

AUDIT REPORT

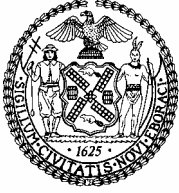


CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF FINANCIAL AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

Audit Report on the Payroll, Timekeeping, And Other Than Personal Services Expenditures of the Civil Service Commission July 1, 2002–June 30, 2003

FN04-124A

February 28, 2005



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 Civil Service Commission with applicable City guidelines for payroll, timekeeping, and purchasing. The results of our audit, which are presented in this report, have been discussed with Commission officials, and their comments have been considered in preparing this report.

Audits such as this provide a means of ensuring that City agencies comply with applicable payroll, timekeeping, and procurement guidelines and that expenses charged to City funds are reasonable, justified, and properly recorded.

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

Very truly yours,

A handwritten signature in cursive script that reads "William C. Thompson, Jr.".

William C. Thompson, Jr.

WCT/gr

Report: FN04-124A
Filed: February 28, 2005

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

**Audit Report on the Payroll, Timekeeping, and
Other Than Personal Services Expenditures of the
Civil Service Commission
July 1, 2002–June 30, 2003**

FN04-124A

AUDIT REPORT IN BRIEF

This audit determined whether the Civil Service Commission (Commission) 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) 1, 3, 6, 13, 24, and 25, the City Office of Payroll Administration (OPA) procedures, bulletins, and instructions for its Payroll Management System (PMS), the Citywide Contract between the City of New York and District Council 37, AFSCME, AFL-CIO, Leave Regulations for Employees Who Are Under the Career and Salary Plan; Leave Regulations for Management Employees, Personnel Orders 88/5 and 97/2, the Procurement Policy Board (PPB) Rules, City Financial Management System Accounting Policies and Procedures and Bulletins, Comptroller's "Fiscal Year End Closing Instructions for June 30, 2003," the Commission's New Employee handbook 1999-2000, and other applicable guidelines.

The Commission is authorized under Chapter 35, §813, of the New York City Charter to hear and decide appeals for disputes between the City of New York and its employees or applicants for City employment. After an initial review at the departmental level, the Commission, like the court system, may opt to review evidence, examine testimony, or hold hearings about a dispute to make a final, binding determination. The Commission is empowered to employ five Commissioners, consisting of a Chairperson appointed by the Mayor, and four other members (considered as per diem employees). The Commission also employed four full-time employees and four interns.

Audit Findings and Conclusions

The audit found that the Commission generally complied with many City policies and guidelines pertaining to payroll and timekeeping and with its own procedures applicable to timekeeping. In addition, the Commission complied with various PPB Rules and Comptroller's Directives for processing purchase orders and payment vouchers.

However, there were several minor instances in which the Commission did not follow certain aspects of the Citywide contract, personnel orders regarding workweek requirements,

time and leave regulations, PPB Rules, Comptroller's Year-End Closing Instructions, and Directives 1 and 24. These exceptions included: available requirement contracts not used for two purchases; terms of purchases not fully detailed on four purchase orders; funds improperly encumbered after receipt of goods or services involving nine purchase orders; purchases charged to incorrect object codes for 15 purchase orders; and purchase files lacking certification of the receipt of goods or services for 19 payment vouchers.

Audit Recommendations

The audit made 10 recommendations, including that the Commission ensure that: purchases are made from requirement contracts when they are available; purchase orders include all specifications of the agreement; all funds for purchase orders are encumbered prior to receiving goods or services and paying vendor invoices; and, all documentation to support payments is contained in the voucher and vendor files. The Commission's response did not address the report's recommendations. However, the Commission stated that it "will endeavor to avoid the minimal mistakes cited in the report."

INTRODUCTION

Background

The Civil Service Commission (Commission) is authorized under Chapter 35, §813, of the New York City Charter to hear and decide appeals for disputes between the City of New York and its employees or applicants for City employment. After an initial review at the departmental level, the Commission, like the court system, may opt to review evidence, examine testimony, or hold hearings about a dispute to make a final, binding determination. The Commission is empowered to employ five Commissioners, consisting of a Chairperson appointed by the Mayor, and four other members. The Commission also employed four full-time employees and four interns. The Commission's total modified budget for Fiscal Year 2003 (July 1, 2002–June 30, 2003) was \$491,876; actual expenditures totaled \$479,698—\$451,976 for payroll and \$27,722 for Other Than Personal Services (OTPS).

The Commissioners, who are considered per diem employees, use Time Report for Commissioners (TRFC) forms initially to manually record their days at work. The Commissioners transfer their recorded times from the TRFC forms to Employee Time Report (ETR) on-line entry form.¹ The interns, who are hourly employees, enter their arrival and departure times directly on the ETR. Full-time employees record their arrival and departure times on the ETR on a daily basis. All employees are required to submit ETRs to the timekeeper weekly. Since Commissioners and interns are paid only for the time they work, none of them earn leave time.

¹ ETR documents indicate an employee's time worked and charges to annual leave, sick leave, and compensatory time.

