

AUDIT REPORT

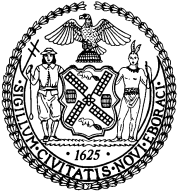


CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF FINANCIAL AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

Audit Report on the Office Equipment Inventory Practices Of the 12 Manhattan Community Boards

FP08-117A

February 26, 2009



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

WILLIAM C. THOMPSON, JR.
COMPTROLLER

To the Citizens of the City of New York

Ladies and Gentlemen:

In accordance with the Comptroller's responsibilities contained in Chapter 5, §93, of the New York City Charter, my office has audited the compliance of the Manhattan Community Boards (Boards) with certain City inventory procedures.

There are 12 Community Boards in the borough of Manhattan. Each Board is headed by a Chairperson and employs a District Manager to manage the day-to-day operations. 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 the Boards as well as the Manhattan Borough President's Office, and their comments have been considered in preparing this report. Their complete written responses are 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 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: FP08-117A
Filed: February 26, 2009

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

**Audit Report on the
Office Equipment Inventory Practices of the
12 Manhattan Community Boards**

FP08-117A

AUDIT REPORT IN BRIEF

This audit determined whether the 12 Manhattan Community Boards (Boards) are complying with certain inventory procedures for office equipment, as set forth in the Department of Investigation *Standards for Inventory Control and Management*, and are maintaining effective internal controls systems over equipment inventory, as required by Comptroller's Directive #1, "Financial Integrity Statement."

Audit Findings and Conclusions

Except for Board #1, the Boards generally did not adhere to the Department of Investigation *Standards for Inventory Control and Management* and Comptroller's Directive #1. The Boards' inventory controls systems are ineffective and the inventory records are inaccurate and cannot be relied upon. We found that 3 items out of a total of 497 (1%) were unaccounted for, 106 items of 497 (21%) observed or purchased were not included on the Boards' inventory lists, and 204 items of 497 (41%) lacked agency tags.

We make seven recommendations, including the following. The Boards should ensure that:

- Complete and accurate records of all equipment are maintained.
- Identification tags are affixed to all office equipment items and include a sequential internal control number.
- Unaccounted for items are found and returned to each Board's office. If the items cannot be found, then the Boards should file a theft report with the Police Department.

INTRODUCTION

Background

There are Community Boards for each of the 59 Community Districts throughout the five boroughs of New York City. Each Community Board (Board) has up to 50 non-salaried members who are appointed by the Borough Presidents. Board members reside, work, or have significant interests in their districts. Each Board has a Chairperson and hires a District Manager as its chief executive officer. The District Manager's responsibilities include assisting the Board in hiring the administrative staff, supervising the staff, and managing the daily operations of the district office. The Borough President's Office provides administrative assistance to its borough's Boards. The Manhattan Boards—Boards #1 through #12—cover the Borough of Manhattan.

Table I, below, lists each Board's Other Than Personal Service expenditures for Fiscal Year 2007.

Table I
Summary of Expenditures for the 12 Manhattan Community Boards
Fiscal Year 2007

	Other Than Personal Services
Board 1	\$19,498
Board 2	28,234
Board 3	17,239
Board 4	27,066
Board 5	30,148
Board 6	29,086
Board 7	30,360
Board 8	21,284
Board 9	66,424
Board 10	53,443
Board 11	60,046
Board 12	47,596
Total	\$430,424

Objectives

The objectives of this audit were to determine whether the 12 Manhattan Community Boards (Boards) are complying with certain inventory procedures for office equipment as set forth in the Department of Investigation *Standards for Inventory Control and Management* and are maintaining effective internal controls systems over equipment inventory, as required by Comptroller's Directive #1, "Financial Integrity Statement."

Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93 of the New York City Charter.

This audit covered the period July 1, 2006, through June 30, 2007.

To obtain an understanding of the inventory procedures and regulations with which the Boards are required to comply, we reviewed relevant provisions of the Department of Investigation *Standards for Inventory Control and Management* and Comptroller's Directive #1, "Financial Integrity Statement." We interviewed staff at the Boards to obtain an understanding of the inventory procedures, and to determine how physical assets are safeguarded.

Tests of Inventory Records

We selected all 388 major equipment items on the Boards' inventory records (including computers, monitors, printers, scanners, laptops, fax machines, and televisions) and determined whether they were present at each Board office. We also determined whether 104 other items of equipment that we observed at the time of the walk-throughs were listed on the Board's inventory records. Finally, we ascertained whether all 26¹ major equipment items purchased during our audit period were present at the Board Office.

During the inventory walk-throughs, we checked whether all items examined were properly tagged as property of its Board. We also determined whether the inventory lists included the type of equipment, serial number and agency control number of each item. Finally we interviewed staff at each Board to determine whether the Boards maintained written inventory procedures and requested a copy of the procedural manual.

Test of Relinquishment Procedures

We interviewed Board staff to obtain an understanding of the relinquishment procedures. We requested the relinquishment documentation maintained at each Board to determine whether it was completed and approved by the Director of Office of Surplus Activities of the Department of Citywide Administrative Services.

¹ Twenty-one of the 26 items purchased are included in the 388 items listed on the inventory lists.

