

# 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 Office of Special Narcotics**

*FP04-055A*

**June 25, 2004**



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

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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 Office of Special Narcotics with payroll, timekeeping, purchasing, and inventory procedures, as set forth in the New York City Comptroller's Internal Control and Accountability Directives, Department of Citywide Administrative Services personnel rules and leave regulations, Office of Special Narcotics time and leave rules, Department of Investigation's Standards for Inventory Control and Management, and applicable Procurement Policy Board (PPB) rules.

The results of our audit, which are presented in this report, have been discussed with officials from the Office of Special Narcotics, 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](mailto: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: **FP04-055A**  
Filed: **June 25, 2004**

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

**Audit Report on the  
Financial and Operating Practices of the  
Office of Special Narcotics**

**FP04-055A**

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**AUDIT REPORT IN BRIEF**

This audit determined whether the Office of Special Narcotics 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 (City Time and Leave Regulations); Office of Special Narcotics time and leave rules; and applicable Procurement Policy Board (PPB) rules.

**Audit Findings and Conclusions**

We found that the Office of Special Narcotics generally adhered to the requirements of Comptroller's Directives 3, 13, 24, and 25, City Time and Leave Regulations, and Office of Special Narcotics time and leave rules. In addition, our examination of the Office of Special Narcotics Personal Services and Other than Personal Services expenditures disclosed no instances in which moneys were improperly used.

However, the Office of Special Narcotics did not always ensure that: timekeeping records were complete, accurate, and properly approved; employees submitted leave authorization forms for time used; employees' salaries were within the salary ranges of their Career and Salary Plan titles; City regulations for sick leave were enforced; employees' leave balances were within the amounts allowable under City Time and Leave Regulations; voucher packages were stamped "vouchered" as required by Comptroller's Directive 24; vouchers were charged to correct object codes; imprest fund expenditures complied with certain provisions of Comptroller's Directive 3; and inventory records were complete and accurate. In addition, the Office of Special Narcotics did not require that its Assistant District Attorneys record their arrival and departure times in accordance with Comptroller's Directive 13.

## **Audit Recommendations**

To address these issues, we make 16 recommendations, among them that the Office of Special Narcotics:

- Maintain complete and accurate time records for all employees.
- Require ADAs to record their daily attendance times and other timekeeping transactions on a form of its choice, thereby ensuring that ADAs document their time properly.
- Attempt to recoup a \$678 overpayment from the former employee.
- Require that its employees provide medical documentation for sick leave used, in accordance with City Time and Leave Regulations. Employees should be placed on sick leave restriction, in accordance with the Regulations.
- Ensure that all purchase documents are stamped “vouchered” and all purchases are charged to correct object codes.
- Ensure that all imprest fund expenditures comply with the provisions of Comptroller’s Directive 3.
- Ensure that complete and accurate inventory records are maintained.

## **INTRODUCTION**

### **Background**

The Office of Special Narcotics was established in 1971 to enhance the response of law enforcement to serious drug problems in the City. In accordance with New York State Judiciary Law, Article 5-b, §177-C, the five City District Attorneys jointly formulated the plan that created the Office of Special Narcotics. The Office of Special Narcotics was granted concurrent jurisdiction to investigate cases brought to it by federal, state, and local law enforcement agencies and was given authority to prosecute felony drug cases throughout the City’s five counties. The Office of Special Narcotics routinely works with prosecutorial agencies from other states and from foreign countries.

The Office of Special Narcotics is headed by a Special Assistant District Attorney, appointed by the five City District Attorneys, who initiates and implements policies and procedures concerning the prosecution of felony narcotics cases and directs the internal operations of the Office of Special Narcotics.

During Fiscal Year 2003, Personal Services (PS) expenditures for the Office of Special Narcotics amounted to \$14,675,463, and Other Than Personal Services (OTPS) expenditures amounted to \$434,156. It had 244 employees as of June 30, 2003.

### **Objective**

This audit was conducted to determine whether the Office of Special Narcotics 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<sup>1</sup>; Department of Citywide Administrative Services (DCAS) personnel rules and leave regulations (City Time and Leave Regulations); Office of Special Narcotics time and leave rules<sup>2</sup>; and applicable Procurement Policy Board (PPB) rules.

### **Scope and Methodology**

This audit covered the period July 1, 2002, through June 30, 2003.

