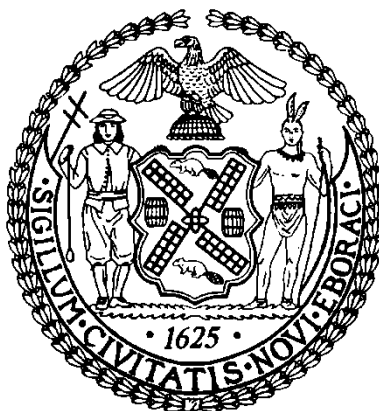


**CITY OF NEW YORK
OFFICE OF THE COMPTROLLER**

**John C. Liu
Comptroller**

**FINANCIAL AUDIT
H. Tina Kim
Deputy Comptroller for Audit**



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

FP10-140A

January 7, 2011

<http://comptroller.nyc.gov>



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

John C. Liu
COMPTROLLER

To the Residents of the City of New York:

My office has audited the financial and operating practices of the Department of City Planning (DCP) regarding purchasing procedures. We audit City agencies such as these as a means of ensuring that they comply with established policies and procedures.

DCP generally adhered to applicable requirements and standards for purchasing, and a review of their other than personal services expenditures revealed no improper use of monies. However, there were minor instances of noncompliance. For example the inventory list of computer and electronic equipment was not complete and accurate. These instances did not change the audit's overall opinion.

The audit recommendation addressed the weaknesses identified in the report and, if implemented, will result in compliance with inventory standards and procedures.

The results of the audit have been discussed with DCP officials, and their comments have been considered in preparing this report. Their complete written response is attached to this report.

If you have any questions concerning this report, please e-mail my audit bureau at audit@comptroller.nyc.gov.

Sincerely,


John C. Liu

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

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

FP10-140A

AUDIT REPORT IN BRIEF

This audit determined whether the Department of City Planning (DCP) complied with certain purchasing procedures as set forth in the Comptroller's Directives #3, "Procedures for the Administration of Imprest Funds;" #6, "Travel, Meals, Lodging and Miscellaneous Agency Expenses;" #24, "Agency Purchasing Procedures and Controls;" applicable Procurement Policy Board (PPB) rules; and Department of Investigation (DOI) *Standards for Inventory Control and Management*.

Audit Findings and Conclusions

We found that the DCP generally adhered to the requirements of Comptroller's Directives #3, #6, and #24, applicable PPB rules, and the DOI *Standards for Inventory Control and Management* with the exception of the issues noted below. In addition, the DCP other than personal service (OTPS) expenditures disclosed no instances in which monies were improperly used. However, we did note some instances of noncompliance in inventory. Specifically:

- Two items purchased during Fiscal Year 2009 were not included on the DCP inventory records.
- One monitor had an incorrect serial number listed on DCP inventory records.
- One monitor had an incorrect DCP tag number listed on DCP inventory records.
- DCP inventory records were at times inaccurate, incomplete, and had identification errors.

We make one recommendation:

- DCP should ensure that complete and accurate inventory records are maintained.

INTRODUCTION

Background

DCP 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 regarding 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.

DCP 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 2009, DCP expended \$5,388,952 on other than personal service expenditures.

Objective

This audit was conducted to determine whether DCP 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) #3, "Procedures for the Administration of Imprest Funds;" #6, "Travel, Meals, Lodging and Miscellaneous Agency Expenses;" #24, "Agency Purchasing Procedures and Controls;" applicable Procurement Policy Board rules; and Department of Investigation *Standards for Inventory Control and Management*.

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, 2008, through June 30, 2009.

To obtain an understanding of the purchasing and inventory procedures and regulations with which DCP is required to comply, we reviewed relevant provisions of Comptroller's Directives #3, "Procedures for the Administration of Imprest Funds;" #6, "Travel, Meals, Lodging and Miscellaneous Agency Expenses;" #24, "Agency Purchasing Procedures and Controls;" applicable PPB rules; and the DOI *Standards for Inventory Control and Management*. We interviewed staff at DCP to learn about the purchasing procedures in place and to determine how their physical assets are safeguarded.

