

# AUDIT REPORT

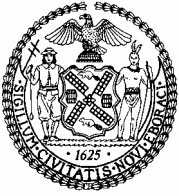


CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
BUREAU OF FINANCIAL AUDIT  
**WILLIAM C. THOMPSON, JR., COMPTROLLER**

## **Audit Report on the Financial and Operating Practices Of the Department of City Planning**

*FP06-068A*

**June 19, 2006**



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 audited the compliance of the Department of City Planning with certain payroll, personnel, timekeeping, purchasing, and inventory procedures.

City Planning is responsible for the City's physical and socioeconomic planning, including land use and environmental review, and for advising City leaders on zoning and the development improvement of the City. We audit City agencies such as this to ensure that they follow applicable City regulations and are accountable for the expenditure of public funds.

The results of this audit, which are presented in this report, have been discussed with City Planning officials, and their comments have been considered in preparing this report. Their complete written response is attached to this report.

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/fh

**Report: FP06-068A**  
**Filed: June 19, 2006**

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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  
Department of City Planning**

**FP06-068A**

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**AUDIT REPORT IN BRIEF**

This audit determined whether the Department of City Planning (City Planning) 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, and #24, Department of Citywide Administrative Services (DCAS) personnel rules and leave regulations, Payroll Management System (PMS) guidelines, Department of Investigation (DOI) *Standards for Inventory Control and Management*, and Procurement Policy Board (PPB) rules.

**Audit Findings and Conclusions**

City Planning generally adhered to the requirements of Comptroller's Directives #3, #13, and #24, DCAS time and leave regulations, DOI inventory standards, and applicable PPB rules. In addition, our examination of the City Planning's Other Than Personal Service expenditures disclosed no instances in which moneys were improperly used. However, City Planning did not always comply with certain aspects of Comptroller's Directive #3, DCAS time and leave regulations, and DOI inventory standards.

**Audit Recommendations**

We recommend that City Planning should:

- Attempt to recoup the separation pay that was overpaid to the employees.
- Provide training to employees responsible for calculating separation payments.
- Ensure that adjustments are made to employees leave balances based on the audit findings, employee timekeeping transactions are carefully reviewed so that

timekeeping errors are avoided, and employees indicate their arrival and departure time on the time log.

- Ensure that it requires its employees to document sick leave use in accordance with DCAS personnel rules and leave regulations.
- Ensure that it converts excess annual leave to sick leave by May 1 of each year unless it authorizes the carry-over in writing in accordance with DCAS personnel rules and leave regulations.
- Ensure that it converts unused compensatory time to sick leave after 120 days as required by DCAS personnel rules and leave regulations unless it authorizes the carry-over in writing.
- Ensure that it uses the PC and PD Purchasing Documents for its purchases, as specified in Comptroller's Directive #24.
- Ensure that imprest fund checks are imprinted with the words "Void After 90 Days."
- Ensure that complete and accurate inventory records are maintained.

## INTRODUCTION

### **Background**

The Department of City Planning (City Planning) is responsible for the City's physical and socioeconomic planning, including land use and environmental review; preparation of plans and policies; and provision of technical assistance and planning information to government agencies, public officials, and community boards. The responsibilities of the Director of City Planning, who also serves as Chair of the City Planning Commission (Commission), includes advising and assisting the Mayor, the borough presidents, and the City Council in regard to all matters related to the development and improvement of the City, as well as assisting the Mayor in the preparation of strategic plans that have long-term implications for the City.

City Planning is responsible for land-use analysis in support of the Commission's review of proposals for zoning map and text amendments; special permits under the Zoning Resolution; changes in the City map; the acquisition and disposition of City-owned property; the acquisition of office space for City use; site selection for public facilities; urban renewal plans and amendments; landmark and historic district designations; and community-initiated plans under §197-a of the City Charter.

During Fiscal Year 2005, City Planning expended \$18,630,102 on Personal Service (PS) expenditures and \$2,339,340 on Other Than Personal Service (OTPS) expenditures.