To obtain an understanding of the procedures and regulations with which the Office of Special Narcotics is required to comply, we reviewed relevant provisions of: Comptroller's Directives 3, 13, 24, and 25; City Time and Leave Regulations; Office of Special Narcotics time and leave rules; and applicable PPB rules. Since the Office of Special Narcotics has no inventory procedures, we used the New York City Department of Investigation's *Standards for Inventory Control and Management* as the criterion for assessing inventory controls. We interviewed staff at the Office of Special Narcotics to obtain an understanding of the payroll, personnel, timekeeping, and purchasing procedures in place and to determine how physical assets are safeguarded.

#### **Tests of Compliance with Comptroller's Directive 13, City Time and Leave Regulations, and the Office of Special Narcotics Time and Leave Rules**

We reviewed attendance records of 30 randomly selected employees—18 Assistant District Attorneys (ADA), 10 non-managerial employees, and two managerial employees—for the two-week period June 1, 2003, through June 14, 2003 (the period covered by the last pay date in June), to determine whether the Office of Special Narcotics maintains reliable and accurate time records. These 30 employees were selected from the 244 employees (102 non-managerial, 133 ADAs, and nine managerial employees) listed on the Office of Special Narcotics payroll records ending June 30, 2003, 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 City's Payroll Management System (PMS) Employee Leave Details

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<sup>1</sup> 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"; and Comptroller's Directive 25, "Guidelines for the Use and Submission of Miscellaneous Vouchers"

<sup>2</sup> Office of Special Narcotics time and leave rules are covered in *Time and Leave Rules Personnel Handbook*; New York County District Attorney's Office *Employee Handbook for Legal Staff*; and the Office of the Special Narcotics Prosecutor *Investigator's Guide*.

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.

For our tests of separation payments, we randomly selected a sample of 12 of the 48 employees (10 ADAs and two non-managerial employees) who separated from City service during Fiscal Year 2003. We determined whether separation payments made to these individuals were properly calculated. We also checked whether the 12 employees were appropriately removed from the City payroll.

To determine whether the Office of Special Narcotics employees were receiving salaries that were within the salary ranges of their civil service titles, we compared the salaries of all individuals listed on PMS as employees (excluding ADAs, since there are no established salary ranges for them) to the minimum and maximum salary amounts of their civil service titles specified in the City Career and Salary Plan. We reviewed the Paycheck Distribution Control Report (form 319) for the period ending June 20, 2003, to ascertain whether employees signed for their paychecks. In addition, for a random sample of 50 employees listed on the payroll register for the April 23, 2004 payroll, we performed a floor check, observing employees and inspecting their photo identification cards to assess their status as bona fide employees.

We determined whether compensatory time that was carried beyond the 120-day limit for its use was transferred to sick leave. If such compensatory time was not transferred to sick leave, as required, 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 City Time and Leave Regulations, appropriately supported sick-leave use. Finally, we determined whether approved carryover authorizations were present in employee personnel files for those employees who had excess annual leave balances (more than the amount that each employee earns in a two-year period) to their credit.

We also reviewed salary history reports and related approval documentation covering Fiscal Year 2003 for all employees listed on PMS to determine whether their pay increases were accurately calculated and properly authorized.

The results of the above tests, covering the sample, while not projectable to all employees, provided a reasonable basis to assess the compliance of the Office of Special Narcotics with Comptroller's Directive 13, City Time and Leave Regulations, and the Office of Special Narcotics time and leave rules.

### **Tests of Compliance with Comptroller's Directives 3, 24, and 25**

The Office of Special Narcotics issued a total of 709 payment vouchers (552 miscellaneous vouchers, 141 purchase vouchers, and 16 imprest fund vouchers) totaling \$480,351 for purchases in Fiscal Year 2003. Of the 709 vouchers, we selected all 87 vouchers (67 miscellaneous vouchers, 14 purchase vouchers, and six imprest fund vouchers) totaling \$61,261 processed during June and July 2003 so as to assess internal 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 14 purchase vouchers, we also determined whether: each voucher was properly coded; an authorized purchase order was on file; and sales and excise taxes were properly excluded from payments. We had planned to confirm whether bidding procedures were followed. However, all of the purchases during our audit test period were under the dollar thresholds established in the PPB rules for which bidding is required. With regard to the 67 miscellaneous vouchers, we determined whether the vouchers were issued for only allowable purposes, were properly coded, and excluded sales and excise taxes. Last, we examined each voucher package to ensure that all pages were stamped “vouchered” as required by Directive 24.