Tests of Compliance with Comptroller's Directives #3, #6, and #24, and PPB Rules

During Fiscal Year 2009, DCP issued 22 contracts totaling \$3,526,393, 152 micro purchase documents totaling \$186,370, 13 small purchase documents totaling \$93,530, one purchase order totaling \$31,999, and four requirement contracts release orders totaling \$26,730. For all of these purchases, DCP issued a total of 397 corresponding vouchers. DCP also issued six miscellaneous vouchers totaling \$3,092 and 122 imprest fund vouchers totaling \$25,586.

We examined two contracts with the highest dollar amounts, totaling \$1,937,068, from the population of 22 and the 17 corresponding vouchers issued by DCP during Fiscal Year 2009. Similarly, we examined two small purchases with the highest dollar amounts, totaling \$18,274, and the two corresponding vouchers. We also examined 15 randomly selected micro purchase documents, totaling \$15,190, from the population of 152 and the 19 corresponding vouchers; all four of the requirement contracts, totaling \$26,730, and the four corresponding vouchers; and one purchase order, totaling \$31,999, and the corresponding voucher. We also examined all six miscellaneous vouchers totaling \$3,092, and 12 randomly selected imprest fund vouchers, totaling \$2,719, from the population of 122. We examined each purchase document and voucher for the requisite approvals and authorizations; for evidence that the transactions were for proper business purposes; and for adequate documentation. We also determined whether the proper purchase document was used to initiate the purchase of goods or services. Each of the 61 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 six miscellaneous vouchers, we also determined whether the vouchers were issued for only allowable purposes.

For the 12 imprest fund vouchers issued, we determined whether individual expenditures were for proper business purposes and were within the \$250 allowable amount. We also traced the canceled checks to the bank statements and determined whether appropriate bank reconciliations were performed for Fiscal Year 2009. Finally, we reviewed the books of unused checks for the presence of serial pre-numbering and the "void after 90 days" inscription on each check.

The results of the above tests, while not projected to all payment vouchers processed during the audit period, provided a reasonable basis to assess DCP's compliance with Comptroller's Directives #3, #6, and #24 and PPB rules.

Tests of Compliance with DOI Inventory Standards

We randomly selected 25 of 954 major equipment items (including computers, monitors, printers, scanners, laptops, cameras, video cameras, and projectors) listed on DCP's most current inventory records as of August 13, 2010, and determined whether they were present at the office. The entire inventory list was reviewed to find out whether there were missing or repetitive serial numbers or identification tag numbers. We also determined whether 30 other equipment items that we observed in DCP during our walk-through were listed on the office inventory records. All sampled items were examined to determine if they were properly tagged as DCP property.

In addition, we selected 11 items purchased in Fiscal Year 2009 to determine whether these items were present at the office, were listed on DCP's inventory records, and were properly tagged as property of DCP. The results of the above tests, while not projected to all major equipment items, provided a reasonable basis to assess DCP's controls over inventory as specified in the DOI *Standards for Inventory Control and Management*.

Discussion of Audit Results

The matters covered in this report were discussed with DCP officials during and at the conclusion of this audit. A preliminary draft report was sent to DCP officials and discussed at an exit conference held on November 15, 2010. On December 1, 2010, we submitted a draft report to DCP officials with a request for comments. We received a written response from DCP officials on December 15, 2010. In their response, DCP officials describe the steps they have or will take to implement the report's recommendation. The full text of the DCP response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

DCP generally adhered to the requirements of Comptroller’s Directives #3, #6, and #24, applicable PPB rules, and DOI *Standards for Inventory Control and Management*. In addition, DCP’s OTPS expenditures disclosed no instances in which monies were improperly used. However, DCP did not always comply with certain aspects of the DOI *Standards for Inventory Control and Management*. 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.

