

# AUDIT REPORT

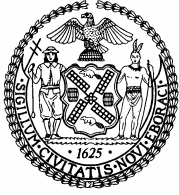


CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
BUREAU OF FINANCIAL AUDIT  
**WILLIAM C. THOMPSON, JR., COMPTROLLER**

## **Audit Report on the Financial and Operating Practices of The Queens District Attorney's Office**

*FP07-124A*

**May 22, 2008**



THE CITY OF NEW YORK  
DEPARTMENT 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 audited the compliance of the Queens District Attorney's Office with certain purchasing and inventory procedures.

The Queens District Attorney is one of five District Attorneys in the City who protect the public by investigating and prosecuting criminal conduct in their respective counties. Audits such as this provide a means of ensuring that agencies follow City guidelines and that government dollars are used appropriately and in the best interest of the public.

The results of our audit, which are presented in this report, have been discussed with officials of Queens District Attorney's Office, 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: FP07-124A**  
**Filed: May 22, 2008**

*Table of Contents*

**AUDIT REPORT IN BRIEF**.....1

    Audit Findings and Conclusions.....1

    Audit Recommendations.....1

**INTRODUCTION**

    Background.....3

    Objectives.....3

    Scope and Methodology.....3

    Scope Limitation.....4

    Discussion of Audit Results.....4

**FINDINGS AND RECOMMENDATIONS**..... 5

    Incorrect Object Codes Charged.....5

    Violation of Directive #6: Payment for a Moving Violation.....6

    Improper Use of Miscellaneous Vouchers .....6

**ADDENDUM**   Queens District Attorney’s Office Response

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

**Audit Report on the  
Financial and Operating Practices of the  
Queens District Attorney's Office**

**FP07-124A**

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**AUDIT REPORT IN BRIEF**

The City's five District Attorneys protect the public by investigating and prosecuting criminal conduct in their respective counties. This audit examined the financial and operating practices of the Queens District Attorney's Office. It determined whether the Queens District Attorney's Office is complying with applicable purchasing and inventory procedures of the City Comptroller's Office, the Procurement Policy Board, and the Department of Investigation. During Fiscal Year 2006, Other Than Personal Service (OTPS) expenditures for the Queens District Attorney's Office amounted to \$5,585,233.

**Audit Findings and Conclusions**

The Queens District Attorney's Office (District Attorney's Office) generally adhered to Comptroller's Directives #6 and #24; applicable Procurement Policy Board rules; and the Department of Investigation *Standards for Inventory Control and Management*.

Our examination of the District Attorney's Office Other Than Personal Service expenditures disclosed no instances in which monies were improperly used. However, there were minor instances in which the District Attorney's Office did not comply with certain purchasing procedures. Our test of a random sample of 28 purchase documents with 58 corresponding vouchers found that the District Attorney's Office charged the wrong object code for 17 vouchers totaling \$21,161. A review of 30 miscellaneous vouchers revealed that one miscellaneous voucher included \$90 to pay the fine for a moving violation issued to an employee for talking on the phone while driving, a payment not allowable according to Comptroller's Directive #6. Finally, the District Attorney's Office improperly used five miscellaneous vouchers totaling \$39,802 for purposes that are not allowable according to Comptroller's Directive #24, such as postage, monthly reoccurring expenses, and supplies.

### **Audit Recommendations**

We make three recommendations to the District Attorney's Office, that it should:

- Ensure that all payments are charged to the correct object code.
- Seek reimbursement of \$90 from its employee for the moving violation.
- Ensure that miscellaneous vouchers are used only for purposes that are allowable by Comptroller's Directives #24.

## INTRODUCTION

### **Background**

In New York State, District Attorneys are constitutional officers elected every four years. The City's five District Attorneys protect the public by investigating and prosecuting criminal conduct in their respective counties. The District Attorneys enforce provisions of the penal law and other statutes; their principal activities include preparing information and gathering resources for court hearings, and presenting trial and appeal cases in court.

This audit examined the financial and operating practices of the Queens District Attorney's Office. During Fiscal Year 2006, Other Than Personal Service (OTPS) expenditures for the Queens District Attorney's Office amounted to \$5,585,233.

### **Objectives**

The objectives of this audit were to determine whether the Queens District Attorney's Office is complying with certain purchasing and inventory procedures as set forth in the New York City Comptroller's Internal Control and Accountability Directives (Comptroller's Directives) #6 and #24; applicable Procurement Policy Board rules; and the Department of Investigation (DOI) *Standards for Inventory Control and Management*.

### **Scope and Methodology**

This audit covered the period July 1, 2005, through June 30, 2006.

To obtain an understanding of the purchasing and inventory procedures and regulations with which the District Attorney's Office is required to comply, we reviewed relevant provisions of: Directive # 6, "Travel, Meals, Lodging and Miscellaneous Agency Expenses"; Directive #24, "Agency Purchasing Procedures and Controls"; applicable Procurement Policy Board rules; and the Department of Investigation *Standards for Inventory Control and Management*. We interviewed staff at the District Attorney's Office to obtain an understanding of the purchasing procedures, to understand how physical assets are safeguarded, and to identify the controls over cash receipts and discretionary funds.