Objectives

The audit's objectives were to determine whether the Commission is complying with certain payroll, personnel, timekeeping, purchasing, and inventory procedures as set forth in:

- Comptroller's Internal Control and Accountability Directives (Comptroller's Directives) 1, 3, 6, 13, 24, and 25²;
- City Office of Payroll Administration (OPA) procedures, bulletins, and instructions for its Payroll Management System (PMS)³;
- Citywide Contract between the City of New York and District Council 37, AFSCME, AFL-CIO, Leave Regulations for Employees Who Are Under the Career and Salary Plan (Non-Managerial employees);
- Leave Regulations for Management Employees;
- Procurement Policy Board (PPB) Rules;
- City Financial Management System (FMS) Accounting Policies and Procedures, and Bulletins⁴;
- Comptroller's "Fiscal Year End Closing Instructions" for June 30, 2003;
- Commission's *New Employee Handbook 1999-2000*; and,
- Other applicable guidelines.

Scope and Methodology

The audit covered the period July 1, 2002, through June 30, 2003—Fiscal Year 2003. For the purpose of the audit, we reviewed the following documents cited above in our objective and other applicable guidelines to obtain an understanding of the procedures and regulations with which the Commission is required to comply.

² These Comptroller's Directives are: 1, *Financial Integrity Statement*; 3, *Procedures for the Administration of Imprest Funds*; 6, *Travel, Meals, Lodging and Miscellaneous Agency Expenses*; 13, *Payroll Procedures*; 24, *Purchasing Function—Internal Controls*; and 25, *Guidelines for the Use and Submission of Miscellaneous Vouchers*.

³ PMS is operated by the Office of Payroll Administration (OPA) and is the City's central payroll system. PMS maintains time and leave records, posts accruals and deductions, stores employee history information, calculates pay and generates checks or electronic transfers. Agencies authorize wage and salary payments and supply adjusting information using standard PMS input forms to report time worked, new hires, terminations, error corrections, and other changes and adjustments.

⁴ Financial Management System (FMS) is the City's integrated accounting and budgeting system.

We conducted walk-throughs of the Commission's payroll and timekeeping operations on January 22 and 29, 2004, and of its purchasing process on January 20, 2003. We interviewed appropriate personnel and documented our understanding of the processes through narratives.

To determine the completeness of the documentation provided, we reviewed, analyzed, and reconciled the PMS printouts to the Commission's payroll and the FMS printouts to the Commission's purchase orders and related payment vouchers.

We determined whether there was adequate segregation of duties over the purchase and payment functions. In that regard, we reviewed the Commission's list of individuals assigned to FMS and their corresponding authorization levels. We determined whether the employees who prepared the purchase orders and vouchers were not the same employees who authorized them.

**Tests of Compliance with Comptroller's Directive 13, PMS,
Leave Regulations for Managerial and Non-Managerial Employees,
And the Commission's *New Employee Handbook 1999-2000***

To determine whether Commission employees were bona fide, we witnessed a payroll distribution on February 26, 2004. We determined whether employees receiving checks or direct deposit earning statements properly identified themselves, and whether all employees' name and signatures on picture identifications matched the respective names and signatures on the "Paycheck Distribution Control Report (PPCCP319)."

To determine whether the Commission adhered to the leave regulations for managerial and non-managerial employees, Comptroller's Directive 13, and the Commission's *New Employee Handbook*, we reviewed 100 percent of the employees' personnel information from PMS reports, identification cards, and salary and employee listings for Fiscal Year 2003. In this regard, we compared the accuracy of the data recorded on the Commission's list and matched the information on that list to PMS report PQR200. We determined whether Form DP-1021 was submitted to the City's Personnel Department for each employee who may have secured an additional position in New York City or with another government agency. In addition, we determined whether full-time employees' salaries were within the ranges for their civil service titles, and whether §1127 residency waivers were on file, when required, for employees who reside outside City limits.

To determine whether the amount paid to all the employees was accurately reported in the *Comptroller's Comprehensive Annual Report*, we calculated the amounts listed on PMS 320 and 700 reports for Fiscal Year 2003 and compared the total to the amount reported on the annual report.

To determine whether Commissioners' gross pay was accurately calculated, we totaled the days listed as worked each week on their ETRs to the hours indicated on the PMS 920 reports. We then recalculated their gross pay based on the per diem rate and compared that amount to the gross pay on the PMS 320 and 700 reports.

To determine whether gross pay for interns was accurately calculated, we compared the weekly hours on the ETRs to the hours on the PMS 920 reports. We then recalculated the gross

pay and compared that amount to the gross pay amount on PMS 320 and 700 reports. We also reviewed OPA's *Mayoral Pay Order USI 087/02* to determine whether any increases in pay were accurately applied.

To determine whether the Commission's internal controls for timekeeping were adequate and in accordance with Comptroller's Directive 13, we reviewed 100 percent of the timekeeping for the commissioners and interns, and a 14-week period—September 29, 2002, through January 4, 2003 (calendar year-end)—for the full-time employees. We reviewed the Commissions ETRs, TRFC forms, various PMS reports, Employee Sign-in Sheets, leave slips, and other supporting documentation. We determined whether commissioners' TRFC forms and employees' daily attendance sheets were complete, accurate, and reliable, whether employees included arrival and departure times, and whether full-time employees worked the required hours for their civil service titles.