The results of the above tests, while not projectable to all payment vouchers processed during the audit period, provided a reasonable basis to assess the compliance of the Office of Special Narcotics with Comptroller’s Directive 24 and 25.

To assess Office of Special Narcotics controls over the imprest fund at fiscal year-end, we selected all six imprest fund vouchers issued during June 2003 and July 2003 and related supporting documentation. Specifically, we examined the 38 canceled checks related to those vouchers 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 traced the canceled checks to the bank statements, and we determined whether appropriate bank reconciliations were performed. Finally, we determined whether imprest fund expenditure amounts were within the \$250 allowable amount specified in Comptroller’s Directive 3.

The results of the above tests, while not projectable to all imprest fund vouchers processed during the audit period, provided a reasonable basis to assess Office of Special Narcotics compliance with Comptroller’s Directive 3.

### **Tests of Inventory Records**

We randomly selected 50 of the 708 major equipment items (including monitors, laptops, printers, fax machines, and vehicles) listed on Office of Special Narcotics inventory records as of March 2004 and determined whether they were on hand. In addition, we determined whether the 19 pieces of equipment purchased during Fiscal Year 2003 were on hand and properly recorded on the inventory records. Finally, we determined whether all items examined were properly tagged as property of the Office of Special Narcotics. The results of the above tests, while not projectable to all major equipment items, provided a reasonable basis to assess Office of Special Narcotics controls over inventory.

### **Scope Limitation**

The Office of Special Narcotics states that it uses funds in its “Special Expenditures” account to pay for confidential expenditures, such as protection of witnesses, paid informants, and surveillance operations. It expended \$13,568 from this account in Fiscal Year 2003. We accepted the assertion of the Office of Special Narcotics that our audit of “confidential”



expenditures might jeopardize current or future investigations and related criminal justice activities. Accordingly, transactions posted to this account were not reviewed during the audit.

\* \* \* \*

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 the Office of Special Narcotics officials during and at the conclusion of this audit. A preliminary draft report was sent to the Office of the Special Narcotics and discussed at an exit conference held on May 21, 2004. On May 27, 2004, we submitted a draft report to the Office of the Special Narcotics with a request for comments. We received a written response from the Office of Special Narcotics on June 18, 2004. In its response, the Office of Special Narcotics agreed with 15 of the report's 16 recommendations. The Office of Special Narcotics did not agree with the recommendation that Assistant District Attorneys should be required to record their daily arrival and departure times.

The full text of the Office of Special Narcotics response is included as an addendum to this report.

## **FINDINGS AND RECOMMENDATIONS**

The Office of Special Narcotics generally adhered to the requirements of Comptroller's Directives 3, 13, 24, and 25, City Time and Leave Regulations, and Office of Special Narcotics time and leave rules. In this regard, we found:

- Personnel files were complete and contained documentation that approvals were obtained for personnel actions;
- With the exception of one instance, accruals and use of annual leave, sick leave, and compensatory time were accurately recorded;
- With the exception of one \$678 overpayment, employees were paid correctly upon separation from City service;
- Employees used compensatory time within 120 days of it being earned;
- With the exception of one employee, non-ADA employees recorded their daily arrival and departure times;

- Employees signed for their paychecks;
- Sampled employees were bona fide;
- All pay increases were properly approved;
- Items purchased were necessary for the Office of Special Narcotics operations;
- Sampled vouchers and corresponding purchase orders were properly approved and the amounts paid to vendors were accurately calculated and excluded sales and excise taxes;
- Imprest fund purchases did not exceed the \$250 expenditure limitation;
- 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; and
- All sampled inventory items were present at the office.

In addition, our examination of Office of Special Narcotics OTPS expenditures disclosed no instances in which moneys were improperly used. However, the Office of Special Narcotics did not comply with some provisions of City Time and Leave Regulations, Office of Special Narcotics time and leave rules, and Comptroller’s Directives 3, 13, 24, and 25. These instances of noncompliance, as well as the issues related to inventory controls, are discussed in detail in the following sections of this report.