### **Objective**

The objective of this audit was to determine whether City Planning 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), Department of Citywide Administrative Services (DCAS) personnel rules and leave regulations, Payroll Management System (PMS) guidelines, Department of Investigation (DOI) *Standards for Inventory Control and Management*, and Procurement Policy Board (PPB) rules.

### **Scope and Methodology**

This audit covered the period July 1, 2004, through June 30, 2005. To obtain an understanding of the payroll, personnel, timekeeping, purchasing, and inventory procedures and regulations with which City Planning is required to comply, we reviewed relevant provisions of: Comptroller's Directives #3, #13 and #24<sup>1</sup>; DCAS personnel rules and leave regulations; PMS Guidelines; DOI inventory standards, and applicable PPB rules. We interviewed staff at City Planning to obtain an understanding of the payroll, personnel, timekeeping, and purchasing procedures in place and to determine how physical assets are safeguarded.

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<sup>1</sup> Comptroller's Directives: #3 Procedures for the Administration of Imprest Funds; #13 Payroll Procedures, #24 Agency Purchasing Procedures and Controls

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

Attendance records of 28 employees—24 non-managerial employees, and four managerial employees—for the month of June 2005 were reviewed to determine whether City Planning maintains reliable and accurate time records. These 28 employees were randomly selected from the 278 active employees (240 non-managerial employees, and 38 managerial employee) listed on the City Planning's payroll records for the month ending June 30, 2005, so as to assess records at fiscal-year end. Attendance records were examined for completeness and evidence of supervisory review. The attendance records were compared to the PMS Employee Leave Details Report (PEILR721) to determine whether all reportable timekeeping transactions were accurately posted on PMS. Compensatory time transactions and annual leave use were reviewed for evidence of proper approvals and posting.

For tests of separation payments, we selected a judgmental sample of 5 of the 32 employees (3 managerial and 29 non-managerial employees) who separated from City service during Fiscal Year 2005 and determined whether separation payments to these individuals were properly calculated. In addition to reviewing separation payments for the five employees, we also checked whether all five employees were appropriately removed from the City payroll.

To determine whether City Planning employees were receiving salaries that were within the salary ranges of their civil service titles, the salaries of all individuals listed on PMS as employees as of July 30, 2004, were compared to the minimum and maximum salary amounts of their titles specified in the City Career and Salary Plan and in the Pay Plan Schedule for Management Employees. The Paycheck Distribution Control Report (form 319) for the pay period ending June 17, 2005, was reviewed to ascertain whether employees signed for their paychecks as required by PMS guidelines.

We determined whether compensatory time was carried beyond the 120-day limit and whether it was transferred to sick leave for the five individuals in our sample for whom this applied to. If such compensatory time 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 City Time and Leave regulations, appropriately supported sick-leave use. Finally, we determined whether approved carryover authorizations were present in employees' 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.

The results of the above tests, while not projected to all employees, provided a reasonable basis to assess the compliance of City Planning with Comptroller's Directive #13, DCAS personnel rules and leave regulations, and PMS guidelines.

### **Tests of Compliance with Comptroller's Directive #3, #24, And with PPB Rules**

We examined 50 randomly selected purchase orders from the population of 265 and their 89 corresponding vouchers as well as 2 miscellaneous vouchers from the population of 4 issued by City Planning during Fiscal Year 2005. Each purchase order and voucher was examined for the requisite approvals and authorizations, and for evidence that the transactions were for proper business purposes and were supported by adequate documentation. The 91 vouchers were examined to determine whether: each voucher was properly coded; an authorized purchase order was on file if applicable; sales and excise taxes were properly excluded from payments; and bids were obtained when required by PPB rules. The two miscellaneous vouchers were examined to determine whether the vouchers were issued for only allowable purposes.