Discussion of Audit Results

The matters covered in this report were discussed with officials of Manhattan Community Boards during and at the conclusion of this audit. A preliminary draft report was sent to Board officials and the Manhattan Borough President's Office and was discussed with Boards #1, #2, #3, #6, #8, and #12 at an exit conference scheduled by the Manhattan Borough President's Office on October 24, 2008. Officials from Boards #4, #5, #7, #9, #10, and #11, and the Manhattan Borough President's Office did not attend. On November 17, 2008, we submitted a draft report to Board officials and the Manhattan Borough President's Office with a request for comments. We received written comments from Boards #1, #3, #4, #5, #6, #7, #8, #9, #10, #11, and #12. We did not receive written comments from Board #2 and the Manhattan Borough President's Office. In its response, Board # 4 stated that it had found the missing equipment. Subsequently, we visited the Board and observed the equipment.

In their comments, the responding Boards described the steps they have taken or will take to implement the report's recommendations. The full texts of the comments are included as addenda to this report.

FINDINGS AND RECOMMENDATIONS

Except for Board #1, the Boards generally did not adhere to the Department of Investigation *Standards for Inventory Control and Management* and Comptroller's Directive #1, "Financial Integrity Statement." Of the 497 items of office equipment tested:

- Three office equipment items were unaccounted for at two Boards. (Board #4 was missing a laptop computer, and Board #8 was missing one radio cassette recorder and one cassette recorder.)
- 106 items, consisting of 104 items observed and 2 items purchased during Fiscal Year 2007, were not included on the inventory lists at ten Boards. (Boards #3, #4, #5, #6, #7, #8, #9, #10, #11, and #12.)
- 204 items lacked agency tags at 11 Boards. (Boards #2, #3, #4, #5, #6, #7, #8, #9, #10, #11, and #12.)
- 105 agency tags lacked control numbers at seven Boards. (The tags indicated only that the items were the property of the Board.) (Boards #3, #5, #6, #7, #9, #11, and #12.)
- Inventory lists at ten Boards lacked agency tag control numbers for 262 items. (Boards #2, #3, #4, #5, #6, #7, #8, #9, #10, and #11.)
- The inventory lists at five Boards lacked serial numbers for 77 items. (Boards #1, #4, #5, #8, and #10.)
- The inventory lists at six Boards had the incorrect serial numbers for 14 items. (Boards #1, #3, #5, #7, #8, and #10.)
- 14 relinquished items were included on inventory lists of three Boards. (Boards #3, #4, and #8.)
- Two Boards (Boards #1 and #3) did not follow proper Department of Citywide Administrative Services (DCAS) relinquishment procedures.
- Inventory lists of four Boards (Boards #5, #6, #8, and #10) did not list each item individually.
- 12 Boards (Boards #1, #2, #3, #4, #5, #6, #7, #8, #9, #10, #11, and #12) did not have inventory procedure manuals.

The Boards' inventory controls systems are ineffective and the inventory records are inaccurate and cannot be relied upon. We found that 3 items out of a total of 497 (1%) were

unaccounted for, 106 items of 497 (21%) observed or purchased were not included on the Boards' inventory lists, and 204 items of 497 (41%) lacked agency tags.

Incomplete Inventory Records

Our review of the inventory records maintained by the Boards found that the inventory lists of computer and electronic equipment were not complete and accurate. While all Boards provided us with inventory lists, the lists did not include all of the required information, such as the type of equipment, and the serial number and agency tag control number of each item, as required by the *DOI Standards for Inventory Control and Management*.

We found during our observations that the inventory lists did not always indicate an agency tag control number and item serial number, nor did they include all items. Also, lists had incorrect serial numbers, included items that were relinquished, and at some Boards (Boards #5, #6, #8, and #10), did not indicate each item separately. Table II, below, summarizes the noncompliance of Board inventory lists.

Table II
Instances of Noncompliance on Inventory-Lists

Board	Total Items Tested	Incorrect Serial Number	Serial Number Lacking	Agency Control Number Lacking	Items Not Included on List	Items Not Listed Separately	Relinquished Items Included on List	Total Number of Discrepancies
1	32	3	1	0	0	0	0	4
2	52	0	0	52	0	0	0	52
3	37	5	0	35	1	0	1	48
4	46	0	30	1	14	0	8	53
5	33	2	8	19	14	1	0	61
6	25	0	0	24	1	1	0	38
7	40	2	0	39	1	0	0	42
8	50	1	19	41	9	1	5	117
9	35	0	0	34	1	0	0	69
10	36	1	19	3	7	1	0	31
11	46	0	0	14	32	0	0	60
12	65	0	0	0	26	0	0	26
Totals	497	14	77	262	106	4	14	601

Section 28 of the *DOI Standards for Inventory Control and Management* 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."

Section 9 of the DOI *Standards for Inventory Control and Management* states, “Relinquished items are deleted from the inventory log.” In addition, Comptroller’s Directive #1 states that “inventory items require strong controls to ensure accurate recordkeeping and good security.”