### **Timekeeping Issues**

Our review of the timekeeping records disclosed the following exceptions:

- 12 instances in which six employees did not submit leave authorization forms;
- 10 instances in which one employee did not record his arrival and departure times from work;
- Two instances in which one employee did not submit a compensatory overtime authorization form;
- One instance in which a timesheet lacked evidence of supervisory review; and

- One instance in which an employee was overcharged one hour compensatory time used.

In addition, the Office of Special Narcotics provided no timekeeping records for one ADA, one non-managerial employee, and one managerial employee who were assigned to offices of District Attorneys.

### **Recommendations**

The Office of Special Narcotics should:

1. Ensure that employees submit authorized leave slips for all leave time used.
2. Ensure that timekeeping transactions are carefully reviewed so that timekeeping errors are avoided.
3. Maintain complete and accurate time records for all employees.
4. Ensure that all timesheets are approved by a supervisor.
5. Require that employees assigned to offices of District Attorneys submit their timesheets, in accordance with office policy.

*Office of Special Narcotics Response:* “The Office of Special Narcotics will comply with the recommendations of the Comptroller.”

### **Lack of Attendance Records for Assistant District Attorneys**

The Office of Special Narcotics does not require that its ADAs record their daily arrival and departure times, as required by Comptroller’s Directive 13, which states, “A fundamental timekeeping principle is that attendance, absence, and tardiness be recorded promptly on a daily basis. The time records for salaried employees must record the hours of arrival and departure for each day of work.”

Adequate timekeeping controls require a system under which employees record their daily arrival and departure times and their leave use. Effective timekeeping procedures bring consistency to the process by preventing abuses or misunderstandings, and result in complete and accurate records. Ineffective procedures may result in an employee’s being compensated for time not worked because of unnoticed tardiness, unexcused early departure, or undocumented absence.

## **Recommendation**

6. The Office of Special Narcotics should require ADAs to record their daily attendance times and other timekeeping transactions on a form of its choice, thereby ensuring that ADAs document their time properly.

***Office of Special Narcotics Response:*** “The Office of the Special Narcotics Prosecutor does not believe that records requiring a Sign-in and out time for Assistant District Attorneys is practical, given the nature of the work and hours put in by our Assistants. Our Assistant District Attorneys work nights and weekends. They are ‘on call’ 24 hours a day to prepare search warrants and when working on a wiretap investigation. They need to be out of the office at times, as well, working with police teams and the public. When preparing for or actually on trial, most Assistant District Attorneys are working 7 days a week, frequently for 12 or more hours each day. A timesheet noting the 9-5 schedule of the average city worker does not begin to give the true picture of the hours worked by our professional legal staff.

“Furthermore, Assistant District Attorneys are not given either compensatory or overtime pay for additional hours worked; the timesheets you recommended for Assistant District Attorneys, therefore, have no bearing on fiscal concerns of the City. Our Assistant District Attorneys sign timesheets that reflect their annual and sick leave usage. They are co-signed by a supervisor and screened by our Personnel Department and Executive Assistant District Attorney. We believe that this is the appropriate way to monitor a professional staff that is called upon to work a great deal more than the 35 hour work week.”

***Auditor Comment:*** We understand the unique nature of the legal work performed by the Office of Special Narcotics. However, as discussed in Comptroller’s Directive 13, it is critical that agencies maintain detailed daily records of time and attendance since these documents represent one of the most important links in the internal control structure over the payroll process. Therefore, we reiterate our recommendation.

## **Incorrect Payment to Employee Who Separated From City Service**

Our review disclosed that one employee received a \$678 overpayment when she separated from City service. This error was attributable to accumulated sick leave for which she was not entitled to be paid.

## **Recommendation**

7. The Office of Special Narcotics should attempt to recoup the \$678 overpayment from the former employee.

*Office of Special Narcotics Response:* “The Office of Special Narcotics will comply with the Comptroller’s recommendation and recoup the \$678 overpayment from the former employee.”

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

The annual salaries of 32 of the 94 full-time employees were not within the salary range of their Career and Salary Plan titles, as required by DCAS personnel rules.<sup>3</sup> The salaries of four employees were less than the minimum pay rates for their titles, and the salaries of 28 employees exceeded the maximum pay rates for their titles.

It should be noted that of the four employees whose salaries were less than the minimum pay rates for their titles, two became part-time employees during the audit period and one resigned after our audit period.