To assess City Planning's control over the imprest fund, 108 imprest fund checks totaling \$7,614 that were issued in December 2004, and June 2005, were examined. Also, we reviewed the imprest fund control log, traced the checks to the bank statements, and examined each check for the following items: the presence of two authorized signatures and the amounts, notation of specific payees (as opposed to "bearer" or "cash"), eligibility of expenditures, and proper endorsements. Checks were also examined to determine whether the "void after 90 days" inscription was on each check. Finally, we determined whether City Planning accurately performed monthly bank reconciliations and whether individual imprest fund expenditures were within the \$250 allowable amount.

The results of the above tests, while not projected to all payment vouchers and imprest fund expenditures processed during the audit period, provided a reasonable basis to assess City Planning's compliance with Comptroller's Directives #3, #24, and PPB rules.

### **Tests of Compliance with DOI Inventory Standards**

A random selection of 87 of the 690 major equipment items (including computers, monitors, and printers) listed on the City Planning's inventory records as of January 27, 2006, (the most current list available) was examined to determine whether the items were on hand at City Planning. The entire inventory list was examined to determine whether there were missing or repetitive serial numbers and identification tag numbers. We also determined whether 29 other pieces of equipment that were observed were properly listed on the inventory records. Finally, we determined whether all items examined were properly tagged as property of City Planning. The results of the above tests, while not projected to all major equipment items, provided a reasonable basis to assess City Planning's controls over inventory, as specified in DOI inventory standards.

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 City Planning officials during and at the conclusion of this audit. A preliminary draft report was sent to City Planning officials and was discussed at an exit conference held on April 28, 2006. On May 2, 2006, we submitted a draft report to City Planning officials with a request for comments. We received written comments from City Planning on May 18, 2006, in which they generally agreed with the audit recommendations and described the specific steps that have been or will be taken 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**

City Planning generally adhered to the requirements of Comptroller's Directives #3, #13 and #24, DCAS time and leave regulations, PMS guidelines, DOI inventory standards, and applicable PPB rules:

- Employees received salaries that were within the salary ranges of their civil service titles;
- Employees signed for their paychecks;
- Sampled employees were bona fide;
- Items purchased were necessary for City Planning's operations;
- Bids were obtained for purchases exceeding \$5,000;
- Sampled vouchers and corresponding purchase orders were approved and the amounts paid to vendors were accurately calculated and excluded sales and excise taxes;
- Sampled miscellaneous vouchers were used for allowable purposes;
- Appropriate documentation was maintained to support the sampled vouchers;
- Imprest fund purchases did not exceed the \$250 expenditure limitation;
- Imprest fund checks had the required authorized signatures and designated specified payees;
- The imprest fund bank account was reconciled appropriately;
- Invoices were maintained to support imprest fund payments; and
- Sampled inventory items were properly tagged and on-hand in City Planning.

In addition, City Planning's OTPS expenditures disclosed no instances in which moneys were improperly used. However, City Planning did not always comply with the audited aspects of the Comptroller's Directives, DCAS time and leave regulations, and DOI inventory standards. These instances of noncompliance, which did not cause us to change our overall opinion, are discussed in detail in the following sections of this report.

**Payroll, Timekeeping and Personnel Weaknesses**

**Payroll**

Our review disclosed errors in payments made to employees who separated from City Planning. Specifically, three of five departed employees sampled received incorrect payments—two employees received overpayments totaling \$2,563, and one employee was underpaid by \$4,200, as shown in Table I, following.

**Table I**  
**Separated Employees Who Received Incorrect Payments**

Employee	Employee Title	Amount Paid After Last Workday	Amount Due	Amount Overpaid (Underpaid)
1	Princ. Adm. Assoc.	\$21,778	\$19,526	\$2,252
2	City Planner	\$8,184	\$7,873	\$311
3	Assoc. City Planner	\$45,434	\$49,634	(\$4,200)

It should be noted that the \$2,252 overpayment was attributable to City Planning’s improperly crediting an employee with 63 hours of annual leave and 42 hours of sick leave while she was using granted sick leave time. This employee immediately separated from service at the end of the sick leave grant, and did not return to work. Therefore, the employee was not entitled to any accruals given from the last day worked, March 23, 2004, through the last day of the sick leave grant, October 15, 2004. According to DCAS, no annual leave or sick leave is to be accrued while an employee is absent under a sick leave grant.