Recommendations

The Boards should ensure that:

1. Complete and accurate records of all equipment are maintained.

Board #1 Response: “Community Board One (CB1) appreciates the acknowledgment in the report that we generally adhered to the Department of Investigations (DOI) Standards for Inventory Control and Management and Comptroller’s Directive #1. CB1 was cited for three instances of incorrect serial number and one instance of serial number lacking. These all resulted because our office manager mistook numbers listed on our equipment for the serial numbers. We will also try to be as careful as possible in the future when we record the serial numbers on any new pieces of equipment that we purchase.”

Board #3 Response: “All instances of noncompliance have been rectified, including a tag on my blackberry.”

Board #4 Response: “Our inventory list included model numbers at the time of the audit; serial numbers have been added. We have a copy of the City of NY Dept. of Investigation ‘Standards for Inventory Control & Management’ in the office, but have found that with a staff of only four people, in a physically small office, the standards outlined are of very limited usefulness.”

Board #5 Response: “In compliance to the audit conducted by your office on Office Equipment Inventory Practices, Community Board Five has taken the following steps to remedy the infractions.

All equipment purchased in 2007 is accounted for.

The inventory list was updated to include all numbers.

All the machines with Serial Numbers were included on the Inventory List.

All the machines checked for serial numbers and all the numbers on the machines were documented on the inventory list.

All items now listed individually.

The Board obtained a copy of ‘Standards for Inventory Control and Management’ which is now displayed in the office.

All serial numbers, agency tags and control numbers have been added on all required property.”

Board #6 Response: “This will & has been rectified.”

Board #7 Response: “We will check our inventory list to make sure that the 1 item not listed is added, the 7 items without agency tags have tags, and the 2 items with incorrect serial numbers are corrected.”

Board #8 Response: “Community Board 8 has implemented all recommendations made in the Draft Audit Report on the Inventory Practices Over Office Equipment. We will see that Community Board 8 continues to follow all proper procedures regarding Equipment Inventory.”

Board #9 Response: “Manhattan Community Board No. 9 is in receipt of the Draft Audit Report on Inventory Practices referred to above and find your findings to be accurate. Manhattan Community Board No. 9 will take appropriate steps to ensure we adhere to all requests and recommendations.”

Board #10 Response: “Community Board 10’s office has no contest to the findings of your office, and ensures that all items will be corrected in a timely fashion.”

Board #11 Response: “After reviewing the audit results we will make the necessary adjustments to ensure office equipment is properly identified, organized and monitored regularly.”

Board #12 Response: “After CB#12 Inventory was completed with the Comptroller’s Office recommendation, I informed [the auditors that it was completed] in a telephone conversation.”

2. Tag numbers are included for each item listed on the inventory list.

Board #3 Response: “All instances of noncompliance have been rectified. . . .”

Board #4 Response: “Our inventory list includes tag control numbers for all items.”

Board #5 Response: “The inventory list was updated to include all numbers.”

Board #6 Response: “This has been rectified.”

Board #7 Response: “We have never been asked to use sequential numbers with our inventory list. We will add numbers to our master list and to individual inventory items.”

Board #8 Response: “Community Board 8 has implemented all recommendations made in the Draft Audit Report on the Inventory Practices Over Office Equipment.”

Board #9 Response: “Manhattan Community Board No. 9 will take appropriate steps to ensure we adhere to all requests and recommendations.”

Board #10 Response: “Community Board 10’s office has no contest to the findings of your office, and ensures that all items will be corrected in a timely fashion.”

Board #11 Response: “After reviewing the audit results we will make the necessary adjustments to ensure office equipment is properly identified, organized and monitored regularly.”

3. Relinquished items are removed from the inventory list.

Board #3 Response: “All instances of noncompliance have been rectified. . . .”

Board #4 Response: “Relinquished items (and stolen items reported to the police) were clearly labeled as such in the ‘disposition’ column on our inventory list; if this is not continued there would be no explanation for the tag control numbers missing from the sequence.”

Auditor Comment: Board #4 should maintain a list of current inventory that can easily be tracked and a separate list for relinquished items that would explain the absence of tag control numbers in the sequence. By doing so, Board #4 would be in compliance with Section 9 of DOI *Standards for Inventory Control and Management*, which states, “Relinquished items are deleted from the inventory log.”

Board #8 Response: “Community Board 8 has implemented all recommendations made in the Draft Audit Report on the Inventory Practices Over Office Equipment. We will see that Community Board 8 continues to follow all proper procedures regarding Equipment Inventory.”

Weaknesses in Equipment Inventory Control

During our inventory walk-throughs we found that some Boards did not properly identify all of their equipment: tags were not affixed to the equipment and agency control numbers were not listed on the tags. Also, two Boards (Boards #4 and #8) could not find three pieces of equipment that were included on their inventory lists. Board #4 was missing a laptop computer, and Board #8 was missing one radio cassette recorder and one cassette recorder. The Boards acknowledged that these items could not be found.

Table III, below, lists the details of noncompliance at each Board.