We determined whether the commissioners' work weeks and numbers of sessions attended were recorded accurately by reviewing all TRFC forms and ETRs and compared the work hours listed on the ETRs to the totals on PMS 920 reports. Further, we determined whether the hours worked by the interns were correctly entered into PMS by comparing the hours worked indicated on the ETRs to the totals on the PMS 920 reports.

We reviewed all full-time employees' ETRs for accuracy and proper approvals. To determine whether all leave use was appropriately deducted from the full-time employee leave balances, we compared the recorded use on the ETRs to PMS 721 and to PMS 920 reports. We then compared the time recorded on the ETRs to employee leave slips and compensatory time slips to determine whether time earned or used was accounted for, and whether the times and dates correctly matched those recorded on the ETRs. In addition, we determined whether excess annual leave was converted to sick leave, and whether accrued annual leave was accurate and conformed with each employee's civil service title and years of City service.

Although the results of the above tests for the full-time employees cannot be projected to their entire populations for the fiscal year, they provided us a reasonable basis to assess the Commission's compliance with City guidelines for payroll and timekeeping.

**Tests of Compliance with Comptroller's Directives
3, 6, 24, and 25, PPB Rules, FMS Accounting
Policies and Procedures, FMS Bulletins, and Comptroller's
"Fiscal Year End Closing Instructions" for June 30, 2003**

We reviewed all of the Commission's 45 purchase orders—budgeted for Fiscal Year 2003 and totaling \$35,589—of which 36 had voucher payment packages (totaling \$27,864) to determine whether each purchase was reasonable and necessary, included the required documentation to support the payment, and contained the requisite approvals and authorizations. (See Appendix I for a detailed list of the 45 sampled purchase orders.) Specifically, we reviewed each Commission internal purchase order, FMS purchase order, invoice, payment voucher, and corresponding vendor file documentation, and determined whether the Commission complied with the relevant above-mentioned procurement and vouchering guidelines. We also determined whether the purchases were charged to the correct object codes and fiscal year, whether instances

of split purchasing were evident, whether the purchase orders included correct and adequate information, whether funds were encumbered prior to the receipt of goods or services and had a voucher paid against that encumbrance, and whether payments were authorized and based on proper invoices. We then determined whether the required number of bids was solicited, whether purchases could have been made through City requirement contracts when available, and whether procurements made under New York State contracts contained the required written determination that prices were lower than prevailing market prices, as required under the PPB Rules.

To determine whether voucher amounts were correctly calculated, we traced and recalculated the amounts on supporting documentation, such as internal and FMS purchase orders and vendor invoices, to the voucher totals. Additionally, we determined whether the proper voucher type was used, whether the documents contained certification that the goods were received and the services rendered, and whether original invoices were submitted.

In addition, we determined whether the Commission made payments to vendors within 30 days after the Invoice Received or Acceptance Date (IRA Date), in accordance with §4-06(c)(2) of the PPB Rules. In that regard, we compared the voucher closing date or check date to the interest eligibility date.

We also reviewed all imprest fund checks to determine whether the Commission administered its imprest fund in accordance with Comptroller's Directive 3, *Procedures for the Administration of Imprest Funds*, and Directive 6, *Travel, Meals, Lodging and Miscellaneous Agency Expenses*. We reviewed whether individual charges did not exceed the \$250 threshold, and whether purchases were not split to circumvent the \$250 expenditure limitation. We also determined whether all checks had a specified payee and were not made out to "bearer" or to "cash," whether there were two authorized signatures on the checks, whether checks were imprinted void after 90 days, whether any duplicate payments were made to employees and vendors, and whether the proper voucher type was used (PVR) for an imprest fund replenishment. We then examined all bank statements for Fiscal Year 2003, bank reconciliations, and canceled checks for the year to determine whether the Commission's bank account was reconciled promptly each month. Finally, we determined whether year-end the accountability report was submitted to the Comptroller's Office.

Although the results of the above tests cannot be projected to the entire population of purchases for the fiscal year, they provided us a reasonable basis to assess the Commission's compliance with the above-mentioned City purchasing guidelines.

**Tests of Inventory Records and Compliance with
Comptroller's Directive 1 and "Fiscal Year End
Closing Instructions" for June 30, 2003**

We conducted on May 4, 2004, a physical inventory of the items on the Commission's inventory assets list for Fiscal Year 2003, to determine whether the list matched our physical count of the assets, whether the manufacturer's name, model, and serial numbers were accurately recorded on the list, and whether identification tags were affixed to inventory items.

The audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and included all tests of records and other auditing procedures considered necessary. The 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 Commission officials during and at the conclusion of this audit. A preliminary draft report was sent to the Commission officials on January 14, 2005, and was discussed at an exit conference on January 28, 2005. On February 1, 2005, we submitted a draft report to Commission officials with a request for comments. We received a written response from the Commission on February 8, 2005. Commission officials stated that “we will endeavor to avoid the minimal mistakes cited in the report.”

The full text of the Commission’s comments is included as an addendum to this final report.

