

AUDIT REPORT



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

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

FP03-158A

May 3, 2004



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

WILLIAM C. THOMPSON, JR.
COMPTROLLER

To the Citizens of the City of New York

Ladies and Gentlemen:

In accordance with the Comptroller's responsibilities contained in Chapter 5, §93, of the New York City Charter, my office has examined the compliance of the Bronx Borough President's Office with payroll, timekeeping, purchasing, and inventory procedures, as set forth in the New York City Comptroller's Internal Control and Accountability Directives, DCAS personnel rules and leave regulations, and the Procurement Policy Board Rules.

The results of our audit, which are presented in this report, have been discussed with officials of the Borough President's Office, and their comments have been considered in preparing this report.

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

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

Very truly yours,

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

William C. Thompson, Jr.
WCT/gr

Report: **FP03-158A**
Filed: **May 3, 2004**

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

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

FP03-158A

AUDIT REPORT IN BRIEF

This audit determined whether the Bronx Borough President's Office is complying with certain payroll, personnel, timekeeping, purchasing, and inventory procedures, as set forth in the New York City Comptroller's Internal Control and Accountability Directives (Comptroller's Directives) 3, 13, 24, and 25, Department of Citywide Administrative Services (DCAS) personnel rules and leave regulations, and the Procurement Policy Board (PPB) rules. The scope of this audit covered the period July 1, 2001, to June 30, 2002.

The audit found that the Bronx Borough President's Office generally adhered to the requirements of Comptroller's Directives 3, 13, 24, and 25, DCAS personnel rules and leave regulations, and the PPB rules.

In addition, our examination of the Borough President's Office Personal Services and Other Than Personal Services expenditures disclosed no instances in which moneys were improperly used. However, the Borough President's Office did not always comply with certain provisions of DCAS personnel and leave regulations and Comptroller's Directive 24. Specifically, the Borough President's Office did not ensure that: employees' compensatory time balances were accurately recorded; time records had the required signatures; employees used compensatory time within the 120-day limit; employees were paid within the salary range of their Career and Salary Plan; each page of the voucher packages sampled were stamped "vouchered" as required by Directive 24; all sampled vouchers had the correct object codes; and inventory records were complete and accurate.

INTRODUCTION

Background

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

During Fiscal Year 2002, Personal Service (PS) expenditures for the Bronx Borough President's Office (Borough President's Office) amounted to \$5,600,550; Other Than Personal Services (OTPS) expenditures amounted to \$1,901,681.

Objective

This audit was conducted to determine whether the Bronx Borough President's Office is complying with certain payroll, personnel, timekeeping, purchasing, and inventory procedures, as set forth in the New York City Comptroller's Internal Control and Accountability Directives (Comptroller's Directives) 3, 13, 24, and 25, Department of Citywide Administrative Services (DCAS) personnel rules and leave regulations, and the Procurement Policy Board (PPB) rules.¹

Scope and Methodology

This audit covered the period July 1, 2001, to June 30, 2002.

To obtain an understanding of the procedures and regulations with which the Borough President's Office is required to comply, we reviewed relevant provisions of: Comptroller's Directives 3, 13, 24, and 25; DCAS personnel rules and leave regulations; and PPB rules. We also reviewed the Department of Investigation's Standards for Inventory Control and Management and used it as a criterion for assessing the Borough President's Office inventory controls. We interviewed staff at the Borough President's Office to obtain an understanding of the payroll, personnel, timekeeping, and purchasing procedures in place and to determine how physical assets are safeguarded.

¹ Comptroller's Directive 3, "Procedures for the Administration of Imprest Funds"

Comptroller's Directive 13, "Payroll Procedures"

Comptroller's Directive 24, "Purchasing Function—Internal Controls"

Comptroller's Directive 25, "Guidelines for the Use and Submission of Miscellaneous Vouchers"

Tests of Compliance with Comptroller's Directive 13, and with DCAS Personnel Rules and Leave Regulations

We reviewed attendance records of 30 employees—nine managerial and 21 non-managerial employees—for the two-week period June 16, 2002, through June 29, 2002, to determine whether the Borough President's Office maintains reliable and accurate time records. These 30 employees were randomly selected from the 94 (25 managerial and 69 non-managerial) employees listed on the Borough President's Office time records for the period ending June 29, 2002 (so as to assess records at fiscal-year end). We examined the attendance records for completeness and evidence of supervisory review. We compared the attendance records to the Payroll Management System (PMS) Employee Leave Details Report (PEILR721) to determine whether all reportable timekeeping transactions were accurately posted on PMS. We reviewed compensatory time transactions and annual leave use for evidence of proper approvals and posting. In addition, we reviewed the sampled employees' personnel files for completeness and evidence that proper approvals were obtained when they were hired.