Table I, following, lists the top five employees who exceeded the maximum pay rates for their titles.

**Table I**

**Top Five Employees Paid in Excess of the Salary Ranges of Their Titles**

Employee	Title	Current Salary	Salary Range of Title	Difference
1	Staff Analyst	\$ 74,278	\$ 41,512 – 49,146	\$ 25,132
2	Clerical Associate	\$ 60,352	\$ 28,103 – 39,588	\$ 20,764
3	Associate Reporter/Stenographer	\$ 76,534	\$ 51,096 – 56,405	\$ 20,129
4	Secretary	\$ 53,000	\$ 28,103 – 39,588	\$ 13,412
5	Clerical Associate	\$ 52,088	\$ 28,103 – 39,588	\$ 12,500

The City 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**

8. The Office of Special Narcotics should transfer employees whose salaries currently are not within the ranges of their titles into other titles for which they qualify and that have salary ranges that properly encompass their current pay levels or should appropriately adjust the salaries.

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<sup>3</sup> The 94 employees reviewed do not include ADAs, since they are not covered under the City Career and Salary Plan

***Office of Special Narcotics Response:*** “The agency’s implementation plan is to continue the title search to identify and possibly transfer affected employee to more appropriate non-managerial titles that have salary ranges encompassing the workers’ current pay. It should be noted that we are a relatively small city agency with limited need for additional managerial appointments.”

### **Sick Leave Regulations Not Enforced**

Eight employees of the Office of Special Narcotics had more than five instances of undocumented sick leave within a “sick leave period,” but were not placed on sick leave restriction as required by City Time and Leave Regulations. These regulations require that an employee who uses undocumented sick leave more than five times during a six-month period—either January to June or July to December—be placed on “sick leave restriction.” In addition, one employee had more than four instances of undocumented sick leave on days immediately preceding or following a holiday or a scheduled day off. However, as with the nine employees discussed above, this employee was not placed on sick leave restriction in accordance with the City Time and Leave Regulations.

Had the nine employees been placed on sick leave restriction, they would have been required to provide medical documentation for each subsequent sick leave occurrence. This requirement would remain in effect until the employee worked a complete sick leave period without being on sick leave more than two times. The employee’s pay should be docked if he/she failed to bring documentation for sick leave used while under sick leave restriction. It should be noted that in Fiscal Year 2003, four of these employees had 21 instances of undocumented sick leave totaling 180 hours that would have been subject to these requirements.

### **Recommendation**

9. The Office of Special Narcotics should require that its employees provide medical documentation for sick leave used, in accordance with City Time and Leave Regulations. Employees should be placed on sick leave restriction, in accordance with the Regulations.

***Office of Special Narcotics Response:*** “The Office of Special Narcotics will comply with the Comptroller’s recommendation.”

### **Excess Annual Leave Balances**

We found that eight employees had annual leave balances exceeding the maximum amounts allowable under City Time and Leave Regulations. As of April 30, 2003, the leave balances of these employees collectively exceeded the allowable amounts by a total of 3,376 hours, or 482 days.

§2.4 of the City Time and Leave Regulations states that “an employee’s [annual] leave balance must be reduced by May 1 in any given year to the amount accruable in the preceding

two years.” The leave regulations also provide for the transfer of an employee’s excess annual leave balance to the employee’s sick leave balance. City Time and Leave Regulations also state that “in the event . . . that any agency head authorizes in writing an employee to forego vacation . . . that portion . . . shall be carried over as annual leave, even though . . . [it] exceeds the [maximum] limit.” However, no such authorizations were on file for the eight employees with excess annual leave balances.

Had these employees decided to separate from City service immediately and had to be paid for their annual leave balances, the cost to the City would have been approximately \$120,393. However, had the Office of Special Narcotics conformed to the City’s guidelines regarding the conversion of excess annual leave balances to sick leave, then the City’s potential monetary liability would be reduced to \$45,832.

### **Recommendations**

The Office of Special Narcotics should:

10. Ensure that all employees are aware of the City’s guidelines regarding the maximum annual leave balance restriction. In this regard, the Office of Special Narcotics should implement a periodic review and written notification process, informing employees when their annual leave balances are approaching their maximum allowable limits.