**Recommendations**

City Planning should:

1. Attempt to recoup the separation pay that was overpaid to the employees.
2. Provide training to employees responsible for calculating separation payments.

***City Planning Response to Recommendation #1:*** “One seriously ill employee who separated from City service did so after being on a sick leave grant for three months. During the employee’s absence it was not known that she would not return to work and she continued to accrue leave time during the grant period. At the end of the grant period, due to her continuing medical condition the employee decided it was not possible to return to work and retired. Because she did not return to work she was not eligible to receive the leave time she accrued and used during her entire sick leave absence, which totaled 136 hours. The 136 hours were in addition to 401 hours the employee received as a paid sick leave grant, resulting in the employee being paid for 537 hours rather than the 420 hours the agency originally granted the employee. Although the employee received

more time than the agency calculated, City Time and Leave regulations allow the agency to grant additional paid sick leave beyond three months. Given the nature of the employee's illness and the outstanding character of her service, the agency will extend the grant of paid sick leave to 537 hours. This additional grant of 117 hours of paid sick time eliminates the overpayment to this employee.

"A second employee who resigned had his time calculated correctly, but a data entry error was made in Payroll Management System that resulted in the employee receiving an overpayment of \$311. The entry should have been a subtraction of \$156, but it was mistakenly entered as an addition. Given that the agency was entirely responsible for this error and that the employee left the agency two years ago, recoupment may not be practical at this time."

***City Planning Response to Recommendation #2:*** "In the future the agency will take steps to ensure that employees on extended sick leave or a sick leave grant are not receiving and using leave accruals during their absence from work. The personnel responsible for data entry have been instructed to pay special attention to the entries they make in PMS, particularly when making pay deductions. Training will be provided as required to reduce the possibility of further data input errors."

### **Timekeeping**

Our review of the timekeeping records disclosed the following exceptions:

- 10 instances in which one employee did not sign out on the daily time log when leaving work for the day;
- Six instances in which leave balances of six employees were not charged a total of 31.5 hours of leave use; and
- One instance in which the leave balance of one employee was charged a total of one hour for compensatory time not used.

### **Recommendation**

3. City Planning should ensure that adjustments are made to employees leave balances based on the audit findings, employee timekeeping transactions are carefully reviewed so that timekeeping errors are avoided, and employees indicate their arrival and departure time on the time log.

***City Planning Response to Recommendation #3:*** "The leave balances of the seven employees have been adjusted to reflect the findings of the audit. The agency will distribute guidelines and instructions to all supervisors responsible for reviewing and signing time sheets. The supervisors will be informed of the necessity to fully review, correct and sign time sheets for every employee who reports to them. The agency will

distribute guidelines and instructions to work unit timekeepers and their supervisors outlining the correct procedures for accurately transferring information from the time records to the ETRs [Employee Time Reports]. They will be informed that they must submit accurate and complete ETRs to central timekeeping. The central timekeeping unit will more carefully scrutinize the work unit ETRs as they are submitted for errors and make corrections.”

## **Personnel**

City Planning did not convert unused compensatory time to sick leave after 120 days as required for employees covered by DCAS personnel rules and leave regulations. For the period January 1, 2005–April 30, 2005, five employees had a combined total of 213 hours of compensatory time that was not used within 120 days. According to DCAS personnel rules 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 over. However, no such authorizations were on file for the five employees.

In addition, four City Planning employees had more than five instances of undocumented sick leave within a “sick leave period,” but were not required to document their future sick leave use as required by DCAS personnel rules and leave regulations.<sup>2</sup> Moreover, we noted that one of these four employees had more than five instances of undocumented sick leave within the next sick leave period. It should be noted that in calendar year 2005, these employees had 32 instances of undocumented sick leave totaling 228 hours.

