appearing to read "JCL", written over the typed name "John C. Liu".

John C. Liu

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The City of New York
Office of the Comptroller
Financial Audit

**Audit Report on the
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INTRODUCTION

Background

New York City's five Borough Presidents are elected by the people of their respective boroughs for a term of four years and are the executive officials of their boroughs. The powers of each Borough President include preparing and reviewing budget proposals; recommending capital projects; holding public hearings on matters of public interest; consulting with the Mayor and the City Council on the preparation of the City's executive and capital budgets; reviewing and recommending applications and proposals for the use, development, or improvement of land within the borough; preparing environmental analyses required by law; providing technical assistance to the borough's community boards; monitoring and making recommendations regarding the performance of contractual services in the borough; and proposing legislation to be introduced in the City Council. Minor sales are generated by the Topographical Unit, which collects fees for assigning new or alternative addresses and copies of maps. The Manhattan Borough President's Office (MBPO) collected \$137,610 in minor sales during Fiscal Year 2011.

Objective

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

Scope and Methodology Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our

audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was performed in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

This audit covered MBPO cash collections during Fiscal Year 2011. Please refer to the Detailed Scope and Methodology at the end of this report for the specific procedures and tests that were conducted.

Discussion of Audit Results

The matters covered in this report were discussed with MBPO officials during and at the conclusion of this audit. A preliminary draft report was sent to MBPO officials and discussed at an exit conference held on September 28, 2011. On September 30, 2011, we submitted a draft report to MBPO officials with a request for comments. We received a written response from MBPO officials on October 13, 2011.

MBPO officials agreed with the audit's findings and recommendations and stated that a memorandum will be distributed to all staff informing them of the changes that are being implemented in the agency's minor cash sales procedures pursuant to the audit. The full text of the response from MBPO is included as an addendum to this report.

FINDING AND RECOMMENDATIONS

Controls over Minor Sales Could be Enhanced

Our review of the cash controls maintained by the MBPO found that the MBPO complied with most aspects of Directive #11 cash control procedures, but not all. We found that there was an adequate segregation of duties with the various cash handling processes, all checks received were made payable to the MBPO, a rubber stamp endorsement was placed on the back of all checks, and copies of bank deposit slips and customer receipts were maintained. However, the audit also identified three requirements of Directive #11 that MBPO did not comply with. Specifically, the MBPO did not:

- Deposit cash collected daily. Three bank deposits totaling \$20,780 were made during April 2011. The checks, money orders, and cash for these deposits were held from one to nine days before being deposited in the bank. Regarding cash deposits, Comptroller's Directive #11 states "generally, all funds received must be deposited in the bank on at least a daily basis."
- Issue pre-numbered receipts. The pre-printed receipts issued for minor sales during April 2011 were not pre-numbered. Comptroller's Directive #11 states "all receipts must bear the appropriate agency letterhead and be pre-numbered for use in sequential order."
- Store daily cash receipts in the agency safe when a deposit was not made for the day. Although the MBPO has a safe located in its Operations Unit, daily collections are not always kept in the safe overnight. Instead, the cash and checks were kept in a locked office for as long as a week. Comptroller's Directive #11 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 be used for temporary security of cash receipts awaiting the daily deposit."

RECOMMENDATIONS

MBPO officials should require its staff to:

1. Deposit cash receipts daily.

MBPO Response: “The MBPO requires MBPO staff to deposit collected cash receipts on a daily basis.”

2. Use pre-numbered receipts for fees collected.

MBPO Response: “The MBPO will obtain pre-numbered receipts for issuing receipts for minor sales and require all appropriate staff to use such receipts for fee collected.”

3. Store cash receipts held overnight in the agency safe.

MBPO Response: “The MBPO requires staff to store cash receipts from its daily collections in the safe located in the Operations Unit when a deposit has not been made for that day.”

DETAILED SCOPE AND METHODOLOGY

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

This audit covered the period July 1, 2010, through June 30, 2011. To gain an understanding of the cash control procedures and regulations with which the MBPO is required to comply, we reviewed Comptroller's Directive # 11, "*Cash Accountability and Control*." We interviewed MBPO officials and staff to gain an understanding of the internal control process over cash receipts, and we conducted a walk-through of the MBPO Topographical Unit to familiarize ourselves with its operations. In addition, we conducted observations of MBPO cash receipt process for fees collected by the Topographical Unit. We observed that the checks received were made payable to the order of the City of New York or the MBPO and were rubber stamp endorsed.

We randomly selected the month of April and reviewed all transactions, 33 receipts, totaling \$20,780, to determine whether the processing of the receipts was in accordance with Comptroller's Directive #11. We also examined all of the corresponding cash receipts documents to determine if receipts were pre-printed and in sequential order. We then traced all of the sales receipts amounts to the daily cash deposit slips to determine if amounts agreed with the amounts deposited into the bank account. Finally, we examined all received checks to ensure that all checks were made payable to the order of the City of New York or the MBPO and whether all sales were properly recorded and all cash collected was deposited the same or following day in to the Treasury Collection Account as required by Comptroller's Directive #11. We also checked to see if the deposits were entered in to the City's Financial Management System (FMS).



THE CITY OF NEW YORK
OFFICE OF THE PRESIDENT
BOROUGH OF MANHATTAN

SCOTT M. STRINGER
BOROUGH PRESIDENT

October 13, 2011

Tina Kim
Deputy Comptroller for Audit
NYC Office of the Comptroller
One Centre Street
New York, New York 10007

Re: Audit Report on the Manhattan Borough President's Office- Cash Controls over
Minor Sales (FM12-054A)

Dear Ms. Kim:

Thank you for sharing the draft report on the Manhattan Borough President's Office's (MBPO) cash control over minor sales for the Fiscal Year 2011.

The MBPO is committed to fulfilling the requirements of the Comptroller's Office Directive #11, *Cash Accountability and Control*. I am pleased that your review found that the MBPO complied with most aspects of the Directive #11 cash control procedures. Additionally, I have reviewed the Comptroller's recommendations and have implemented the following for each issue:

Recommendation 1: MBPO should require its staff to deposit cash receipts daily.

Response: The MBPO requires MBPO staff to deposit collected cash receipts on a daily basis.

Recommendation 2: MBPO should require its staff to use pre-numbered receipts for fees collected.

Response: The MBPO will obtain pre-numbered receipts for issuing receipts for minor sales and require all appropriate staff to use such receipts for fee collected.



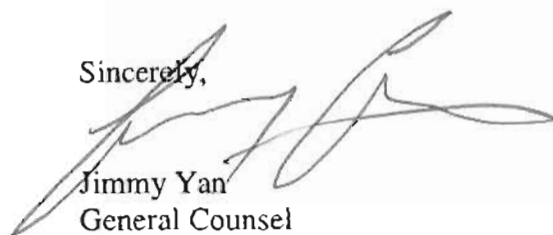
Recommendation 3: MBPO should require its staff to store cash receipts held overnight in the agency safe.

Response: The MBPO requires staff to store cash receipts from its daily collections in the safe located in the Operations Unit when a deposit has not been made for that day.

In addition to the above stated corrective actions, we will distribute a memorandum to all staff informing them of the changes that are being implemented in the agency's minor cash sales procedures pursuant to the audit.

Thank you for your work on this audit and please feel free to contact us should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jimmy Yan', is written over a light gray rectangular background. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jimmy Yan
General Counsel