FINDINGS AND RECOMMENDATIONS

The Commission generally complied with many City policies and guidelines pertaining to payroll and timekeeping and its own procedures applicable to timekeeping. In addition, the Commission complied with various PPB Rules and Comptroller's Directives for processing purchase orders and payment vouchers. Specific findings of compliance were that:

- All sampled employees were bona fide. In addition, employees signed for their paychecks.
- Approvals were obtained for personnel actions.
- Full-time employees were paid within their salary ranges; Commissioners and interns were paid in accordance with their rate of pay.
- ETRs for full-time employees had appropriate approval signatures; use of leave time taken by full-time employees were posted on the respective ETRs and entered in PMS; and leave slips provided by full-time employees were properly authorized.
- Goods and services procured appeared reasonable and necessary for the operation of the Commission.
- The proper voucher was used for purchase orders.
- Minimum number of five suppliers was solicited for bids. The appropriate type of solicitation method and use was applied for small purchases more than \$2,500.
- There were no instances of split purchasing.
- There was adequate segregation of responsibilities over the procurement and payment processes.
- All payments made to vendors were within 30 days of the IRA Date.
- There was adequate segregation of duties in FMS processing.
- All imprest fund checks designated a specific payee and were not made out to "bearer" or to "cash; two authorized signatures appeared on the checks; imprest fund checks did not exceed the \$250 expenditure limitation; there were no duplicate payments to vendors or employees; and purchases through the imprest fund were not split to circumvent the \$250 expenditure limitation.
- The year-end accountability report for the Commission's imprest fund was submitted to the Comptroller's Office, as required by Comptroller's Directive 3.
- The Commission's bank statements were reconciled promptly each month.
- All items listed on the Commission's inventory were present at the Commission's office.

Although the Commission complied with the particular policies and guidelines mentioned above, there were exceptions of noncompliance. These issues are discussed in detail in the following sections of this report.

Payroll and Timekeeping

Our review of the Commission's payroll and timekeeping records disclosed the following exceptions.

ETRs Dated Before Completion of Work Week

Two commissioners signed and dated their ETRs before completing the workweek on three of 266 ETRs reviewed. Commissioner #1 signed and dated the ETR form on July 22, 2002; however, the ETR showed a day worked on July 23, 2002. This same Commissioner also signed an ETR on March 27, 2003, before completing the March 28, 2003 workday for the week. Commissioner #2 signed and dated an ETR form on December 9, 2002, however the ETR for that work week showed that he worked on December 12, 2002.

Floating Holiday Approval Form Not Always Submitted at Least 30 Days in Advance

There were two instances within our 14-week sample, in which two of the Commission's four full-time employees—one non-managerial and one managerial—did not submit a floating holiday leave slip for approval more than 30 days prior to taking the time off, as required. The Department of Citywide Administrative Services' Personal Services Bulletin No. 440-2R states, "Employees must request to use the floating holiday in writing at least 30 days in advance on a form supplied by the agency."

Recommendations

The Commission should ensure that:

1. Commissioners review, sign, and date ETRs at the end of the work week.
2. Floating holiday requests are approved at least 30 days prior to using the time.

Procurement and Vouchering

Our review of the Commission's procurement and vouchering documents disclosed the following exceptions:

Requirement Contracts Not Used

The Commission did not use available requirement contracts to process two procurements; instead, it used six individual purchase orders totaling \$10,842. The Commission issued three purchase orders totaling \$9,673 to Canon Business Solutions-North for the rental of

a photocopier even though this item was available on a requirement contract. In addition, the Commission issued three purchase orders to the Weeks-Lerman Group, LLC for office supplies totaling \$1,169 even though the items purchased were available on requirement contract 9987499. An August 31, 1995, memorandum, from the Commissioner of the Department of General Services—now the Department of Citywide Administrative Services (DCAS)—to agency heads stated that “commodities on requirement contracts must be purchased from these contracts through DMSS [Department of Municipal Supply Services] and may not be purchased separately under agency spending authority.”

Recommendation

3. The Commission should determine whether items that it wishes to procure are available on requirement contracts. If available, the Commission should ensure that it makes the purchase through the requirement contract as required by the DCAS Commissioner’s memorandum.

Terms of Purchase Not Fully Detailed

Four purchase orders, totaling \$1,393, did not detail the specific dates that the services were to be performed or the period to be covered for the service being procured. For example, PO 03000000017 ordered 12 months of Internet access; however, the starting and/or ending dates of the service were not indicated. As another example, PO 03000000006 was issued for an equipment maintenance agreement. However, as above no dates of service were indicated. In fact, this purchase order did not even indicate the length of time to be covered under the agreement. Not having dates of service on the purchase documents makes it difficult for the Commission to ensure that it does not duplicate or have lags in service and for it to know what it is paying for.

Recommendation

4. The Commission should ensure that all purchase orders include the specific dates that the agreement will be in effect.

Funds Encumbered after the Receipt of Goods or Services

The Commission processed nine purchase orders totaling \$8,081 for which funds were encumbered (a purchase order was issued) after the goods were received or the services were rendered. (See Appendix II for a detailed list.) Without the purchase order in hand, the receiving function cannot be adequately performed since the goods received cannot be compared to the purchase order to ensure that the items purchased have been received and that they meet the specifications noted in the purchase order prior to payment. According to Directive 24 “a primary purpose of the Purchase Order is to notify the vendor of the exact items ordered and to restate the terms of sale.” The Directive also states that purchase orders “facilitate the review and approval process during the vouchering function.”