Table III
Summary of Weaknesses in Equipment Inventory Control

Number of Instances				
Board	Equipment Items Not Accounted For	Agency Tag Lacking	Agency Tag Lacking Control Number	Total
1	0	0	0	0
2	0	52	0	52
3	0	13	22	35
4	1	14	0	15
5	0	17	10	27
6	0	2	1	3
7	0	7	33	40
8	2	31	0	33
9	0	9	26	35
10	0	10	0	10
11	0	37	1	38
12	0	12	12	24
Totals	3	204	105	312

Section 28 of the DOI *Standards for Inventory Control and Management* requires that “Readable, sturdy property identification tags (reading ‘Property of the City of New York’) with a sequential internal control number are assigned and affixed to valuable items. An inventory log containing the internal control number assignments . . . is maintained.”

Recommendations

The Boards should ensure that:

4. Identification tags are affixed to all office equipment items and include a sequential internal control number.

Board #3 Response: “All instances of noncompliance have been rectified. . .”

Board #4 Response: Board 4’s response did not address this recommendation.

Board #5 Response: “In compliance to the audit conducted by your office on Office Equipment Inventory Practices, Community Board Five has taken the following steps to remedy the infractions.

All equipment now has agency tags.

All agency tags have their control number listed.”

Board #6 Response: “To the best of our knowledge all equipment at CB6 is tagged. All tags indicated the serials #'s as well.”

Board #7 Response: “We will check our inventory list to make sure that the 1 item not listed is added, the 7 items without agency tags have tags, and the 2 items with incorrect serial numbers are corrected. . . We have never been asked to use sequential numbers with our inventory list. We will add numbers to our master list and to individual inventory items.”

Board #8 Response: “Community Board 8 has implemented all recommendations made in the Draft Audit Report on the Inventory Practices Over Office Equipment. We will see that Community Board 8 continues to follow all proper procedures regarding Equipment Inventory.”

Board #9 Response: “Manhattan Community Board No. 9 will take appropriate steps to ensure we adhere to all requests and recommendations.”

Board #10 Response: “Community Board 10’s office has no contest to the findings of your office, and ensures that all items will be corrected in a timely fashion.”

Board #11 Response: “After reviewing the audit results we will make the necessary adjustments to ensure office equipment is properly identified, organized and monitored regularly.”

Board #12 Response: “After CB#12 Inventory was completed with the Comptroller’s Office recommendation, I informed [the auditors that it was completed] in a telephone conversation.”

5. Unaccounted for items are found and returned to each Board’s office. If the items cannot be found, then the Boards should file a theft report with the Police Department.

Board #4 Response: “One laptop computer was not unaccounted for; it was in use out of the office at the time of the audit. It is currently in a newly purchased locked cabinet, and a sign out system has been established to keep track of all items being used off-premises.”

Auditor Comment: Board # 4 did not attend the exit conference, nor did it inform us that the missing laptop had been found until it issued a response to our draft report. After receiving the response, we verified that Board # 4 had the laptop.

Board #8 Response: “Community Board 8 has implemented all recommendations made in the Draft Audit Report on the Inventory Practices Over Office Equipment We will see that Community Board 8 continues to follow all proper procedures regarding Equipment Inventory.”

Relinquishment Procedures Not Followed

Two Boards, Board #1 and #3, did not follow the relinquishment policy set forth in the Department of Citywide Administrative Services, Division of Municipal Supply Services Office of Surplus Activities (OSA) *Agency User Guide*. Boards #1 and #3 disposed of their surplus equipment without completing the appropriate relinquishment forms. The Boards have no records of the disposed items. This lack of accountability weakens the Boards' controls over their surplus items.

The *Agency User Guide* states, "Any item that has been purchased with city funds, and is no longer required by the agency in possession of such item, is to be considered surplus. In order for any action to take place with regard to the disposal of surplus property, a relinquishment form MUST be submitted to OSA."

Recommendation

6. The Boards should adhere to the relinquishment procedures set forth in the Department of Citywide Administrative Services, Division of Municipal Supply Services Office of Surplus Activities *Agency User Guide* when disposing of its surplus property.

Board #1 Response: "CB1 was also cited for not following the relinquishment policy set forth in the Division of Citywide Administrative Services (DCAS) *Agency User Guide*. As I noted in a recent meeting with staff members from the New York City Comptroller's office, our office manager did contact DCAS and the Comptroller's Office to request the relinquishment policy but was not able to locate it. I was given the contact at the meeting, and we will certainly obtain and follow the policy prior to relinquishing any additional equipment."

Board #3 Response: "I would also like to mention that regarding relinquishment procedures, community boards are not included in this program. That is, we are never notified when agencies have surplus inventory, but we would like to be included in this program."

No Written Policies and Procedures for Inventory Control

The 12 Boards did not maintain written policies and procedures for inventory control. Section 6 of the DOI *Standards for Inventory Control and Management* states, "Agency management is responsible for ensuring that there are policies and procedures and that these are updated to include the requirements established in these Standards. . . . The absence of clearly written policies and procedures that define limits of authority can result in staff being allowed excessive discretion that can provide opportunities for undetected thefts and other dishonest activities." Lack of procedures makes it difficult to hold individuals accountable for their actions.

Recommendation

7. The Boards should establish written policies and procedures for their inventory controls over equipment.

Board #1 Response: Board #1 did not address this recommendation in its response.