We also reviewed salary history reports and related approval documentation covering Fiscal Year 2002 for all 94 employees listed on the payroll register for the pay period ending June 29, 2002, to determine whether pay increases were accurately calculated and properly authorized. For all six non-managerial employees who separated from City service during Fiscal Year 2002, we determined whether separation payments were properly calculated. We also checked whether the employees were appropriately removed from the City payroll. To determine whether Borough President's Office employees were receiving salaries that were within the salary ranges of their civil service titles, we compared the salaries of all individuals listed as Borough President's Office employees (during Fiscal Year 2002) to the minimum and maximum salary amounts of their civil service titles specified in the City's Career and Salary Plan. We reviewed the Paycheck Distribution Control Report (form 319) for the period ending June 29, 2002, to ascertain whether employees signed for their paychecks.

We determined whether compensatory time that was carried beyond the 120-day limit for its use, was transferred to sick leave. If it was not transferred to sick leave, we determined whether the employee's personnel file contained documentation authorizing that the time be carried over. We also determined whether medical documentation, when required by DCAS regulations, appropriately supported sick leave use. Finally, we determined whether approved carryover authorizations were present in employees' personnel files for employees who had excess annual leave balances (more than the amount that each employee earns in a two-year period) to their credit. The results of the above tests covering the sample of 30 employees, while not projectable to all employees, provided us a reasonable basis to assess the compliance of the Borough President's Office with Comptroller's Directive 13, and with DCAS personnel rules and leave regulations.

Tests of Compliance with Comptroller's Directive 3, 24, and 25

The Borough Presidents Office issued a total of 586 payment vouchers in Fiscal Year 2002 (469 purchase vouchers, 91 miscellaneous vouchers, and 26 imprest fund vouchers). Of

the 586 vouchers, we selected all 80 vouchers (65 purchase vouchers, nine miscellaneous vouchers, and six imprest fund vouchers) issued by the Borough President's Office during June 2002 and July 2002 so as to assess controls at fiscal-year end. We examined each voucher for the requisite approvals and authorizations, and for evidence that the transactions were for proper business purposes and were supported by adequate documentation. For the 65 purchase vouchers, we also determined whether: the voucher was properly coded; an authorized purchase order was on file; sales and excise taxes were incorrectly paid; and bids were obtained when required by PPB rules. Finally, to determine whether there was adequate segregation of duties for the payment process, we examined each voucher for evidence that different individuals performed the Preparer's Certification, the Pre-audit Certification, and the Departmental Certification. The results of the above tests, while not projectable to all payment vouchers, provided us a reasonable basis to assess the Borough President's compliance with Comptroller's Directive 24. With regard to the miscellaneous vouchers, we determined that the vouchers were issued for only allowable purposes. The results of this test, while not projectable for all miscellaneous vouchers, provided us a reasonable basis to assess the compliance of the Borough President's Office with Comptroller's Directive 25. To assess the Borough President Office's controls over its imprest fund at fiscal-year end, we selected the imprest fund bank statement for the month of June 2002. We examined all 16 canceled checks listed on that month's bank statement for: authorized signatures and amounts; a specific payee (as opposed to "bearer" or "cash"); an endorsement; and a "void after 90 days" inscription on each check. We also determined whether the Bronx Borough President's Office performed monthly bank reconciliations. The results of the above tests, while not projectable for all imprest fund checks, provided us a reasonable basis to assess the compliance of the Borough President's Office with Comptroller's Directive 3.

Tests of Inventory Records

We randomly selected 53 pieces of equipment listed on the Borough President's Office inventory records (the inventory records listed a total of 240 pieces of equipment as of November 5, 2003) and determined whether they were on hand at the Borough President's Office. We also determined whether 20 other pieces of equipment that were on hand in the Borough President's Office were listed on the November 5, 2003, inventory records. In addition, we reviewed whether all three equipment items purchased during June 2002 and July 2002 were on hand and properly recorded on the inventory records. Finally, we determined whether all items examined were properly tagged as property of the Borough President's Office. The results of the above tests, while not projectable for all pieces of equipment, provided us a reasonable basis to assess the Borough President's Office controls over inventory.

* * * *

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

Discussion of Audit Results

The matters covered in this report were discussed with Borough President's Office officials during and at the conclusion of this audit. A preliminary draft report was sent to the Borough President's Office and discussed at an exit conference held on April 1, 2004. On April 5, 2004, we submitted a draft report to the Borough President's Office with a request for comments.