Recommendation

5. The Commission should ensure that all purchase orders are prepared and funds are encumbered prior to receiving goods or services and paying vendor invoices.

Incorrect Object Codes

Fifteen purchase orders totaling \$15,104 were charged to incorrect object codes. (See Appendix III for a detailed list.) The use of incorrect object codes prevents the Commission from identifying the type and amount of a particular expense item within a fiscal year and distorts year-end reporting that identifies expenditure patterns.

Recommendation

6. The Commission should review the Chart of Accounts and select object codes that most closely reflect the types of expenditures.

Improper Vendor Payments

Three vendors were paid a total of \$4,913 even though the Commission had not received invoices from the vendors for the amounts being paid. In each case, the Commission paid the vendor based on the total amount of the purchase order rather than on the amount of the vendor invoices. (See Appendix IV for a detailed list.) Specifically: Canon Business Solutions was paid a total of \$7,738 even though it had billed the Commission for only \$3,224; Deer Park Spring Water was paid \$180 even though its invoice indicated that the Commission had \$101 to its credit and therefore no payment was due; and, Earth Link Network was paid \$239 even though its invoice was for \$21.

Recommendation

7. After making a detailed review of the documentation supporting the vendor invoice, the Commission should not pay more than the amount billed.

Purchase Files Lack Certification of the Receipt of Goods or Services

The Commission issued 19 payment vouchers totaling \$17,826 for which the procurement files did not contain evidence that the goods or services purchased were received or rendered. (See Appendix V for a detailed list.) The physical inspection of goods received is required by the City Charter to ensure that the items purchased have been received and that they meet purchase order or contract specifications prior to payment. In addition, §3-08 of the PPB Rules states that “the procurement file for a small purchase shall include, at a minimum: invoice and receiving documentation.”

Recommendation

8. The Commission should ensure that its procurement files contain documentation showing that goods or services ordered have been received prior to making payment to the vendor.

Open Encumbered Purchase Orders

Six purchase orders totaling \$1,247, which were prepared in prior years, were rolled over into Fiscal Year 2003 (the period under review). In fact, five of these purchase orders have been open since Fiscal Year 2001, and one since Fiscal Year 2002. Although not part of our audit period, we determined that these purchase orders are still open to date. (See Appendix VI for a detailed list.)

The Comptroller's Fiscal Year End Closing Instructions for June 30, 2003 Section F Accrued General Fund Expenditures – OTPS states “Encumbrances must be established early enough in the fiscal year to allow sufficient time for goods and services to be received [emphasis added] by the June 30th cutoff date.”

Recommendation

9. The Commission should review, at the end of each fiscal year, the E641–Aged Open Agreements by Payee/Vendor Report that it receives from FMS to determine which, if any, open items should be reduced or carried forward into the next fiscal year.

Inventory Control Weaknesses

Although we were able to verify and account for the assets listed on the Commission's inventory listing dated April 29, 2004, we noted that none of the 50 items on the list had tags affixed to them or other means that identified the equipment as property of the Commission. Moreover, the Commission did not include the manufacturers' name for 31 of the 50 items on the list.

Comptroller's Directive 1, *Financial Integrity Statement*, requires that inventory records be detailed, accurate, and complete for all assets.

Recommendation

10. The Commission should ensure that all of its equipment is properly tagged or otherwise identified as its property. In addition, the Commission should include the manufacturer's name on its inventory list for all items so that the listed equipment can be easily identified.