Board #3 Response: “Regarding the lack of inventory procedure manuals at all 12 boards—can you tell me which agency was responsible for notifying the boards and distributing these manuals?”

Board #4 Response: “We have a copy of the City of NY Dept. of Investigation ‘Standards for Inventory Control & Management’ in the office, but have found that with a staff of only four people, in a physically small office, the standards outlined are of very limited usefulness.”

Board #5 Response: “The Board obtained a copy of ‘Standards for Inventory Control and Management’ which is now displayed in the office.”

Board #6 Response: “No Board has ever been given inventory procedure manuals. These manuals are supposed to be provided to the Boards.”

Board #7 Response: “We asked for the inventory procedure manual at the entrance interview. None of the boards knew about the manual. To date we have not been provided with the manual. Since the Boards do not have the *DOI Standards for Inventory Control and Management*, we were not aware of the need to have written policies and procedures. We will create such a document and, again, ask for a copy of the manual.”

Board #8 Response: “Community Board 8 has implemented all recommendations made in the Draft Audit Report on the Inventory Practices Over Office Equipment. We will see that Community Board 8 continues to follow all proper procedures regarding Equipment Inventory.”

Board #9 Response: “Manhattan Community Board No. 9 will take appropriate steps to ensure we adhere to all requests and recommendations.”

Board #10 Response: “Community Board 10’s office has no contest to the findings of your office, and ensures that all items will be corrected in a timely fashion.”

Board #11 Response: “After reviewing the audit results we will make the necessary adjustments to ensure office equipment is properly identified, organized and monitored regularly.”

Board #12 Response: “With respect to the lack of inventory procedure manual in the 12 community boards, in my opinion this is not a fault of the community boards, because there is not a uniform inventory procedure manual available to the community boards.

Therefore, I recommend that a uniform inventory procedure manual be created and distributed to all the community boards and that such inventory procedure manuals are given to the community boards every time there is a new Chair or District Manager.”

Auditor Comment: Section 6 of the *DOI Standards for Inventory Control and Management* states, “Agency management is responsible for ensuring that there are policies and procedures and that these are updated to include the requirements established in these Standards.” Therefore, it is the responsibility of each Board to prepare and implement policies and procedures that are in compliance with DOI standards. At the exit conference, we provided a copy of the *DOI Standards for Inventory Control and Management* to the six Boards whose representatives attended.



December 2, 2008

Mr. John Graham
Office of the New York City Comptroller
1 Centre Street
New York, NY 10007-2341

Dear Mr. Graham:

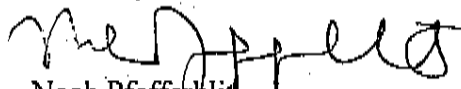
I am responding to your letter dated November 17, 2008 regarding the recent Audit Report on the Inventory Practices Over Office Equipment of the 12 Manhattan Community Boards.

Community Board One (CB1) appreciates the acknowledgment in the report that we generally adhered to the Department of Investigations (DOI) Standards for Inventory Control and Management and Comptroller's Directive #1. CB1 was cited for three instances of incorrect serial number and one instance of serial number lacking. These all resulted because our office manager mistook numbers listed on our equipment for the serial numbers. We would appreciate the Comptroller's Office letting us know which pieces of equipment had incorrect numbers and what are the correct numbers, so that we can revise our list. We will also try to be as careful as possible in the future when we record the serial numbers on any new pieces of equipment that we purchase.

CB1 was also cited for not following the relinquishment policy set forth in the Division of Citywide Administrative Services (DCAS) Agency User Guide. As I noted in a recent meeting with staff members from the New York City Comptroller's office, our office manager did contact DCAS and the Comptroller's Office to request the relinquishment policy but was not able to locate it. I was given the contact at the meeting, and we will certainly obtain and follow the policy prior to relinquishing any additional equipment.

Thank you for the opportunity to comment on the draft report before it is made final. Please let me know if you would like to discuss Community Board One's response.

Sincerely,


Noah Pfefferblit
District Manager

City of New York



Julie Menin CHAIRPERSON | **Noah Pfefferblit** DISTRICT MANAGER
49 Chambers Street, Suite 715, New York, NY 10007-1209
Tel 212 442 5050, Fax 212 442 5055, Email cb1@cb1.org, www.cb1.org

From: Susan Stetzer [sstetzer@cb3manhattan.org]
Sent: Monday, November 17, 2008 10:31 AM
To: [REDACTED]; noahp@cb1.org; cb2manhattan@nyc.rr.com; rjbenfatto@manhattancb4.org; wally@cb5.org; mn06@cb.nyc.gov; pryan@cb7.org; thompson@cb8m.com; nyc-cb9m@juno.com; gtbain@cb10.org; gsarkissian@cb11m.org; ebsmith@cb.nyc.gov
Cc: Welgrin, Lawrence; Andersen, William; 'Dominic Pisciotta'; 'crosa'
Subject: RE: Draft Report 12 Manhattan CBs

The report states that CB 3 had one item not included in the list. This was my blackberry. However, this was a mistake --the blackberry was listed. In fact, it was cited for not having a tag.

all instances of noncompliance have been rectified, including a tag on my blackberry.