*Office of Special Narcotics Response:* “The Office of Special Narcotics has a periodic review and written notification process, informing employees when their annual leave balances are approaching their maximum allowable limits. As discussed at the Exit Conference, there are five (5) employees cited in the comptroller’s findings that are managers.

11. Provide appropriate written authorizations to employees who are requested to forego their use of annual leave. A copy of the authorization should be placed in the employee’s personnel files. In the event that an authorization is not obtained, an employee’s excess annual leave should be converted to sick leave in accordance with the City Time and Leave Regulations.

*Office of Special Narcotics Response:* “The Office of Special Narcotics does ensure that all employees are aware of the City’s guidelines regarding the maximum annual leave balance restriction. A waiver is on file for all employees who are required to adhere to the excess annual leave policy in accordance with the City’s Time and Leave Regulations.”

### **Procurement Weaknesses**

Our review of 87 payment vouchers and their supporting purchase documents revealed some minor weaknesses in Office of Special Narcotics procurement practices, as follows,

- 33 vouchers were not charged to the correct object codes.
- 26 voucher packages reviewed were not stamped “vouchered” on each page, as required by Comptroller’s Directive 24. Stamping vouchers helps prevent duplicate payments.
- One miscellaneous voucher was improperly used to pay for bottled water. Directive 25 states that miscellaneous vouchers are to be used only when estimated or actual future liability is not determinable and an Advice of Award, purchase order, or agency encumbrance is not required or applicable.

### **Recommendations**

The Office of Special Narcotics should ensure that:

12. All purchase documents are stamped “vouchered” and all purchases are charged to correct object codes.

*Office of Special Narcotics Response:* “The majority of the above referenced vouchers that ‘were not charged to the correct object codes’ were payments made to court reporters for predicate felony cases. We believe these expenses were charged to the appropriate object code because we need to pay and separate them from non-predicate felony case vouchers which were charged to the code recommended by the Comptroller. [Emphasis in original.] However, the Office agrees to charge future purchases to the object codes recommended by the Comptroller.

“The Office will stamp all documents, including supporting paperwork required by the Comptroller as well as correspondences kept on file as references, ‘vouchered’.”

13. Miscellaneous vouchers are used in accordance with Comptroller’s Directive 25.

*Office of Special Narcotics Response:* “The Office will use miscellaneous vouchers in accordance with Comptroller’s Directive 25.”

### **Imprest Fund Issues**

The Office of Special Narcotics split eight imprest fund purchases for various supplies including gloves, batteries, and film, totaling \$1,199, that circumvent the \$250 expenditure limit established in Comptroller’s Directive 3. Comptroller’s Directive 3 states, “Purchases must not be split to circumvent the \$250 expenditure limitation.”

In addition, the Office of Special Narcotics made two payments to Verizon for monthly service charges that were not in accordance with Comptroller’s Directive 3. Directive 3 states that imprest funds cannot be used for ongoing monthly expenses.



## **Recommendation**

14. The Office of Special Narcotics should ensure that all imprest fund expenditures comply with the provisions of Comptroller's Directive 3.

*Office of Special Narcotics Response:* "The Office will ensure that all imprest fund expenditures comply with the provisions of Comptroller's Directive 5."

## **Inventory Control Weaknesses**

The Office of Special Narcotics did not maintain complete and accurate inventory records for its equipment. While all sampled items were present at the office, we found that the records listed:

- Five items at incorrect locations;
- Four items with incorrect serial numbers;
- Three items with incorrect descriptions;
- Two items with incorrect identification tag numbers; and
- Two items assigned to the wrong employee.

In addition, nine items had no identification tags to indicate that they were the property of the Office of Special Narcotics.

After we brought these errors to the attention of Office of Special Narcotics officials, they made the appropriate adjustments to the inventory records.

## **Recommendations**

The Office of Special Narcotics should ensure that:

15. Complete and accurate inventory records are maintained.

*Office of Special Narcotics Response:* "The Office will keep complete and accurate inventory records."

16. Identification tags are affixed to all items.

*Office of Special Narcotics Response:* "The Office has implemented the Comptroller's recommendation."