Finally, four City Planning employees had annual leave balances to their credit that exceeded the maximum amounts allowable under DCAS personnel rules and leave regulations. As of April 30, 2005, the leave balances of these employees collectively exceeded the allowable amounts by a total of 1,245 hours, or 175 days. DCAS personnel rules and leave regulations state 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 regulations also provide for the transfer of an employee’s excess annual leave balance to the employee’s sick leave balance. DCAS personnel rules and leave regulations also state that “in the event . . . that any agency head authorizes in writing an employee to forgo 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 four employees with excess annual leave balances.

## **Recommendations**

City Planning should ensure that:

4. It requires its employees to document sick leave use in accordance with DCAS personnel rules and leave regulations.

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<sup>2</sup> DCAS personnel rules and leave regulations define sick leave periods as either January to June or July to December.

5. It converts excess annual leave to sick leave by May 1 of each year unless it authorizes the carry-over in writing in accordance with DCAS personnel rules and leave regulations.
6. It converts unused compensatory time to sick leave after 120 days as required by DCAS personnel rules and leave regulations unless it authorizes the carry-over in writing.

***City Planning Response to Recommendation #4:*** “Sick leave usage will be monitored throughout the agency. Employees who used undocumented sick leave that exceeds DCAS guidelines will be required to document future sick leave. The agency will be hiring a new staff member in Human Resources who will coordinate the agency’s absence control program with division directors and supervisors. This individual will also assist in the review of other time and leave matters.”

***City Planning Response to Recommendation #5:*** “The agency will determine which employees have not been able to use annual leave because of pressing agency business. Such employees will be authorized to carry over their excess annual leave, and letters authorizing the carryover will be placed in their personnel files. Employees who do not have a satisfactory reason for not using their annual leave will be required to establish a schedule with their supervisor to use their excess leave time or have it converted to sick leave in accordance with DCAS leave regulations.”

***City Planning Response to Recommendation #6:*** “The agency will determine which employees have not been able to use their compensatory time because of pressing agency business. Such employees will be authorized to carry over their compensatory time, and letters authorizing the carryover will be placed in their personnel files. Employees who do not have a satisfactory reason for not using their compensatory time will be required to establish a schedule with their supervisor to use it or have it converted to sick leave in accordance with DCAS’ leave regulations.”

#### **Use of Incorrect Purchase Documents for the Purchase Of Goods and Services from External Vendors**

City agencies use Purchase Documents to reserve or encumber funds from their budget for the purchase of goods or services from external vendors. Payment Vouchers written against a Purchasing Document liquidate the encumbrance and record the expenditure. On April 15, 2004, the Comptroller’s Office reissued its Directive #24, “Agency Purchasing Procedures and Controls,” which introduced new Purchase Documents that should be used to “replace the generic agency encumbrance, the Purchase Order (PO).” The updated directive states that, instead of POs, agencies should use a PC Purchase Document for contracts that are for \$10,000 or less using other than capital funds. Agencies should use a PD Purchase Document for micro-purchases, which are purchases for \$5,000 or less. According to the directive, POs should be

used only for “a general agency encumbrance for special, non-procurement expenditures for which a contract or Purchase Document is not required.”

Based on our testing of Purchase Documents issued by City Planning during Fiscal Year 2005, we determined that the agency is not adhering to Comptroller’s Directive #24. Specifically, City Planning issued POs for all purchases, instead of using the new PC and PD Purchase Documents when required. By not using the correct Purchasing Documents to encumber funds for the purchase of goods and services, City Planning is not properly representing its payment activities on the City’s Financial Management System (FMS).

### **Recommendation**

7. City Planning should ensure that it uses the PC and PD Purchasing Documents for its purchases, as specified in Comptroller’s Directive #24.

*City Planning Response to Recommendation #7:* “The Department inadvertently continued to use Purchase Orders for all purchases and these continued to be accepted by FMS. Upon bringing this matter to our attention, all purchasing for Categories specified in Comptroller’s Directive #24 are being done using PC and PD Purchasing Documents.”