I would also like to mention that regarding relinquishment procedures, community boards are not included in this program. That is, we are never notified when agencies have surplus inventory, but we would like to be included in this program.

Regarding the lack of inventory procedure manuals at all 12 boards--can you tell me which agency was responsible for notifying the boards and distributing these manuals?

thank you

Susan Stetzer
District Manager
Community Board 3, Manhattan
212-533-6015
www.cb3manhattan.org
Please visit the CB 3 website to join the new e-mail list.



CITY OF NEW YORK
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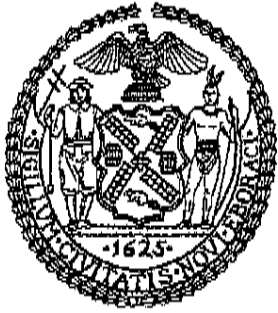
JEAN-DANIEL NOLAND
Chair

ROBERT J. BENFATTO, JR., ESQ.
District Manager

TO: John Graham, Office of the Comptroller
FROM: Robert J. Benfatto, Jr., Esq., District Manager of CB4
RE: Audit Report on the Inventory Practices Over Office Equipment
of the 12 Manhattan Community Boards
DATE: December 2, 2008

The following comments are related to page 5 of the draft report.

- One laptop computer was not unaccounted for; it was in use out of the office at the time of the audit. It is currently in a newly purchased locked cabinet, and a sign out system has been established to keep track of all items being used off-premises.
- Our inventory list includes tag control numbers for all items.
- The report does not identify which items were not on our inventory list, so we cannot respond except to say that all items, to our knowledge, are on our inventory list.
- Our inventory list included model numbers at the time of the audit; serial numbers have been added.
- Relinquished items (and stolen items reported to the police) were clearly labeled as such in the "disposition" column on our inventory list; if this is not continued there would be no explanation for the tag control numbers missing from the sequence.
- We have a copy of the City of NY Dept. of Investigation "Standards for Inventory Control & Management" in the office, but have found that with a staff of only four people, in a physically small office, the standards outlined are of very limited usefulness.



MANHATTAN COMMUNITY BOARD FIVE

450 Seventh Avenue, Suite 2109
New York, NY 10123-2199
(212) 465-0907
fax: (212) 465-1628
office@cb5.org

David M. Siesko, *Chair*

Wally Rubin, *District Manager*

December 2, 2008

John Graham
Deputy Comptroller
Audits, Accountancy & Contracts
Office of the Comptroller
1 Centre Street
New York, NY 10007

Dear Mr. Graham:

In compliance to the audit conducted by your office on Office Equipment Inventory Practices, Community Board Five has taken the following steps to remedy the infractions.

FINDINGS AND RECOMMENDATIONS

1. All equipment purchased in 2007 is accounted for.
2. All equipment now has agency tags.
3. All agency tags have their control number listed.
4. The inventory list was updated to include all numbers.
5. All the machines with Serial Numbers were included on the Inventory List.
6. All the machines checked for serial numbers and all the numbers on the machines were documented on the inventory list.
7. All items now listed individually.
8. The Board obtained a copy of "Standards for Inventory Control and Management" which is now displayed in the office.

Incomplete Inventory Records

1. All serial numbers, agency tags and control numbers have been added on all required property.

Please feel free to contact me with any questions.

Regards,

Wally Rubin
District Manager

[REDACTED]

From: MN06@cb.nyc.gov
Sent: Wednesday, December 10, 2008 10:23 AM
To: [REDACTED]
Subject: RE: Draft Report 12 Manhattan CBs

Man. Community Board Six Response to Audit Report

2. 106 items, consisting of 104 items observed and 2 item purchased during Fiscal Year 2007, were not included on the inventory lists at ten Board. (Boards # 3,4,5,6,7,8,9,10,11,12)
re: All items purchased at our office was listed and accounted for.
3. 204 items lacked agency tags at 11 Boards. (Boards # 2,3,4,5,6,7,8,9,10,11,12)
re: To the best of our knowledge all equipment at CB6 is tagged.
4. 105 agency tags lacked control numbers at seven Boards. (The tags indicated only that the items were the property of the Board.) (Boards # 3,5,6,7,9,11,12)
re: All tags indicated the serials #'s as well.
5. Inventory lists at ten Boards lacked agency tag control numbers for 262 items. (Boards # 2,3,4,5,6,7,8,9,10,11)
re: This has been rectified.
10. Inventory lists of four Boards (boards # 5,6,8,10) did not list each item individually.
re: This will & has been rectified.
11. 12 Boards (Boards # 1,2,3,4,5,6,7,8,9,10,11,12) did not have inventory procedure manuals.
re: No Board has ever been given inventory procedure manuals. These manuals are suppose to be provided to the Boards.