Purchase Orders List

Purchase Order Number	Vendor Name	Purchase Order Amount	Current Amount	F 1 ^	F 2 ^	F 3 ^	F 4 ^	F 5 ^	F 6 ^	F 7 ^
03000000024	AFAX BUSINESS MACHINES, INC.	\$184.44	\$184.44							
03000000018	ARCH WIRELESS	\$80.96	\$80.96							
X1000000016	BUSINESS MACHINE	\$0.00	\$6,448.40							
XOS 9P00045	CABLE AND WIRELESS USA	\$0.00	\$39.90							X
XOS 9P00051	CABLE AND WIRELESS USA	\$0.00	\$39.90							X
03000000001	CANON BUSINESS SOLUTIONS-NORTH	\$1,934.52	\$1,934.52	X		X	X		X	
03000000007	CANON BUSINESS SOLUTIONS-NORTH	\$5,158.72	\$5,158.72	X			X	X	X	
03000000035	CANON BUSINESS SOLUTIONS-NORTH	\$2,579.36	\$2,579.36	X			X	X	X	
03000000003	CBM SYSTEMS, INC.	\$145.00	\$145.00			X	X		X	
03000000025	CCS OFFICE PRODUCTS	\$384.00	\$384.00				X		X	
X2000000010	CLYDE A. COSBERT	\$0.00	\$1,008.70							X
X0P00000010	COMPUTER SERVICES GUILD	\$0.00	\$37.50							X
03000000027	CSS LABORATORIES, INC.	\$1,303.00	\$1,303.00							
03000000028	CSS LABORATORIES, INC.	\$1,278.00	\$1,278.00							
03000000030	CSS LABORATORIES, INC.	\$1,216.00	\$1,216.00							
03000000011	DEER PARK SPRING WATER	\$179.88	\$179.88					X	X	
03000000012	DEER PARK SPRING WATER	\$0.00	\$6.10							
03000000034	DEPT OF CITYWIDE ADMIN SERVICES	\$2,500.00	\$2,500.00							
03000000017	EARTH LINK NETWORK	\$239.40	\$239.40		X			X	X	
03000000002	INFOQUEST TECHNOLOGIES	\$161.52	\$161.52		X				X	
03000000013	LINSCO INC	\$0.00	\$23.65							
03100000013	LINSCO INC	\$25.54	\$25.54							
03000000022	MATTHEW BENDER & CO., INC. (LexisNexis)	\$129.53	\$129.53			X			X	
03000000026	NEW YORK LAW PUBLISHING CO.	\$625.00	\$625.00							
03000000033	NY CIVIL SERVICE EMP. PUB. CO.	\$22.00	\$22.00							
03000000009	PITNEY BOWES, INC	\$9.50	\$9.50						X	
03000000005	PITNEY BOWES CREDIT CORP.	\$481.12	\$481.12			X	X		X	
03000000010	PITNEY BOWES CREDIT CORP.	\$1,000.00	\$1,000.00				X		X	
03000000031	PITNEY BOWES CREDIT CORP.	\$180.00	\$180.00				X		X	
03000000038	PITNEY BOWES CREDIT CORP.	\$490.00	\$490.00				X		X	
03000000006	PITNEY BOWES, INC	\$540.02	\$540.02		X	X	X		X	
03000000015	PITNEY BOWES, INC	\$1,856.00	\$1,856.00			X	X		X	
03000000029	PITNEY BOWES, INC	\$35.99	\$35.99				X			
0300000029A	PITNEY BOWES, INC	\$9.95	\$9.95				X			
03000000008	THE WEEKS-LERMAN GROUP, LLC	\$512.05	\$512.05	X						
03000000016	THE WEEKS-LERMAN GROUP, LLC	\$8.75	\$8.75	X					X	
03000000036	THE WEEKS-LERMAN GROUP, LLC	\$648.53	\$648.53	X						
03000000032	THOMSON WEST	\$451.86	\$451.86		X				X	
03000000020	UNISYS CORPORATION	\$420.00	\$420.00							
03000000014	WEST GROUP PAYMENT CENTER	\$78.00	\$78.00				X			
03000000019	WEST GROUP PAYMENT CENTER	\$1,896.58	\$1,896.58			X			X	
03000000023	WEST GROUP PAYMENT CENTER	\$30.74	\$30.74			X				
03000000004	WESTLAW	\$1,067.94	\$1,067.94			X	X			
X0P00000008	WESTLAW	\$0.00	\$38.17							X
X100000012A	XEROX CORP	\$0.00	\$82.83							X
45		\$27,863.90	\$35,589.05	6	4	9	15	4	19	6

^Description for each findings can be found on the following page.

<u>Finding Category</u>	<u>Description for Each Findings</u>	<u>Appendices</u>
F 1	Requirement Contract Not Used	
F 2	Terms of Purchase Not Fully Detailed	
F 3	Funds Encumbered After the Receipt of Goods or Services	II
F 4	Incorrect Object Codes	III
F 5	Improper Vendor Payments	IV
F 6	Purchase Files Lack Certification of the Receipt of Goods or Services	V
F 7	Open Encumbered Purchase Orders	VI

Funds Encumbered After the Receipt of Goods or Services

Purchase Order Number	Vendor Name	Purchase Order Amount	FMS Purchase Order/ Encumbrance Date	Invoice Date
03000000001	Canon Business Solutions-North	\$ 1,934.52	8/13/2002	7/31/2002
03000000003	CBM Systems, Inc.	\$ 145.00	8/13/2002	5/21/2002
03000000022	Matthew Bender & Co., Inc. (LexisNexis)	\$ 129.53	12/16/2002	12/5/2002
03000000005	Pitney Bowes Credit Corp.	\$ 481.12	8/20/2002	8/13/2002
03000000006	Pitney Bowes, Inc	\$ 540.02	8/21/2002	5/25/2002
03000000015	Pitney Bowes, Inc	\$ 1,856.00	10/21/2002	6/1/2002
03000000019	West Group Payment Center	\$ 1,896.58	12/4/2002	Aging Summary 11/5/2002
03000000023	West Group Payment Center	\$ 30.74	1/28/2003	No Date
03000000004	Westlaw/West Group	\$ 1,067.94	8/20/2002	6/27/2002
Total	9	\$ 8,081.45		