### **Imprest Fund**

City Planning does not have its imprest fund checks pre-printed with the restrictive endorsement statement, “void after 90 days,” nor, as an alternative, does it have its checks stamped with that restriction. Comptroller’s Directive #3, §5.1.3, states, “Checks must be imprinted ‘void after 90 days.’” Restricting the time that a check is negotiable increases the likelihood that the check will clear within a reasonable time. This would assist City Planning in maintaining an accurate imprest fund balance when reconciling its monthly bank statements.

### **Recommendation**

8. City Planning should ensure that imprest fund checks are imprinted with the words “Void After 90 Days.”

*City Planning Response to Recommendation #8:* “The Department immediately purchased a rubber stamp to add ‘Void After 90 Days’ to those imprest fund checks that did not have this imprint when we were notified of the issue by the auditors. These checks were acquired a number of years ago and have been used sparingly since the account has relatively little activity. When the current inventory runs out, the necessary information will be imprinted on the checks.”

### **Incomplete Inventory Records**

Our observation of a sample of 87 items from City Planning’s inventory records found that they were all properly tagged and on hand in City Planning. We also observed an additional

29 items and found that they were properly tagged and accounted for. However, a review of City Planning’s inventory list found that it contained identification errors. Table II, following, lists the types of errors found and the number of times each error was found.

**Table II**  
Errors on Inventory List

Population	CPUs	Monitors	Printers	Total
Total inventory population	341	286	63	690
Serial number repeats	3	0	0	3
Identification tag number repeats	0	4	0	4
Wrong serial number	0	4	0	4
Item found in wrong location	0	2	0	2
No asset tag number	1	0	0	1

Section 28 of DOI inventory standards states, “Permanent records are maintained, centrally, to track all non-consumable goods issued to each agency unit, including type of equipment, manufacturer, serial number, agency control number, condition, location, date issued, and the person(s) responsible for maintenance.”

**Recommendation**

9. City Planning should ensure that complete and accurate inventory records are maintained.

**City Planning Response to Recommendation #9:** “The auditors used an inventory list that had been printed at least one week before the on site inspection and we believe that a few pieces had been moved during that time. However, all equipment had subsequently been located and identified. In addition, one printer noted as having no asset tag had just been installed by our support contractor in place of broken hardware. A tag now has been added. Finally, the Department has been migrating its asset inventory to a new system, and in the process any duplicate serial numbers will be corrected.”





DEPARTMENT OF CITY PLANNING  
CITY OF NEW YORK

Amanda M. Burden, AICP, *Director*  
Department of City Planning

OPERATIONS

May 17, 2006

John Graham  
Deputy Comptroller  
Office of the Comptroller  
1 Centre Street, Room 1100  
New York, New York 10007-2341

**RE:** Audit Report on the Financial and Operating Practices of the  
Department of City Planning FP06-068A

Dear Mr. Graham:

Thank you for the opportunity to respond to the above referenced Draft Audit Report. I am pleased to note that the Audit found that the Department of City Planning generally adhered to the requirements of the Comptroller's Directives, DCAS Time and leave Regulations, DOI Inventory Standards, as well as applicable PPB rules. Audit recommendations have been reviewed by appropriate staff and in some cases, appropriate changes have already been implemented. The following is a detailed discussion of all of the audit recommendations and steps to be taken to address them.

Recommendation # 1 & #2 – Payroll  
Recommendation #1

One seriously ill employee who separated from City service did so after being on a sick leave grant for three months. During the employee's absence it was not known that she would not return to work and she continued to accrue leave time during the grant period. At the end of the grant period, due to her continuing medical condition the employee decided it was not possible to return to work and retired. Because she did not return to work she was not eligible to receive the leave time she accrued and used during her entire sick leave absence, which totaled 136 hours. The 136 hours were in addition to 401 hours the employee received as a paid sick leave grant, resulting in the employee being paid for 537 hours rather than the 420 hours the agency originally granted the employee. Although the employee received more time than the

agency calculated, City Time and Leave regulations allow the agency to grant additional paid sick leave beyond three months. Given the nature of the employee's illness and the outstanding character of her service, the agency will extend the grant of paid sick leave to 537 hours. This additional grant of 117 hours of paid sick time eliminates the overpayment to this employee.