Response submitted by: Karen Ward-Gamble
Financial & Inventory Officer

Manhattan Community Board Six
866 United Nations Plaza - Suite 308
New York, NY 10017-1977
212-319-3750 Fax 212-319-3772
Website: www.cbsix.org

Man. CB6 Response

DRAFT

FINDINGS AND RECOMMENDATIONS

Except for Board #1, the Boards generally did not adhere to the Department of Investigation *Standards for Inventory Control and Management* and Comptroller's Directive #1, "Financial Integrity Statement." Of the 497 items of office equipment tested:

- Three office equipment items were unaccounted for at two Boards. (Board #4 was missing a laptop computer, and Board #8 was missing one radio cassette recorder and one cassette recorder.)
- 106 items, consisting of 104 items observed and 2 items purchased during Fiscal Year 2007, were not included on the inventory lists at ten Boards. (Boards # 3, 4, 5, 6, 7, 8, 9, 10, 11, 12.) *All items purchased at our office has been listed*
- 204 items lacked agency tags at 11 Boards. (Boards # 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12.) *To the best of our knowledge all equipment @ CB6 is tagged*
- 105 agency tags lacked control numbers at seven Boards. (The tags indicated only that the items were the property of the Board.) (Boards # 3, 5, 6, 7, 9, 11, 12.) *All tags indicated the serial #'s as well.*
- Inventory lists at ten Boards lacked agency tag control numbers for 262 items. (Boards # 2, 3, 4, 5, 6, 7, 8, 9, 10, 11.) *This has been rectified*
- The inventory lists at five Boards lacked serial numbers for 77 items. (Boards # 1, 4, 5, 8, 10.)
- The inventory lists at six Boards had the incorrect serial numbers for 14 items. (Boards # 1, 3, 5, 7, 8, 10.)
- 14 relinquished items were included on inventory lists of three Boards. (Boards # 3, 4, 8.)
- Two Boards (Boards # 1, 3) did not follow proper Department of Citywide Administrative Services (DCAS) relinquishment procedures.
- Inventory lists of four Boards (Boards # 5, 6, 8, 10) did not list each item individually. *This will r has been rectified*
- 12 Boards (Boards # 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12) did not have inventory procedure manuals.

We found inventory control weaknesses as the result of our tests and concluded that there is a potential risk of fraud. The potential risk of fraud may be moderate since only 3 items out of a total of 497 items (1%) tested were unaccounted for and 21 of the 26 items (81%) purchased during Fiscal Year 2007 were included on the Boards' inventory lists. However, since 106 items of 497 (21%) observed or purchased were not included on the Boards' inventory lists, and 204

COMMUNITY BOARD Manhattan

December 9, 2008

To: John Graham, NYC Comptroller's Office
From: Penny Ryan, District Manager
Re: Response to the Draft Audit Report on the Office Equipment Practices of the 12 Manhattan Community Boards.

Findings and Recommendations

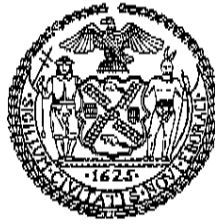
We will check our inventory list to make sure that the 1 item not listed is added, the 7 items without agency tags have tags, and the 2 items with incorrect serial numbers are corrected. We would appreciate copy of the list the auditors prepared, so we can be sure we correct the items in question.

We have never been asked to use sequential numbers with our inventory list. We will add numbers to our master list and to individual inventory items.

We asked for the inventory procedure manual at the entrance interview. None of the boards knew about the manual. To date we have not been provided with the manual.

Since the boards do not have the *DOI Standards for Inventory Control and Management*, we were not aware of the need to have written policies and procedures. We will create such a document and, again, ask for a copy of the manual.

Thank you for the opportunity to comment.



**The City of New York
Manhattan Community Board 8**

November 21, 2008

John Graham
Deputy Comptroller
Audits, Accountancy & Contracts
NYC Office of the Comptroller
One Centre Street, Room 1100N
New York, NY 10007

Dear Mr. Graham:

Community Board 8 has implemented all recommendations made in the Draft Audit Report on the Inventory Practices Over Office Equipment.

Thank you for the opportunity to respond to the Draft Audit Report. We will see that Community Board 8 continues to follow all proper procedures regarding Equipment Inventory. Should you have any questions or require additional information, please do not hesitate to call me at 212-758-4340 or via e-mail at Thompson@cb8m.com.

Sincerely,


Latha Thompson
District Manager



CB9M	565 West 125 Street
	New York, New York 10027
	(212) 864-6200/Fax # 662-7396

COMMUNITY BOARD #9, MANHATTAN

Scott Stringer
President, Borough of Manhattan

December 5, 2008

Patricia A. Jones
Chair

Carolyn R. Thompson
First Vice-Chair

Yvonne Stenneff
Second Vice-Chair

Theodore Kovaleff
Secretary

Jane Arendell
Assistant Treasurer

Anthony Fletcher
Treasurer

Diane Wilson
Assistant Treasurer

Eutha Prince
District Manager

Mr. John Graham
Deputy Comptroller
Audits, Accountancy & Contracts
Office of the Comptroller
Executive Offices
One Centre Street
New York, New York 10007-2341

**Re: Audit Report on the Inventory Practices
Over Office Equipment of the
12 Manhattan Community Boards
FP08-117A**

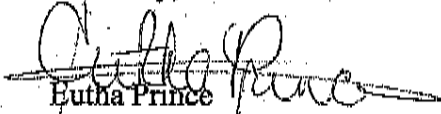
Dear Mr. Graham:

Manhattan Community Board No. 9 is in receipt of the Draft Audit Report on Inventory Practices referred to above and find your findings to be accurate.

