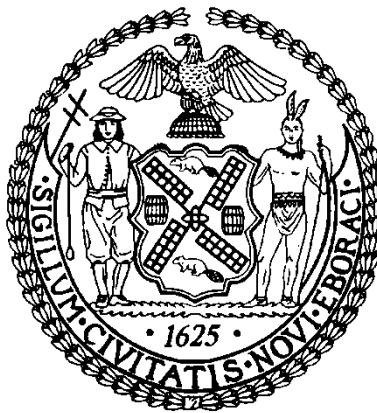


# **CITY OF NEW YORK OFFICE OF THE COMPTROLLER**

**John C. Liu  
Comptroller**

## **FINANCIAL AUDIT**

**Tina Kim  
Deputy Comptroller for Audit**



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

*FM12-074A*

January 20, 2012

<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

January 20, 2012

**To the Residents of the City of New York:**

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

Minor sales are generated by QBPO's Topographical Unit, which collects fees for assigning new or alternative addresses and copies of maps. The QBPO collected \$231,535 in minor sales during Fiscal Year 2011.

The audit found that the QBPO complied with Directive #11 cash control procedures, except for the timely deposit of cash receipts. We found that there was adequate segregation of duties with the various cash handling processes, the cash receipt amounts agreed with the amounts deposited into the corresponding bank accounts, the deposits were entered in to the City's Financial Management System, all checks received were made payable to the QBPO, a rubber stamp endorsement was placed on the back of all checks, copies of bank deposit slips and customer receipts were maintained, customer receipts were pre-numbered, and the daily cash receipts were stored in the agency safe when the deposits could not be made.

However, the audit did find that proceeds from topographical sales were not deposited in a timely manner as required by Comptroller's Directive #11. All cash receipts (checks and money orders) collected for the month of March 2011 were deposited from three to 15 days after received. Regarding cash deposits, Comptroller's Directive #11 states "generally, all funds received must be deposited in the bank on at least a daily basis."

The results of the audit have been discussed with QBPO 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](mailto:audit@comptroller.nyc.gov).

Sincerely,



John C. Liu

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

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

**FM12-074A**

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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 Queens Borough President's Office (QBPO) collected \$231,535 in minor sales during Fiscal Year 2011.

**Objective**

The objective of this audit was to determine whether the QBPO 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 QBPO cash collections from July 1, 2010, to June 30, 2011 (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 QBPO officials during and at the conclusion of this audit. A preliminary draft report was sent to QBPO officials and discussed at an exit conference held on December 20, 2011. On December 21, 2011, we submitted a draft report to QBPO officials with a request for comments. We received a written response from QBPO officials on December 29, 2011.

QBPO officials agreed with the audit's findings and recommendations and stated, "This office has fully complied with the policy requiring all funds received must be deposited in the bank on at least a daily basis." The full text of the response from QBPO is included as an addendum to this report.

## FINDING AND RECOMMENDATION

Our review of the cash controls maintained by the QBPO found that the QBPO complied with Directive #11 cash control procedures, except for the timely deposit of cash receipts. We found that there was an adequate segregation of duties with the various cash handling processes, the cash receipt amounts agreed with the amounts deposited into the corresponding bank accounts, the deposits were entered in to the City's Financial Management System, all checks received were made payable to the QBPO, a rubber stamp endorsement was placed on the back of all checks, copies of bank deposit slips and customer receipts were maintained, customer receipts were pre-numbered, and the daily cash receipts were stored in the agency safe when the deposits could not be made.

However, the audit did find that proceeds from topographical sales were not deposited in a timely manner as required by Comptroller's Directive #11. All cash receipts (checks and money orders) collected for the month of March 2011 were deposited from three to 15 days after received. QBPO made three bank deposits totaling \$11,429 for March collections. Regarding cash deposits, Comptroller's Directive #11 states "generally, all funds received must be deposited in the bank on at least a daily basis."

### RECOMMENDATION

QBPO officials should ensure that funds collected are deposited on the same business day they are collected.

***QBPO Response:*** "This office has fully complied with the policy requiring all funds received must be deposited in the bank on at least a daily basis and we invite the Comptroller's Audit Unit to revisit our office to verify our compliance."