**Office of the  
Special Narcotics Prosecutor  
for the City of New York**

Bridget G. Brennan, Special Narcotics Prosecutor

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June 18, 2004

Mr. Greg Brooks  
Deputy Comptroller  
Policy, Audits, Accountancy & Contracts  
Office of the Comptroller  
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New York, NY 10017-2341

Dear Mr. Brooks:

Thank you for the opportunity to respond to your office's audit report of the financial and operating practices of the Office of Special Narcotics, July 1, 2002 to June 30, 2003.

The Office of the Special Narcotics Prosecutor is very proud of our efficient and highly professional management team. We are also very proud of the excellent record we have maintained in audits over the years. Once again, we were pleased that the Comptroller's audit found no serious deficiencies in our financial and operating practices. Our response to your recommendations is as follows:

Response to Recommendation #1 to #5

The Office of Special Narcotics will comply with the recommendations of the Comptroller.

Response to Recommendation #6

The Office of the Special Narcotics Prosecutor does not believe that records requiring a Sign-in and out time for Assistant District Attorneys is practical, given the nature of the work and hours put in by our Assistants. Our Assistant District Attorneys work nights and weekends. They are "on call" 24 hours a day to prepare search warrants and when working on a wiretap investigation. They need to be out of the office at times, as well, working with police teams and the public. When preparing for or actually on trial, most Assistant District Attorneys are working 7 days a week, frequently for 12 or more hours each day. A timesheet noting the 9-5 schedule of the average city worker does not begin to give the true picture of the hours worked by our professional legal staff.

Furthermore, Assistant District Attorneys are not given either compensatory or overtime pay for additional hours worked; the timesheets you recommended for Assistant District Attorneys, therefore, have no bearing on fiscal concerns of the City. Our Assistant District Attorneys sign timesheets that reflect their annual and sick leave usage. They are co-signed by a supervisor and screened by our Personnel Department and Executive Assistant District Attorney. We believe that this is the appropriate way to monitor a professional staff that is called upon to work a great deal more than the 35 hour work week.

Response to Recommendation #7

The Office of Special Narcotics will comply with the Comptroller's recommendation and recoup the \$678 overpayment from the former employee.

Response to Recommendation #8

The agency's implementation plan is to continue the title search to identify and possibly transfer affected employee to more appropriate non-managerial titles that have salary ranges encompassing the workers' current pay. It should be noted that we are a relatively small city agency with limited need for additional managerial appointments.

Response to Recommendation #9

The Office of Special Narcotics will comply with the Comptroller's recommendation

Response to Recommendation #10

The Office of Special Narcotics has a periodic review and written notification process, informing employees when their annual leave balances are approaching their maximum allowable limits. As discussed at the Exit Conference, there are five (5) employees cited in the comptroller's findings that are managers.

Response to Recommendation #11

The Office of Special Narcotics does ensure that all employees are aware of the City's guidelines regarding the maximum annual leave balance restriction. A waiver is on file for all employees who are required to adhere to the excess annual leave policy in accordance with the City's Time and Leave Regulations.

Response to Recommendation #12

The majority of the above referenced vouchers that "were not charged to the correct object codes" were payments made to court reporters for predicate felony cases. We believe these expenses were charged to the appropriate object code because we need to pay and separate them from non-predicate felony case vouchers which were charged to the code recommended by the Comptroller. However, the Office agrees to charge future purchases to the object codes recommended by the Comptroller.

The Office will stamp all documents, including supporting paperwork required by the Comptroller as well as correspondences kept on file as references, "vouchered".

Response to Recommendation #13

The Office will use miscellaneous vouchers in accordance with Comptroller's Directive 25.

Response to Recommendation #14

The Office will ensure that all imprest fund expenditures comply with the provisions of Comptroller's Directive 5.

Response to Recommendation #15

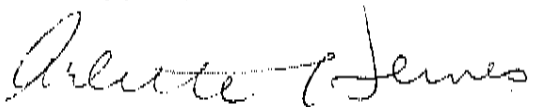
The Office will keep complete and accurate inventory records.

Response to Recommendation #16

The Office has implemented the Comptroller's recommendation.

As you see from the above responses by my agency, in the vast majority of cases, we are either already in compliance with the Comptroller's recommendations or shall be in the future. Thank you for this opportunity to respond to your draft report. Should you have any questions, please contact me at (212) 815-0554.

Sincerely yours,



Ariette Hernes

Executive Assistant District Attorney

Cc: Lawrence Welgrin

Audit Manager, Office of the Comptroller