Incomplete and Inaccurate Inventory Records

Our review of the 11 equipment items purchased by DCP during Fiscal Year 2009 found that all 11 items were properly tagged and on hand at DCP. However, two of these 11 items were not included in DCP inventory records. The other 30 items we observed during our walk-throughs were properly tagged as property of DCP; however, one monitor had a serial number and another monitor had a DCP tag number different from those listed on the DCP records.

Our review of DCP inventory list found that, in a few instances, the list was incomplete, inaccurate, and contained identification errors. Table I lists the types of errors found and the number of times each error was found.

Table I
Instances of Noncompliance on Inventory Lists

Item	Total Items Tested	Items Lacking DCP Tag Number	Items Listed Twice	Different Items with the Same DCP Tag Number	Total Number of Discrepancies
Computers	422	0	0	11	11
Monitors	436	0	0	5	5
Laptops	2	0	0	0	0
Printers *	13	0	0	0	0
Scanners	18	1	1	0	2
Digital cameras	5	2	0	0	2
Video cameras	3	0	1	0	1
Blackberries	41	0	0	0	0
Projectors	12	0	0	0	0
External hard drive	1	0	0	0	0
KVM switch	1	0	0	0	0
Total	954	3	2	16	21

* On September 27, 2010, DCP provided us with a printer inventory list that included an additional 70 printers not previously listed on DCP records.

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.” These controls are mainly to safeguard inventory against theft and misuse by providing reasonable assurance that thefts can be prevented and detected and also to enhance the chance of recovery.

Recommendation

1. DCP should ensure that complete and accurate inventory records are maintained.

DCP Response: “Of nearly one thousand items sampled as part of the inventory portion of this audit, the Comptroller’s staff found minor discrepancies with approximately 2% of the sample. The errors from the audit report have been identified and corrected. A majority of the errors identified were typographical. DCP has instituted a new inventory update process to prevent these types of errors in the future. DCP will also begin a quarterly review of both its physical inventory and inventory system. The reviews will consist of both a physical (walkthrough) and database review of all inventoried equipment. The information gathered will then be compiled and reviewed for accuracy. If any updates are required, they will be completed based on the inventory update process. This will insure that all of DCP’s physical assets are accurately cataloged electronically as well as accounted for physically.”



DEPARTMENT OF CITY PLANNING
CITY OF NEW YORK

Amanda M. Burden, FAICP, Director
Department of City Planning

OPERATIONS

December 13, 2010

H. Tina Kim
Deputy Comptroller for Audit
Office of the Comptroller
1 Centre Street, Room 1100
New York, NY 10007-2341

RE: FP10-140A: Audit Report on the Financial & Operating Practices of the Department of City Planning

Dear Ms. Kim:

We appreciate the opportunity to respond to the Draft Audit Report on the financial and operating practices of the Department of City Planning (DCP). As noted in your report DCP staff adheres to Comptroller's Directives, PPB rules, and DOI Standards for Inventory Control and Management. This insures against improper OTPS expenditures and accounts for the integrity of DCP's physical assets. The Audit included one recommendation for the Department of City Planning:

DCP should ensure that complete and accurate inventory records are maintained

Of nearly one thousand items sampled as part of the inventory portion of this audit, the Comptroller's staff found minor discrepancies with approximately 2% of the sample. The errors from the audit report have been identified and corrected. A majority of the errors identified were typographical. DCP has instituted a new inventory update process to prevent these types of errors in the future. DCP will also begin a quarterly review of both its physical inventory and inventory system. The reviews will consist of both a physical (walkthrough) and database review of all inventoried equipment. The information gathered will then be compiled and reviewed for accuracy. If any updates are required, they will be completed based on the inventory update process. This will insure that all of DCP's physical assets are accurately cataloged electronically as well as accounted for physically.

Should you have additional questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "C. Kenneth Shillingford".

C. Kenneth Shillingford, Director of Finance & Operations

c: Amanda Burden, Director
Richard Barth, Executive Director
Purnell Lancaster, Fiscal Officer
Winnie Wong, Accounting Director