## 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 QBPO is required to comply, we reviewed Comptroller's Directive # 11, "*Cash Accountability and Control*." We interviewed QBPO officials and staff to gain an understanding of the internal control process over cash receipts. We conducted a walk-through of the QBPO Topographical Unit to familiarize ourselves with its operations. In addition, we conducted observations of the QBPO 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 QBPO and were rubber stamp-endorsed.

We randomly selected the month of March and reviewed all transactions, which included 187 receipts, totaling \$22,549 (including \$11,120 in credit card sales) to determine whether the processing of the receipts was in accordance with the Comptroller's Directive #11. We also examined all of the corresponding receipts 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 and the credit card settlement reports to determine if amounts agreed with the amounts deposited into the corresponding bank accounts. 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 QBPO and whether all sales were properly recorded and all cash collected was deposited the same or the 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).

HELEN M. MARSHALL  
PRESIDENT



CITY OF NEW YORK  
OFFICE OF THE  
PRESIDENT OF THE BOROUGH OF QUEENS  
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ADDENDUM  
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December 29, 2011

Ms. Tina Kim, Deputy Comptroller  
Office of the Comptroller, Bureau of Audit  
Municipal Building  
One Centre Street, Room 1100  
New York, New York 10007

Re: Audit Report on the Queens Borough President's Office  
Cash Controls over Minor Sales  
FM12-074A

Dear Ms. Kim:

We have received a copy of the draft audit report FM12-074A from your office. We met with Lawrence Welgrin, Audit Manager on December 20, 2011 prior to the release of this draft report. We are, of course, pleased that the audit findings were positive and disclosed no instances in which monies were improperly used.

The Finding and Recommendation of the audit cited the proceeds from topographical sales were not deposited in a timely manner as required by Comptroller's Directive #11. Directive #11 states "generally, all funds received must be deposited in the bank on at least a daily basis."

As discussed at the audit exit conference, prior to the onset of the audit, this office has fully complied with the policy requiring all funds received must be deposited in the bank on at least a daily basis and we invite the Comptroller's Audit Unit to revisit our office to verify our compliance.

We would like to take this opportunity to point out the shortfall of the Comptroller's Directive #11 for small agencies such as our own. First, we must point out that the bulk of the cash receipts are received via credit card. The balance of cash receipts is received as money orders or bank checks. There is no actual cash received. The amount collected obviously varies daily. However, an average daily collection is \$500. Considering the amount collected and that there is no cash collected, depositing cash receipts daily is an undue burden on this office or any other small collection agency.

Specifically, in our agency there is 48 full time staff. In accordance with the Comptroller's Policies and Procedures concerning separation of powers and duties, no staff member with an FMS profile is permitted to enter and/or approve cash receipts. There are 18 people in the agency with FMS profiles. There is 5 executive staff. This represents half the staff. The balance of the staff is primarily program managers responsible to work directly with the Borough President in their area of responsibility. This includes attending events and meetings outside the office, leaving them little time for administrative responsibilities including entering/approving cash receipts. The handful of staff remaining as available to enter/approve cash receipts are spread quite thin as you can well appreciate. Asking staff to go to the bank to deposit the checks daily and/or enter/approve the cash receipts is quite an imposition and frankly the cost of the time taken for these employees to perform each of these procedures is more than that collected.



We understand and appreciate the rationale for the checks and balances system of the City of New York. However, we do hope you will consider our position as a representative of the small agency, performing the same responsibility as a large agency with more staff available to perform these separated tasks.

We would like to compliment the audit staff. They were quick, efficient and non-intrusive. Please feel free to contact Carol Ricci, Director of Administration of my staff if you would like to discuss the audit further. She can be reached as 718 286 2660 or [cricci@queensbp.org](mailto:cricci@queensbp.org).

Thank you and happy holiday to you and your staff.

Very truly yours,

A handwritten signature in black ink that reads "Alexandra Rosa". The signature is fluid and cursive, with the first name "Alexandra" written in a larger, more prominent script than the last name "Rosa".

ALEXANDRA ROSA  
Chief of Staff  
Queens Borough Presidents Office

cc: Carol Ricci, ACCO/Dir. of Admin., QBPO  
Vincent Liquori, Director, Financial Audit, Comptroller's Office  
Christine Ward McKee, Fiscal Officer, QBPO  
Clara Viuker, Topographical Division, QBPO  
Susanne Marchetti, Dir. of Personnel, QBPO