#### **Tests of Compliance with Comptroller's Directives #6 and #24 and PPB rules**

We randomly selected 28 of the 256 purchase documents issued by the District Attorney's Office (3 purchase orders; 3 contracts; 20 micro-purchase documents for purchases of \$5,000 or less; and 2 small purchase documents for a purchase of at least \$2,500 using other than capital funds) and their 58 corresponding vouchers. In addition, we tested the two Requirement Contract Release Orders and their 29 vouchers. We also randomly selected 30 of the 1,474 miscellaneous vouchers issued by the District Attorney's Office during our audit period. Each purchase document and voucher was examined for the requisite approvals and authorizations; for evidence that the transactions were for proper business purposes; and for adequate documentation. It was also determined whether the proper purchase document was used to initiate the purchase of goods or services. Each of the 117 vouchers was examined to ascertain whether: it was properly coded; an authorized purchase document was on file; sales and excise

taxes, if applicable, were properly excluded from payments; and bids were obtained when required by PPB rules. For the 30 miscellaneous vouchers, we also determined whether the vouchers were issued for only allowable purposes.

The results of the above tests, while not projectable to all payment vouchers processed during the audit periods, provided a reasonable basis to assess the Queens District Attorney's compliance with Comptroller's Directives #6, #24 and PPB rules.

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

We randomly selected 75 of 3,398 major equipment items (including computers, monitors, printers, scanners, laptops, fax machines, DVD players, televisions, and cars) listed on the District Attorney's Office's most current inventory records and determined whether they were present at the office. We also determined whether 25 other equipment items that we observed in the District Attorney's Office during our walkthrough were listed on the office inventory records. In addition, we checked whether all items examined were properly tagged as property of the District Attorney's Office.

The results of the above tests, while not projectable to all major equipment items, provided a reasonable basis to assess the District Attorney's Office's controls over inventory as specified in the *DOI Standards for Inventory Control and Management*.

### **Scope Limitation**

We could not review the propriety of \$570,912 of "Special Expenditures" of the \$5,585,233 in OTPS expenditures. The Queens District Attorney stated that these funds were used to pay for confidential expenditures, such as protection of witnesses, paid informants, and surveillance operations. We accept the assertion of the Queens District Attorney that our review of these expenditures might jeopardize current or future investigations and related criminal justice activities. Accordingly, transactions posted to this account were not part of our sample or reviewed during this 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 officials of the District Attorney's Office during and at the conclusion of this audit. A preliminary draft report was sent to the District Attorney's Office on February 26, 2008. On March 24, 2008, we received written notice from the District Attorney's Office's officials waiving their right to an exit conference. On April 2, 2008, we submitted a draft report to the District Attorney's Office officials with a request for comments. We received a written response from the District Attorney's Office on April 15, 2008. In its response, the District Attorney's Office agreed with all of the audit report recommendations.

The full text of the District Attorney's Office response is included as an addendum to this report.

## **FINDINGS AND RECOMMENDATIONS**

The District Attorney's Office generally adhered to Comptroller's Directives #6 and #24; applicable Procurement Policy Board rules; and the Department of Investigation *Standards for Inventory Control and Management*. In this regard:

- Bids were appropriately obtained for purchases when applicable;
- Vouchers and purchase documents were properly approved and authorized;
- Appropriate documentation was maintained to support the sampled vouchers;
- All inventory items were found at the designated locations;
- All major equipment items were on hand; and
- All major equipment was either tagged or etched as property of the District Attorney.

In addition, our examination of the District Attorney's Office OTPS expenditures disclosed no instances in which monies were improperly used. However, the District Attorney's Office had minor instances of noncompliance, which did not detract from our opinion. These are discussed in detail in the following sections of this report.

### **Incorrect Object Codes Charged**

From our random sample of 28 purchase documents with 58 corresponding vouchers, we found the District Attorney's Office charged the wrong object code for 17 vouchers, totaling \$21,161, issued during the audit period. In addition, from the test of miscellaneous vouchers we found six vouchers totaling \$2,614 that were charged to the wrong object code. Using incorrect object codes does not allow agencies to accurately categorize the type and amount of a particular item expense during the fiscal year. This can compromise management's ability to plan future budgets.

### **Recommendation**

1. The District Attorney's Office should ensure that all payments are charged to the correct object code.

***Queens District Attorney Response:*** "We are mindful of the importance of charging expenses to the accurate object code and its usefulness in budget planning and monitoring. Accordingly, we make every effort to ensure that all vouchers are charged to the correct object code and will continue to diligently work toward ensuring that all payments are accurately charged."