Incorrect Object Codes

Purchase Order Number	Description of Items/Services	Vendor Name	Purchase Order Amount	Object Code Charged	Object Code That Should Have Been Charged
03000000001	Rental of photocopier Serial no. NPJ00497 (For three months @ 644.84 p)	Canon Business Solutions-North	\$1,934.52	6120	4120
03000000007	Rental of Canon NP6080 photocopier, serial no. NPJ00497	Canon Business Solutions-North	\$5,158.72	6120	4120
03000000035	Rental of Canon NP6080 photocopier, serial no. NPJ00497	Canon Business Solutions-North	\$2,579.36	6120	4120
03000000003	Servicing of Optra S/650 Lexmark Printer	CBM Systems, Inc.	\$145.00	6080	6130
03000000025	Lexmark Laser Toner Cartridge (2 @ \$192 ea.), Lexmark Optras, High Yi	CCS Office Products	\$384.00	1000	1990
03000000005	Postage by phone (serial no. NPJ00497)	Pitney Bowes Credit Corp.	\$481.12	1990	1170
03000000010	Postage by phone, acct. no 16309825	Pitney Bowes Credit Corp.	\$1,000.00	1990	1170
03000000031	Postage by phone	Pitney Bowes Credit Corp.	\$180.00	1990	1170
03000000038	Postage by phone	Pitney Bowes Credit Corp.	\$490.00	1990	1170
03000000006	Equipment maint. agreement (postage meter 6868205)	Pitney Bowes, Inc	\$540.02	4120	6080
3000000015*	Equipment maint. agreement (postage meter) from 7/1/02 to 6/30/03	Pitney Bowes, Inc	\$1,019.20	4120	6080
03000000029	Four (4) E-Z Seal 1/2 gallon bottles	Pitney Bowes, Inc	\$35.99	4120	1000
0300000029A	E-Z Seal shipping and handling charges	Pitney Bowes, Inc	\$9.95	4120	1000
03000000014	CD Rom McKinney NY Consolidated Annotated Law Desk	West Group Payment Center	\$78.00	6000	3370
03000000004	PR Torts - CD Rom NY City Charter, Code & Rules Law Desk, CD Rom McKinney, New York Consolidated Annotated Law Desk New York Consolidated Annotated Law Desk	Westlaw	\$1,067.94	6000	3370
15			\$15,103.82	15	15

Legend: *The total dollar amount of purchase order # 03000000015 totaled \$1,856.00. CSC charged \$1,019.20 to object code 4120 and the remaining \$836.80 to the object code 6080. For the purpose of this analysis, we did not include \$836.80 in this table since it was charged to the correct object code and this table reflects those purchases charged to the incorrect object code.

<u>Object Code</u>	<u>Description of Object Codes</u>
1000	<u>Supplies and Materials</u> - General-- All supplies not specifically classified in any of the other supply accounts
1170	<u>Postage</u> - Payments for postal services in various forms, i.e., stamps, metered postage, postal cards, stamped value of stamped registered mail, special delivery, overnight mail, and parcel post.
1990	<u>Data Processing Supplies</u> - All Supplies associated with the operation of personal computers, printers, and data processing equipment (i.e., computer diskettes, computer books and manuals, printing ribbons, computer software, etc).
3370	<u>Books - Other</u> - The purchase of all textbooks and workbooks; also, periodicals, magazines, subscriptions, newspapers, etc. for other than library purposes.

- 4120 Rentals - Miscellaneous Equipment - All rental expenditures not otherwise classified under a specific rental code.
- 6000 Contractual Services - General - All expenditures that are personal services or technical in nature not otherwise classified under a specific contractual services account
- 6080 Maintenance and Repairs - General - Contractual - All maintenance and repair expenditures not otherwise classified under a specific maintenance and repair code.
- 6120 Office Equipment Maintenance - Contractual - All expenditures for the maintenance and repair of all office equipment, i.e., calculators, office furniture, photocopying machines, typewriting machines, etc.
- 6130 Data Processing Equipment Maintenance - Contractual - All expenditures for the maintenance and repair of all data processing equipment.

Appendix IV

Improper Vendor Payments

PO No.	Vendor Name/Description of Services	Statement/ Invoice Amount	Service Period Billed	Statement/ Invoice Date	FMS PO DATE	Voucher Number 0300000000	Voucher Amount	Voucher Date	Service Period Paid (note 1)	Prepayment Amount	Number of Months Prepaid	
07	Canon Business Solutions- North / Rental of Photocopier	\$1289.68	7/13/02 and 8/15/02 Two Months	7/31/02	8/21/02	07	\$5,158.72	9/12/02	July 2002 to February 2003 Eight Months	\$3,869.04	6	(note 2)
35	Canon Business Solutions- North / Rental of Photocopier	\$1,934.52	3/30/03 to 5/30/03 Three Months	5/19/03	5/28/03	35	\$2,579.36	5/30/03	March 2003 to June 2003 Four Months	\$644.84	1	
11	Deer Park Spring Water / Rental of Water Cooler	-100.52	No Months	7/31/02	9/20/02	11	\$179.88	9/25/02	7/01/02 to 6/30/03 Twelve Months	\$179.88	12	(note 3)
17	Earth Link Network / Internet Access Fee	\$21.00	One Month	12/2/02	11/20/02	17	\$239.40	12/10/02	Twelve Months	\$219.45	11	(note 4)
Total 4							\$8,157.36			\$4,913.21		

Notes:

- (1) As indicated under description on the Purchase Orders and Vouchers.
- (2) Statement dated 7/31/02 was in the amount of \$3,224.20 of which \$1,934.52 was paid on voucher number 030000000001 the remaining \$1,289.68 was paid on voucher number 030000000007 which also included an additional \$3,869.04 for a prepayment.
- (3) The Commission had a \$100.52 credit on the books which they should have applied towards the current months.
- (4) The Commission paid \$19.95 instead of \$21 invoice amount.