Manhattan Community Board No. 9 will take appropriate steps to ensure we adhere to all requests and recommendations.

If any further information is needed please do not hesitate to contact me at (212) 864-6200.

Sincerely,


Eutha Prince
District Manager

cc: Hon. Scott Stringer, Borough President
Hon. Patricia Jones, Chair
Mr. Lawrence Welgrin, Audit Manager, Comptroller Office
Ms. Dawn Lupa, Comptroller's Office

Lupo, Dawn

From: Geneva T. Bain [gtbain@cb10.org]
Sent: Monday, December 08, 2008 6:59 PM
To: [REDACTED] Welgrin, Lawrence; Andersen, William
Cc: gjames@cb10.org; wfranpc@aol.com
Subject: RE: Draft Report 12 Manhattan CBs
Importance: High

[REDACTED]

Thank you for your report.

Community Board 10's office has no contest to the findings of your office, and ensures that all items will be corrected in a timely fashion. Thank you once again for your assistance.

Thank you for your interest in our community.

Geneva T. Bain, District Manager
Community Board 10, Manhattan
215 West 125th Street, 4th Floor
New York, NY 10027
P: 212-749-3105 F: 212-662-4215
GTBain@cb10.org www.cb10.org

From: Welgrin, Lawrence
Sent: Friday, December 05, 2008 11:17 AM
To: [REDACTED]
Subject: FW: Manhattan Community Board Audit

From: Sarkissian, George [mailto:gsarkissian@cb.nyc.gov]
Sent: Friday, December 05, 2008 10:38 AM
To: Welgrin, Lawrence
Subject: Manhattan Community Board Audit

Larry,

We want to thank the Comptroller's office for working with us to identify ways we can better maintain a proper inventory of office equipment. After reviewing the audit results we will make the necessary adjustments to ensure office equipment is properly identified, organized and monitored regularly.

Thank you for you help and assistance through this process.

George Sarkissian
District Manager
Community Board 11
Borough of Manhattan
City of New York
1664 Park Avenue
New York, NY 10035
Phone: (212) 831-8930
Fax: (212) 369-3571
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Community Board 12M

711 West 168th Street – New York, NY 10032
Phone (212) 568-8500 Fax (212) 740-8197
ebsmith@cb.nyc.gov / www.cb12manhattan.com

Manny Velazquez, Chairman
Ebenezer Smith, District Manager

December 5, 2008

Mr. Lawrence Welgrin
1 Centre St.
1300 north Floor
New York, NY 10007

Re: Audit Report on the Office Equipment Inventory Practices of the 12 Manhattan
Community Boards (FP08-117A)

Dear Mr. Welgrin:

I received a draft of The Comptroller's Audit Report FP08-117A dated November 17, 2008 which concludes that "Except for Board#1, the Boards did not adhere to the Department of Investigation (DOI) Standard for Inventory Control and Management and Comptroller's Directive #1" and found that the inventory control in community boards are weak with a potential risk of fraud. The Audit also indicate that CB #12 did not included in the inventory list certain items, that some items lacked agency tags, that some tags lacked control numbers and that neither of the 12 Boards have an inventory procedure manual. I would like to respond as follow:

Despite the fact that Audit Report FP08-117A is reflecting what the inspector found the day of the audit was conducted, such report falls short to describe the totality of circumstances that existed at the time of the Audit. An honest and clear explanation was given to the inspectors the day the audit was conducted the explanation included:

- The CB #12, Manhattan did not have a District Manager for about a year;
- That during the period to be audited CB #12, Manhattan without a District Manager purchased certain office equipments;
- That at the time of the audit I was working as a District Manager for about eight month and that I requested from the staff a report of all office equipment when I started in September of 2007;
- I indicated to the inspectors that after I learned that the Comptroller's Office was scheduling an Audit I started to complete an inventory in



Community Board 12M

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Phone (212) 568-8500 Fax (212) 740-8197
ebsmith@cb.nyc.gov / www.cb12manhattan.com

December 5, 2008

- compliance with Department of Investigation (DOI) Standard for Inventory Control and Management and Comptroller's Directive #1;
- That on the day of the audit was conducted CB #12, Manhattan inventory was about to be completed and only one room need to be added to it.

After CB#12 Inventory was completed with the Comptroller's Office recommendation, I informed Dawn Lupo in a telephone conversation. Therefore, the final Comptroller's Audit Report FP08-117A must include the foregoing information about CB #12, Manhattan in order to be accurate.

With respect to the lack of inventory procedure manual in the 12 community boards, in my opinion this is not a fault of the community boards, because there is not a uniform inventory procedure manual available to the community boards. Therefore, I recommend that a uniform inventory procedure manual be created and distributed to all the community boards and that such inventory procedure manuals are given to the community boards every time there is a new Chair or District Manager.

Thank you,

Ebenezer Smith
District Manager