We received a written response from the Borough President's Office on April 21, 2004 in which it agreed with the audit recommendations and described the specific steps that it has taken or will take to address the exceptions noted in the report. The full text of the comments is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

The Bronx Borough President's Office generally adhered to the requirements of Comptroller's Directives 3, 13, 24, and 25, DCAS personnel rules and leave regulations, and the PPB rules. In this regard, we found:

- Employees' annual leave balances did not exceed the two-year accrual limit;
- Personnel files were complete, including documentation that approvals were obtained for personnel actions;
- Appropriate medical documentation for sick leave use were complete;
- Items purchased were necessary for the Office's operations;
- Bids were obtained for purchases exceeding \$2,500;
- Sampled vouchers and corresponding purchase orders were properly approved and the amounts paid to vendors were accurately calculated and excluded sales and excise taxes;
- Appropriate documentation was maintained to support the sampled vouchers;
- Imprest fund purchases did not exceed \$250;
- Invoices were maintained to support imprest fund payments;
- Imprest fund checks had the required authorized signatures, designated specified payees, and had the inscription "void after 90 days";

- The imprest fund bank account was reconciled appropriately;
- Employees were accurately paid upon separation from City service;
- Employees signed for their paychecks;
- All pay increases were properly approved; and
- All sampled inventory items were present at the Office.

In addition, our examination of the Borough President's Office Personal Services and Other Than Personal Services expenditures disclosed no instances in which moneys were improperly used. However, the Borough President's Office did not always comply with certain provisions of DCAS personnel and leave regulations and Comptroller's Directive 24. These relatively minor instances of noncompliance, as well as a few issues related to inventory controls, are discussed in detail in the following sections of this report.

Timekeeping Discrepancies

Our review of the timekeeping records disclosed the following minor exceptions:

- One employee's compensatory time balance on PMS was overstated by four hours;
- One employee was not credited on PMS for one hour of compensatory time earned;
- In four instances, employees did not sign in or out when arriving at and departing from work;
- In two instances, the sign-in/sign-out log did not match the hours recorded on timesheets for two employees;
- Five leave request forms were not signed by the employee;
- Three leave request forms were not signed by the employees' supervisor;
- Two timesheets were not signed by the employees' supervisors; and
- One timesheet was not signed by the employee.

Recommendations

The Borough President's Office should:

1. Make appropriate adjustments to employee leave balances based on the audit findings.
2. Ensure that timekeeping documents are carefully reviewed by appropriate supervisory personnel.

Borough President's Office Response: "All appropriate leave balance adjustments have been made. The Executive staff has been informed of the audit's findings. All unit heads and supervisory staff have been instructed to carefully review all timesheets and daily sign-in sheets to ensure agreement between the documents before providing their approval. Balances will be reconciled more carefully."

Employees Permitted to Carry Compensatory Time Beyond the 120 Day Limit

The Borough President's Office did not ensure that all employees used compensatory time within the 120 days, as required by the City's *Time and Leave Regulations*. Consequently, as of October 31, 2001, two employees had a combined total of 30.25 hours of compensatory time that was not used within 120 days. According to the City's *Time and Leave Regulations*, employees must use compensatory time within four months of its being earned. Any such time not used should be added to the employees' sick leave balances, unless the agency authorizes employees in writing to carry it forward. However, there was no documentation on file authorizing these employees to carry their compensatory time beyond the 120 days.

Recommendation

3. The Borough President's Office should adhere to the City's *Time and Leave Regulations* requiring employees to use compensatory time within 120 days after it is earned. If an employee does not adhere to this requirement, the compensatory time should be converted and incorporated into the employees' sick leave balance. If an employee cannot use compensatory time within 120 days of its being earned, appropriate authorization should be maintained allowing the carryover of this time past the 120-day limit.

Borough President's Office Response: "Generally, the Borough President's Office adheres to the City Time and Leave Regulations. The two employees who were permitted to carry their compensatory time beyond the 120-day limit were allowed to do so in error. The aging of the compensatory time balance will be monitored more closely and all appropriate regulations will be adhered to in the future."

**Employees Not Paid within
The Salary Ranges of Their Titles**

The annual salaries of four of the office's employees were not within the salary range of their *Career and Salary Plan* titles, as required by DCAS personnel rules. One employee's salary exceeded the maximum pay rate for her title, and three employees' salaries were less than the minimum pay rates for their titles, as shown in Table I, following.