Purchase Files Lack Certification of the Receipt of Goods or Services

Purchase Order Number	Vendor Name	Description of Items/Services	Purchase Order Amount
03000000001	Canon Business Solutions-North	Rental of photocopier Serial no. NPJ00497 (For three months @ 644.84 p	\$ 1,934.52
03000000007	Canon Business Solutions-North	Rental of Canon NP6080 photocopier, serial no. NPJ00497	\$ 5,158.72
03000000035	Canon Business Solutions-North	Rental of Canon NP6080 photocopier, serial no. NPJ00497	\$ 2,579.36
03000000003	CBM Systems, Inc.	Servicing of Optra S/650 Lexmark Printer	\$ 145.00
03000000025	CCS Office Products	Lexmark Laser Toner Cartridge (2 @ \$192 ea.), Lexmark Optras, High Yi	\$ 384.00
03000000011	Deer Park Spring Water	Rental of Water Cooler From 7/1/02 to 6/30/03	\$ 179.88
03000000017	Earth Link Network	Internet Access Fee for twelve months	\$ 239.40
03000000002	Infoquest Technologies	FrontPage monthly hosting fee for CSCNYC.ORG (12 months @ \$13.46 per month) (Website)	\$ 161.52
03000000022	Matthew Bender & Co., Inc. (LexisNexis)	NY CPLR Redbook 2003 Edition, acct. # 3000036021	\$ 129.53
03000000009	Pitney Bowes, Inc	Reset charges of postage meter, acct. no. 1539-3253-87-5	\$ 9.50
03000000005	Pitney Bowes Credit Corp.	Postage by phone (serial no. NPJ00497)	\$ 481.12
03000000010	Pitney Bowes Credit Corp.	Postage by phone, acct. no 16309825	\$ 1,000.00
03000000031	Pitney Bowes Credit Corp.	Postage by phone	\$ 180.00
03000000038	Pitney Bowes Credit Corp.	Postage by phone	\$ 490.00
03000000006	Pitney Bowes, Inc	Equipment maintenance agreement (postage meter 6868205)	\$ 540.02
03000000015	Pitney Bowes, Inc	Equipmnet maintenance agreement (postage meter) from 7/1/02 to 6/30/03	\$ 1,856.00
03000000016	The Weeks-Lerman Group, LLC	SHA K01 Name Plate only	\$ 8.75
03000000032	Thomson West	Westlaw usage charges	\$ 451.86
03000000019	West Group Payment Center	CD ROMS	\$ 1,896.58
Total	19		\$ 17,825.76

Open Encumbered Purchase Orders

Purchase Order Number Shown in FY 03 As	Vendor Name	Current Amount	Date of Record	Purchase Order Number Shown in FY 04 As
XOS 9P00045	Cable and Wireless USA	\$ 39.90	9/10/00	YOS 9P00045
XOS 9P00051	Cable and Wireless USA	\$ 39.90	9/10/00	YOS 9P00051
X2000000010	Clyde A. Cosbert	\$ 1,008.70	*11/1/01	Y2000000010
X0P00000010	Computer Services Guild	\$ 37.50	9/10/00	Y0P00000010
X0P00000008	Westlaw	\$ 38.17	9/10/00	Y0P00000008
X100000012A	Xerox Corp.	\$ 82.83	2/7/01	Y100000012A
Total	6	\$ 1,247.00		

Legend: The six purchase orders all indicate a closed date of 8/24/03 in FMS.
 * One purchase order rolled from fiscal year 2002.
 The other five purchase orders rolled from fiscal year 2001.



New York City
CIVIL SERVICE COMMISSION

ADDENDUM

Stanley K. Schlein
Commissioner, Chairman

David S. Lande
Commissioner, Vice Chmn.

Stephanie E. Kupferman
Commissioner

Nicholas A. LaPorte
Commissioner

Rudy Washington
Commissioner

Norma I. Lopez
Acting Director/General Counsel

February 8, 2005

Greg Brooks
Deputy Comptroller
Policy, Audits, Accountancy & Contracts
New York City Office of the Comptroller
One Centre Street
New York, New York 10007-2341

**Re: Audit Report on the Payroll, Timekeeping, and
Other Than Personal Services Expenditures of the
Civil Service Commission
July 1, 2002 – June 30, 2003
FN04-124A**

Dear Comptroller Brooks:

We are in receipt of your letter dated February 1, 2005 and the above-captioned report. We take no exception to the findings as they have been amended as a result of our conference.

In the future, we will endeavor to avoid the minimal mistakes cited in your report.

Very truly yours,

Stanley K. Schlein
Stanley K. Schlein
Chairman *sh*

cc: Frank Seggio, Audit Manager
Dellareese Skinner, Audit Supervisor
Jenise Bourne, Auditor