A second employee who resigned had his time calculated correctly, but a data entry error was made in Payroll Management System that resulted in the employee receiving an overpayment of \$311. The entry should have been a subtraction of \$156, but it was mistakenly entered as an addition. Given that the agency was entirely responsible for this error and that the employee left the agency two years ago, recoupment may not be practical at this time.

#### Recommendation # 2

In the future the agency will take steps to ensure that employees on extended sick leave or a sick leave grant are not receiving and using leave accruals during their absence from work. The personnel responsible for data entry have been instructed to pay special attention to the entries they make in PMS, particularly when making pay deductions. Training will be provided as required to reduce the possibility of further data input errors.

#### Recommendation # 3 - Timekeeping

The leave balances of the seven employees have been adjusted to reflect the findings of the audit. The agency will distribute guidelines and instructions to all supervisors responsible for reviewing and signing time sheets. The supervisors will be informed of the necessity to fully review, correct and sign time sheets for every employee who reports to them. The agency will distribute guidelines and instructions to work unit timekeepers and their supervisors outlining the correct procedures for accurately transferring information from the time records to the ETRs. They will be informed that they must submit accurate and complete ETRs to central timekeeping. The central timekeeping unit will more carefully scrutinize the work unit ETRs as they are submitted for errors and make corrections.

#### Recommendation # 4, #5 & #6 - Personnel

##### Recommendation #4

Sick leave usage will be monitored throughout the agency. Employees who used undocumented sick leave that exceeds DCAS guidelines will be required to document future sick leave. The agency will be hiring a new staff member in Human Resources who will coordinate the agency's absence control program with division directors and supervisors. This individual will also assist in the review of other time and leave matters

##### Recommendation # 5

The agency will determine which employees have not been able to use annual leave because of pressing agency business. Such employees will be authorized to carry over their excess annual leave, and letters authorizing the carryover will be placed in their personnel files. Employees who do not have a satisfactory reason for not using their annual leave will be required to establish a schedule with their supervisor to use their excess leave time or have it converted to sick leave in accordance with DCAS' leave regulations.

Recommendation # 6

The agency will determine which employees have not been able to use their compensatory time because of pressing agency business. Such employees will be authorized to carry over their compensatory time, and letters authorizing the carryover will be placed in their personnel files. Employees who do not have a satisfactory reason for not using their compensatory time will be required to establish a schedule with their supervisor to use it or have it converted to sick leave in accordance with DCAS' leave regulations.

Recommendation # 7 – Purchase Documents

The Department inadvertently continued to use Purchase Orders for all purchases and these continued to be accepted by FMS. Upon bringing this matter to our attention, all purchasing for Categories specified in Comptroller's Directive #24 are being done using PC and PD Purchasing Documents.

Recommendation # 8 – Imprest Fund

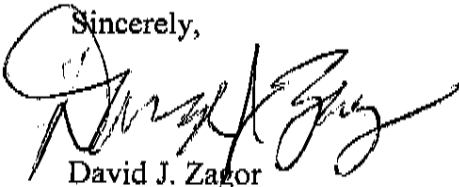
The Department immediately purchased a rubber stamp to add "Void After 90 Days" to those imprest fund checks that did not have this imprint when we were notified of the issue by the auditors. These checks were acquired a number of years ago and have been used sparingly since the account has relatively little activity. When the current inventory runs out, the necessary information will be imprinted on the checks.

Recommendation # 9 – Inventory

The auditors used an inventory list that had been printed at least one week before the on site inspection and we believe that a few pieces had been moved during that time. However, all equipment had subsequently been located and identified. In addition, one printer noted as having no asset tag had just been installed by our support contractor in place of broken hardware. A tag now has been added. Finally, the Department has been migrating its asset inventory to a new system, and in the process any duplicate serial numbers will be corrected.

Please let me know if you have any questions. I can be reached at (212) 720-3650.

Sincerely,



David J. Zagor

c: Richard Barth  
Sean Hennessy