### **Violation of Directive #6: Payment for a Moving Violation**

Our review of payment vouchers revealed that one miscellaneous voucher included \$90 to pay the fine of a moving violation for talking on the phone while driving. In accordance with the Comptroller's Directive #6, §14.11, "Parking tickets and motor vehicle violations incurred during the conduct of City business are never reimbursable regardless of whether obtained in connection with the operation of a City owned, personal or rental vehicle at a Local, Long Distance or Overnight Travel destination."

#### **Recommendation**

2. The District Attorney's Office should seek reimbursement of \$90 from the employee who incurred the moving violation.

*Queens District Attorney Response:* "This reimbursement was approved under the law enforcement exception allowable under Vehicle and Traffic Law 1225c, subdivision 3. We will, however, be mindful in the future of both the applicable Vehicle and Traffic Law Section and Comptroller's Directive #6, section 14.11 and will make every effort to ensure full compliance in the future."

### **Improper Use of Miscellaneous Vouchers**

Based on an analysis of the random sample of 30 miscellaneous vouchers, the District Attorney's Office improperly used five vouchers totaling \$39,802 for purposes that are not allowable according to Comptroller's Directive #24. These vouchers were issued for purposes such as postage, monthly recurring expenses, and supplies. Directive #24 states that "Miscellaneous Payment Vouchers (PVMs) may be used only when estimated or future liability is not determinable, or a contract or a Purchase Document is not required or applicable." The directive also states that miscellaneous vouchers should not be used for payments for postal services. Recurring monthly expenditures, such as monthly communication service expenses and costs of the Police Athletic League's Truancy Program, for which the future liability is determinable, should not be paid with miscellaneous vouchers.

We further reviewed the entire list of 1,474 miscellaneous vouchers, testing for repetitiveness and type of business. We identified 12 vendors who were paid in violation of Directive #24. These vendors received payments totaling \$569,254, using 118 vouchers. The payments were for real estate taxes, requirement contracts, monthly bills for telephone and communication devices, postal services, and quarterly payments to Police Athletic League's anti-youth violence and anti-truancy program.

Improper use of miscellaneous vouchers contributes to the distortion of the City's books of account by misstating the City's outstanding obligations.

### **Recommendation**

3. The District Attorney's Office should ensure that miscellaneous vouchers are used only for purposes that are allowable by Comptroller's Directives #24.

***Queens District Attorney Response:*** "We have reviewed the particular instances identified by the audit team and have made the adjustments to the use of PVE's in the areas recommended. We also note that we have instituted a practice of carefully reviewing the use of PVM's and PVE's and will make every effort to ensure that miscellaneous vouchers (PVM's) are used only when it is not appropriate for an encumbrance."



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Richard A. Brown  
District Attorney

April 15, 2008

Mr. John Graham  
Deputy Comptroller  
Audits, Accountancy and Contracts  
Office of the New York City Comptroller  
1 Centre Street  
New York, New York 10007-2341

Re: Response to Audit Report on the Financial and Operating  
Practices of the Queens County District Attorney's Office  
FP07-124A

Dear Mr. Graham:

We are in receipt of the above-captioned draft report on the financial and operating practices of the Queens County District Attorney's Office dated April 2, 2008 and have reviewed your findings and recommendations. We are pleased with your positive findings and your conclusion that this office has generally adhered to Comptroller's Directives 6 and 24, applicable Procurement Policy rules and Department of Investigation standards for Inventory Control and Management.

We submit the following in response to your specific findings and recommendations:

Recommendation #1:

The District Attorney's Office should ensure that all payments are charged to the correct object code.

Agency Response:

We are mindful of the importance of charging expenses to the accurate object code and its usefulness in budget planning and monitoring. Accordingly, we make every effort to ensure that all vouchers are charged to the correct object code and will continue to diligently work toward ensuring that all payments are accurately charged.

Recommendation #2:

The District Attorney's Office should seek reimbursement of \$90 from the employee who incurred the moving violation.

Agency Response:

This reimbursement was approved under the law enforcement exception allowable under Vehicle and Traffic Law 1225c, subdivision 3. We will, however, be mindful in the future of both the applicable Vehicle and Traffic Law Section and Comptroller's Directive #6, section 14.11 and will make every effort to ensure full compliance in the future.

Recommendation #3:

The District Attorney's Office should ensure that miscellaneous vouchers are used only for purposes that are allowable by Comptroller's Direction #24.

Agency Response:

We have reviewed the particular instances identified by the audit team and have made the adjustments to the use of PVE's in the areas recommended. We also note that we have instituted a practice of carefully reviewing the use of PVM's and PVE's and will make every effort to ensure that miscellaneous vouchers (PVM's) are used only when it is not appropriate for an encumbrance.

Once again, I thank you and your audit staff led by Audit Manager Larry Welgrin, Eva Haase and Juliet Chu for your professionalism throughout the audit process. Should you have any questions or need additional information, please do not hesitate to contact me at (718) 286-6330.

Sincerely,



Eileen M. Sullivan  
Executive Assistant District Attorney

EMS:ajb

cc: Mr. Larry Welgrin  
Audit Manager