Table I

Employees Not Paid within the Salary Ranges of Their Titles

Employee	Title	Current Salary	Salary Range of Title	Difference
1	Clerical Associate Level III	\$45,438	\$28,103-\$39,588	\$5,850
2	Associate City Planner Level 1	\$51,674	\$56,083-\$71,242	(\$4,409)
3	Community Coordinator	\$38,000	\$38,986-\$56,396	(\$986)
4	Community Associate	\$26,000	\$29,602-\$42,839	(\$3,602)

The City's *Career and Salary Plan* contains minimum and maximum pay rates for each job title. According to the *Career and Salary Plan*, "The purpose of this resolution is to provide fair and comparable pay for comparable work." Thus, the minimum and maximum pay rates are an integral part of the Plan

Recommendation

4. The Borough President's Office should transfer employees whose salaries currently are not within their title limits into other titles for which they qualify and that have salary ranges that properly encompass their current pay levels or the salaries should be appropriately adjusted.

Borough President's Office Response: "This agency is currently taking steps to correct this weakness. The minimum and maximum pay rates are being reviewed for all employees and any necessary adjustments will be implemented."

Weaknesses in Procurement and Payment Practices

Our review of payment vouchers and their supporting purchase documents revealed minor weaknesses in the Borough President's Office procurement and payment practices.

Specifically, two imprest voucher packages were not stamped “vouchered” on each page, as required by Comptroller’s Directive 24. Stamping vouchers helps prevent duplicate payments. Also, two vouchers were coded incorrectly. One voucher for a rental of a wheelchair ramp was charged to code 100, supplies and materials, instead of the correct code, 412, Rental of Miscellaneous Equipment. The other voucher was for the purchase of business cards; the office charged code 600, Contractual Services, instead of the correct code, 615, Printing Services.

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

Recommendation

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

Borough President’s Office Response: “This agency will review all purchase documents more carefully to ensure that all have been stamped ‘**Vouchered**’ and that the correct object codes are charged.”

Inventory Control Weaknesses

The Borough President’s Office did not maintain complete and accurate inventory records for its equipment. While all sampled items were present at the Office, four were not included on the inventory list and five items were listed with incorrect serial numbers. Finally, we noted that six items had no identification tags to indicate that they were the property of the Borough President’s Office.

After discussing these issues with the Director of Fiscal and Personnel, she made the appropriate adjustments to the inventory records and affixed identification tags to the six items lacking tags.

Recommendations

The Borough President’s Office should ensure that:

6. Complete and accurate inventory records are maintained.
7. Identification tags are affixed to all items.

Borough President's Office Response: "The weaknesses identified in our inventory control have been corrected. Identification tags will be affixed to all new equipment. Information relating to new equipment shall be recorded on this agency's inventory listing. Identification tags will be affixed to all new equipment before it is placed in use."



OFFICE OF THE BRONX BOROUGH PRESIDENT

THE BRONX COUNTY BUILDING

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BOROUGH PRESIDENT

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April 21, 2004

Mr. Greg Brooks
The City of New York
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1 Centre Street
New York, NY 10007-2341

Re: Audit Report on the Financial
And Operating Practices
of the Bronx Borough President's Office
FP03-158A

Dear Mr. Brooks:

This agency is in receipt of your draft audit. We appreciate the time spent in completing the audit and the recommendations of your staff. The following represents our responses to their recommendations.

Timekeeping Discrepancies

All appropriate leave balance adjustments have been made. The Executive staff has been informed of the audit's findings. All unit heads and supervisory staff have been instructed to carefully review all time sheets and daily sign-in sheets to ensure agreement between the documents before providing their approval. Balances will be reconciled more carefully.

Greg Brooks
April 21, 2004
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Employees Permitted to Carry Compensatory Time Beyond the 120-Day Limit

Generally, the Borough President's Office adheres to the City Time and Leave Regulations. The two employees who were permitted to carry their compensatory time beyond the 120-day limit were allowed to do so in error. The aging of the compensatory time balance will be monitored more closely and all appropriate regulations will be adhered to in the future.

Employees Not Paid Within the Salary Ranges of Their Titles

This agency is currently taking steps to correct this weakness. The minimum and maximum pay rates are being reviewed for all employees and any necessary adjustments will be implemented.

Weakness in Procurement and Payment Practices

This agency will review all purchase documents more carefully to ensure that all have been stamped "**Vouchered**" and that the correct object codes are charged.

Inventory Control Weaknesses

The weaknesses identified in our inventory control have been corrected. Identification tags will be affixed to all new equipment. Information relating to new equipment shall be recorded on this agency's inventory listing. Identification tags will be affixed to all new equipment before it is placed in use.

Earl Brown



Deputy Borough President